

**CYNGOR SIR POWYS COUNTY COUNCIL**

**Powys Pension Board  
20<sup>th</sup> November 2023**

**REPORT BY:** Board Secretary

**SUBJECT:** Legislation and Guidance Update

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**REPORT FOR:** Information

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**1. Summary**

Since the last Pension Board meeting, the LGA have published Bulletins 242 and 243, which contain important updates for administering authorities and scheme employers. It also provides a general update for all LGPS stakeholders.

They have also produced some new McCloud and Pension dashboard information for administering authorities to use, as required.

This report provides the Board with an update on any new legislative changes and guidance that has been issued recently, including the above.

**2. Scheme Advisory Board (SAB) Updates**

**2.1** This section provides an update on the Scheme Advisory Board (SAB) notifications within the above bulletins.

**2.2 DLUHC Consultation on investment reforms**

The Board published its response to the above consultation on the 2<sup>nd</sup> of October 2023 which can be read [here](#).

**2.3 Knowledge and Skills Survey**

The SAB launched a survey for completion by Pension Committee and Board members, which closed on the 6<sup>th</sup> of November. This was circulated with Committee and Board members, who will have hopefully found the time to complete.

The survey seeks to gather information on the experience of pension committee and local pension board members in obtaining the required

knowledge and skills for their role. It builds on a survey issued earlier this year which also captured the views of officers.

## **2.4 Website**

The SAB [website](#) provides more information on the Board's work and meeting agendas/papers.

## **3. LGPS Updates**

### **3.1 DLUHC LGPS Statistics for England and Wales**

On 25<sup>th</sup> October 2023, the Department for Levelling Up, Housing and Communities (DLUHC) published the [2022/23 LGPS Statistics for England and Wales](#).

Some highlights from the report include:

- total expenditure was £15.2 billion, an increase of 5.1 per cent on 2021/22
- total income was £17.3 billion, an increase of 8.5 per cent on 2021/22
- employers' contributions amounted to £8.4 billion, an increase of 7.8 per cent on 2021/22
- employee contributions were £2.8 billion, an increase of 9.5 per cent on 2021/22
- the market value of the LGPS funds at the end of March 2023 was £357.2 billion, a decrease of 1.9 per cent
- there were 6.2 million scheme members on 31 March 2023: 2 million active members, 1.9 million pensioners and 2.3 million deferred members
- there were 87,129 retirements, a decrease of 8 per cent compared with 2021/22.

### **3.2 McCloud**

On 8 September 2023, DLUHC laid [The Local Government Pension Scheme \(Amendment\) \(No. 3\) Regulations 2023](#) which took effect from 1<sup>st</sup> October 2023.

The regulations implement the McCloud remedy and amend the underpin rules to make sure they work correctly. Part 2 of the regulations replaces the underpin rules in the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014. It also makes some related changes to the LGPS Regulations 2013. Part 3 requires administering authorities to check past calculations for events that happened between 1 April 2014 and 30 September 2023.

After the regulations come into force, administering authorities will need to consider McCloud affected cases. To encourage a broadly

consistent approach, DLUHC will shortly provide statutory guidance on how authorities should prioritise this work.

The Government Actuary's Department is updating actuarial guidance to reflect the changes and DLUHC will publish this as soon as it is available.

The Powys Pension Fund has commenced work on McCloud cases and is performing the appropriate checks on those retirement cases in scope.

### **3.3 HMRC – Abolishing the Lifetime Allowance**

The Government announced in the Spring Budget 2023 that it will abolish the LTA completely from April 2024. HMRC then released draft legislation and a policy paper on 18 July 2023 to achieve this and asked for responses by 12 September 2023.

The LGA responded and covered the following:

- they do not think the proposals simplify the pension tax regime for the local authority workforce and other LGPS employers
- having two limits for lump sums will be confusing for members
- the limit for pension commencement lump sums should go up with inflation (instead of being frozen)
- trivial commutation lump sums should not be part of the £1.073 million limit
- it will be difficult to get relevant information from members
- there is no rule on how to value lump sums paid before 6 April 2006
- there is not enough time to implement the changes for April 2024, especially for public service schemes who are already busy implementing the McCloud remedy
- it will be tough to explain the changes to members as the policy, in the LGA's view, is confusing and unclear.

## **4. The Pensions Regulator (TPR)**

### **4.1 New Blog**

On 13 September 2023, TPR [published a blog](#) entitled "Why are we building relationships with pension administrators".

The blog emphasises the importance of building close relationships with administrators, as it allows TPR to gain a better understanding of the challenges administrators face and address risks more effectively.

The blog also highlights several instances of TPR's work in this area.

### **4.2 Independent review of TPR**

The Department for Work and Pensions (DWP) has carried out an independent review of TPR and has [published](#) its findings.

The review found that TPR is broadly well-run and well-regarded, with notable achievements, such as automatic enrolment.

It also made seventeen recommendations across three themes: risk and growth, compliance and enforcement, digital transformation and value for money.

## **5. Pensions dashboards**

The [Pensions Dashboard Programme](#) (PDP) regularly publishes a newsletter which includes updates on:

- their new connection hub, which provides useful resources and information to prepare for connection to the ecosystem
- their pensions dashboards myth busting video
- understanding the dashboards available

### **Pensions Dashboards Blog on common questions**

The PDP [published a blog](#) addressing some of the common dashboard questions, which covers:

- How is connection guidance different to the connection deadline?
- When will guidance be published, and how will P D P engage with industry?
- Are there any examples of how dashboards will look?
- Will smaller schemes, 1 to 99 members, be required to connect to dashboards in the future?

### **“Why are Dashboards needed” article**

On 13 September 2023, the Pensions Dashboards Programme (PDP) [published an article](#) reiterating the reasons why dashboards are needed.

## **6. Recommendation**

Board are asked to note the contents of this report.