

ITEM No ...7.....

REPORT TO: PENSION SUB-COMMITTEE OF THE CITY GOVERNANCE COMMITTEE & PENSION BOARD – 24 JUNE 2024

REPORT ON: PENSION ADMINISTRATION PERFORMANCE – QUARTERLY UPDATE TO 31ST MARCH 2024

REPORT BY: EXECUTIVE DIRECTOR OF CORPORATE SERVICES

REPORT NO: 186-2024

1. PURPOSE OF REPORT

This report provides information on the recent quarter’s operational performance in relation to Pension Administration.

2. RECOMMENDATIONS

The Sub-Committee is asked to note the contents of the report.

3. FINANCIAL IMPLICATIONS

There are no direct financial implications.

4. BACKGROUND

This report focusses on statutory performance and is subject to ongoing development to provide enhanced reporting functionality to improve the quality of information on administration performance and compliance.

5. SERVICE SUMMARY

- Summary of Statutory Performance Requirements**

The following table summarises the performance of the fund administration against statutory requirements:

Category	Received			Completed			Statute Days	Average Days			Cases beyond Statute at end of Qtr	% in target during Qtr
	Current	Prior	% change	Current	Prior	% change		Current	Prior	% change		
Starter	734	166	342%	791	2104	-62%	60	21	89	-76%		92.9%
Estimate	261	154	69%	184	133	38%	60	78	76	3%	2	28%
Options	512	384	33%	415	438	-5%	60	66	67	-1%	2	36%
Actual	299	275	9%	253	287	-12%	60	17	20	-15%		98%
TV In	47	59	-20%	49	39	26%	60	57	35	63%		50%
TV Out	209	138	51%	142	178	-20%	90	47	52	-10%		88%
Deferred	311	377	-18%	326	381	-14%	60	28	36	-22%		95%
Death	213	214	-0.5%	225	184	22%	60	16	15	7%		100%
Death Grant	39	41	-5%	38	33	15%	60	45	98	-54%	1	92%
Dependant	74	69	7%	78	53	47%	60	27	28	-4%		100%
Divorce	15	16	-6%	21	6	250%	90	94	52	81%	3	31.6%
Total	2714	1893	43%	2522	3836	-34%					8	

The following provides further detail on statutory task data:

Overall Caseload:

Case volume received increased in comparison to the last quarter by 43%. There were 8 cases out-with statute at the end of the period. Whilst all efforts were made to bring all cases into statute, the team continue to deal with continuingly high call and email volumes, and also the additional complexities as a result of McCloud. Processing volumes were also impacted as a result of key team members being involved in training of new postholders. Actions have been taken to improve throughput.

Prioritised Tasks:

- **Issue of Pension Options & Pensions Brought into Payment**
The team continues to give priority to the payment of benefits in line with TPR priorities. Over the period the following points are relevant:
 - There was a 33% increase in pensions options cases received in the period along with a 9% increase for pension being brought into payment.
 - Case processing volumes were lower than previous quarter, however total processing days for the payment of retirement benefits completed reduced by 15%.
- **Processing of Death Benefits, Payments of Death Grants, and Dependant Pensions**
 - Death and Death Grant case completed volumes and processing times improved in the quarter.
 - Although reported death cases remained similar in the quarter, there was an increase in dependent cases received of 7%.

Other Statutory Tasks:

- **New Member Processing:** A significant number of new starts continue to be received (due to employers providing legacy details in bulk on IConnect). Work also continued in the quarter on a new workflow to further automate this process.
- **Estimates:** Cases received during the quarter increased by 69%. These are largely final estimates, or more complex estimates not accommodated by the self-service portal. Actions have been taken to address the increasing volumes.
- **Deferred Member Processing:** There was a decrease of deferred cases by 18% from the last quarter.
- **Outbound Benefit Transfers:** Case volumes received increase by 50%. The team are continuing with training in this area and cases completed are also affected by the current guidance required in respect of the McCloud remedy.
- **Inbound Benefit Transfers:** case volumes decreased from the previous period by 20% and again certain cases are on hold until the required McCloud remedy guidance is received.
- **Divorces:** decreased by 6%, but cases completed increase by 250% in this quarter. Divorces are also affected by the current guidance required in respect of the McCloud remedy.

5.1 Other Pension Operations

The following table summarises the other operations undertaken in addition to statutory requirements:

Category	Received			Completed		
	Current	Prior	% change	Current	Prior	% change
Amendments	1665	891	87%	1427	889	61%
Certificates	91	54	69%	94	137	-31%
Other admin tasks (e.g. age 55 reviews)	754	679	11%	739	925	-20%
Other pensions processes (e.g. refunds)	1208	2534	-52%	1045	1475	-29%

5.2 Employer Contributions

For the period January to March covering the payroll periods of December to February there were no late s and only one late submission of employer contribution breakdown. In March there were 2 late payments, one of which was settled within 3 days of deadline. The remaining employer was one who had made prior arrangement to settle employer contributions by the end of the financial year. The fund engaged with the employer, and the employer made 2 settlements in the month, however they remain in deficit of the March contributions. The fund has been in further dialogue with the employer to request settlement of the remaining outstanding balance for 23/24 at their earliest convenience. Whilst this does not present any material risk, this has been logged and Executive Director of Corporate Services has been informed. Further update will be provided in future reports as required.

Employers and Member Online Portals:

5.3 MSS Update

On 31/03/2024 there were 15,526 members registered for the Member Self Service Portal. This is an increase of 464 since the end of the previous quarter, and in keeping with the previous quarters increase of registered users.

5.4 I-Connect Update

34 employers are now currently using i-connect on a monthly basis. Although all employers had been previously advised of deadline for monthly submissions, uptake has been slower than desired. The team have engaged with those employers yet to onboard to assist them, and plans are now in place for full operational implementation by end of May 2024.

5.5 Call Centre

Inbound calls increased in this quarter (there had been small decline in previous quarter). Calls answered totalled 2865 over the period, a total of 562 hours were spent on incoming calls, this continues to be a major resource for the team.

5.6 Prudential AVC

On 19th March Prudential held a Forum via Microsoft Teams. The areas that they covered in the session included:

- Service performance – They informed that this key and that they are committed to focusing on improving performance.
- Annual Scheme Accounts – They have been unable in recent years to provide scheme accounts within reporting deadline. They inform that they are in a stronger position than in previous years, and intend issuing a snapshot to Funds in May 2024 with the final statements being published in July.
- Pensions Dashboard – Overview of project timeline was provided. Confirmation that Prudential are working with the LGA to design the approach for connecting AVC information to the Dashboard. Their preferred approach being for them to provide AVC data to individual schemes for inclusion in their connection upload.
- Scheme support materials – Member newsletters are to be made available. The administration form has also been updated to aid in improving turnaround of information requests.
- Data formatting and contributions – The challenges in dealing with the large number of individual employers and data formatting was highlighted as an issue. They have requested assistance from funds to provide specific employer contacts to enable them to communicate directly with employers.

5.7 Compliance

National Fraud Initiative: The following provides an update of the status of the 6 outstanding cases under investigation at end of previous quarter:

- One overpayment of £693.84 has been fully recovered.
- Five remain outstanding and we continue to try and establish the name and address of the executors.

5.8 Recruitment

- Interviews were held for the vacant Clerical Assistant Post. The preferred candidate has been selected and following the finalisation of the process will start in the next quarter.

5.9 Queries & Complaints

- 4439 email queries were received into the generic email account in the quarter to 31st March, this equates to approximately 70 emails per working day over the quarter. This is an increase of 609 emails from the last period (16%). E mail queries place increasing pressure on resources and work allocation as they can require a considerable amount of time to review member records and ensure that a full response is provided. This key area is being reviewed as part of the resourcing exercise.
- Complaints to Prudential: A meeting was held with the Prudential Client Service Manager regarding issues where members had reported that contributions were not being recorded timeously on AVC accounts for one employer. A full review was undertaken of and steps are being put in place to try and avoid these issues in the future.
- GDPR: During the quarter there was 1 recorded instance of a GDPR breach reported.
- Complaints: During the quarter there was 1 complaint. This was not upheld.

5.10 Staff Training

• In House Training

During the quarter, both face to face and MS Teams based training continued to be provided within the team. With the upcoming retiral of the Pension Administration Manager, senior members of the team have also been undertaking training to enable a handover over duties. Peer to peer training delivered by experienced staff has been invaluable to impart knowledge on others. It is also recognised that this also impacts on the completion of caseloads, and stretches the resources of the team as a whole. This will be considered in the wider resource review.

5.11 September CPI Rate Announced

On 25 January 2024, HM Treasury (HMT) published a written ministerial statement confirming the rates of annual revaluation, earnings and pensions increase due to apply from April 2024.

The statement confirms:

- public service pensions will increase on 8 April 2024 by 6.7%, in line with the Consumer Prices Index for the year up to September 2023.
- revaluation of 6.7% plus any local addition will be used in April 2024 to revalue CARE accounts.

5.12 McCloud remedy

Transfer GAD guidance

On 5 March 2024, the SPPA, issued a new version of the Transfer actuarial guidance and an Interfund addendum document. Both documents came into effect immediately, however, the transfer guidance does not contain any new factors, but does provide additional information about how the McCloud remedy will affect certain calculations.

Interfund addendum

In October 2023, SPPA confirmed that interfund transfer payments in respect of members protected by the McCloud remedy could continue based on the methodology set out in the Individual Incoming & Outgoing Transfers guidance dated 14 August 2020. The Interfund guidance addendum published on 5th March 2024 confirms this arrangement can continue until 29 April 2024.

SPPA understands that updates to administration systems because of the new actuarial guidance will not happen immediately, and that these transitional arrangements aim to prevent administering authorities from building up a backlog of interfund cases while systems are updated and checked.

Update on transfers

Certain cases have been on hold since the LGPS regulations were amended to implement the McCloud remedy from 1 October 2023. Publication of the Individual Incoming & Outgoing Transfers guidance means administering authorities have the information they need to process:

- transfers in on Club and non-Club terms
- transfers out of deferred benefits on Club and non-Club terms.

At present, conversations with software suppliers about system updates required to reflect the new calculations are ongoing. Depending on the outcome of these, it may be necessary to consider running manual calculations in urgent cases to ensure any statutory deadlines are met.

Deferred refunds

There are outstanding queries concerning the treatment of transfers out of deferred member refunds. It is not clear whether the McCloud remedy applies to any or all members who hold a deferred refund in the LGPS, nor whether they would gain or retain protection on transfer to a different public service pension scheme. The latest LGA guidance recommend the following:

- Club transfers of deferred refunds potentially impacted by the underpin: remain on hold
- non-Club transfers of deferred refunds: check whether the cash transfer sum would increase because of remedy protection. If not, the transfer can continue. If it would increase, we recommend the case remains on hold.

Divorce cases

Currently Funds can proceed with divorce quote cases for members protected by the McCloud remedy. SPPA will be issuing new actuarial guidance on divorce debits and credits which will be needed to process a pension sharing order for a member protected by the remedy.

Non-Club transfer spreadsheet

On 8th March 2024, the LGA published a spreadsheet for calculating the McCloud element of a non-Club transfer value. The spreadsheet is basic, but will allow funds to calculate the McCloud element of a non-Club transfer value for a member who is under 65. Funds will need to have calculated the provisional underpin amount and provisional assumed benefits on the underpin date in order to use the calculator. The spreadsheet can be used for calculations in the current Scheme year, and the LGA are currently working on a new version of the calculator for relevant dates after March 2024.

The LGA has also confirmed that they not be creating a spreadsheet for Club transfers and if a change cannot be actioned by the software provider, then these complex calculations will need to be calculated manually.

5.13 SPPA Circular 3/2024 – Revised Ill Health Guidance

The Scottish Public Pensions Agency (SPPA) published Circular 3/2024 on 14 March 2024. The circular introduces revised ill health guidance. This updated guidance incorporates feedback from stakeholders and aligning with the principles set out by The Pensions Ombudsman. The circular and guidance are available on the SPPA circulars and guidance page of www.scotlgpsregs.org, and also on the Circulars page of SPPA's website.

The key changes to the guidance are that for active members, employers will be required to undertake a review of the case specifics and recommendations made by the Occupational Health Professional, and determine eligibility of case. For deferred members, this review will be undertaken by the Fund. In accordance with the revised guidance, new template ill health certificates will be issued and employer briefing sessions will be offered in the next quarter.

5.14 SPPA contributions guidance

The SPPA released version 18 of the Tiered Contribution Guidance on 14th March 2024, which includes the average contribution rates table for 2024/25. This has been issued to all scheme employers payroll teams to allow them to carry out their review and amendments for April 2024.

5.15 Abolition of the Lifetime Allowance (LTA)

The UK Government introduced legislation to abolish the lifetime allowance from 6th April 2024. It has however introduced two new lump sum limits to restrict the amount of tax-free cash an individual can take over their lifetime.

As with the lifetime allowance, most LGPS members will not be affected by the new lump sum limits below:

Limit	Lump sums included	Lump sum allowance (LSA)
£268,275	Pension commencement lump sums (PCLS) and uncrystallised funds pension lump sums (UFPLS)	Lump sum and death benefit allowance (LSDBA)
£1,073,100	PCLS, UFPLS, serious ill health lump sums (SIHLS), authorised lump sum death benefits	

The LGA is working with advisors on a guide to explain the changes and what they mean for administration processes. A short summary is provided below:

- From 6 April 2024, if a member takes a PCLS from the LGPS, funds will need to check the lump sum fits with the LSA and LSDBA. Funds will also still need to ask members how much lifetime allowance they have used before 6 April 2024 in order to do this.
- If an individual holds valid LTA protections the LSA and LSDBA are increased.
- The maximum PCLS is the lowest of:
 - 25 per cent of the capital value of the benefits
 - the remaining LSA
 - the remaining LSDBA
- Where a member has taken payment of pension benefits previously, the LSA and LSDBA are reduced accordingly. The standard calculation is the LSA less:
 - the total of any PCLS and non-taxable amounts of UFPLS paid since 6 April 2024
 - an amount equal to 25 per cent of the percentage of LTA previously used.
- However, if the member has a transitional tax-free amount certificate the calculation is:
 - the total of any PCLS and non-taxable elements of UFPLS paid since 6 April 2024
 - the individual's transitional tax-free amount.
- The LSDBA is amended similarly except that 100% of any serious ill health lump sums previously paid is deducted. Funds will also deduct any authorised death benefit lump sums previously paid.

Transitional tax-free amount certificates

A member may wish to apply for a transitional tax-free certificate if they opted to take a PCLS or UFPLS of less than 25 per cent when they took their benefits before 6 April 2024. In reality, this is only going to be needed where the amount of PCLS or UFPLS they can take over their lifetime is limited by the LSA and LSDB.

6. REGULATIONS

Details of regulatory matters are contained in Appendix 1.

7. POLICY IMPLICATIONS

This report has been subject to the Pre-IIA Screening Tool and does not make any recommendations for change to strategy, policy, procedures, services or funding and so has not been subject to an Integrated Impact Assessment. An appropriate senior manager has reviewed and agreed with this assessment.

8. CONSULTATIONS

The Chief Executive and Head of Democratic and Legal Services have been consulted in the preparation of this report.

BACKGROUND PAPERS

None

ROBERT EMMOTT

EXECUTIVE DIRECTOR OF CORPORATE SERVICES

14 June 2024

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REGULATORY COMMUNICATIONS

- **The Scottish Scheme Advisory Board (SAB)**

SAB November 2023 - Minutes

<https://lgpsab.scot/minutes-november-2023/>

The meeting covered:

- GAD report on membership data
- Economic Activity of Public Bodies (Overseas Matters) Bill
- investment changes in LGPS England and Wales
- the Scottish Government's plans to revise the exit credit rules
- SAB member training
- survey on good governance standards
- cost cap working group
- fee transparency system.

SAB Meeting held on 27th February 2024.

<https://lgpsab.scot/agenda-27-february-2024/>

The agenda included

- GAD updates on S13 valuation and cost control
- SPPA update
- Autumn statement – investments
- LGPS Fund Annual Reporting Statutory Guidance
- Update on Working Groups
- Gender Pensions Gap
- SAB Workplan – review of activities

Wider Landscape

- **DWP**

The Pensions Act 2004 (Codes of Practice) (Revocation) Order 2024

<https://www.legislation.gov.uk/ukxi/2024/273/contents/made>

The Department for Work and Pensions (DWP) laid The Pensions Act 2004 (Codes of Practice) (Revocation) Order 2024 on 4 March 2024, which came into force on 28 March 2024.

The Order revokes the 10 codes of practice from The Pensions Regulator that are now covered by the new general code of practice. This includes Code of Practice 14 (governance and administration of public service pension schemes).

- **HMRC**

Pension schemes newsletter 155

<https://www.gov.uk/government/publications/pension-schemes-newsletter-155-january-2024>

The newsletter included several updates about the abolition of the Lifetime allowance (LTA):

- where further legislative changes will or may be needed to implement the policy
- answers to frequently asked questions – these will also be covered in more detail in future HMRC newsletters and workshops

The newsletter also includes articles on:

- the change in Scottish Income Tax rates for 2024/25
- a delay to the introduction of the function to submit a pension scheme return on the Managing pension schemes service. This was planned for April 2024. You can continue to use the Pension Schemes Online service to submit a scheme return. HMRC will publish further guidance when the new process is introduced
- migrating from the Pension Schemes Online service to Managing pension schemes service.

Correction to newsletter 155

On 7 February 2024, HMRC updated pension schemes newsletter 155 to correct a factual error. They confirm in question eight, regarding the abolition of the lifetime allowance (LTA) from 6 April 2024, they will not be legislating to limit which pension schemes individuals can apply to for a transitional tax-free certificate.

An individual can apply for a transitional tax-free certificate, before their first relevant benefit crystallisation event after 5 April 2024.

Newsletter 156

<https://www.gov.uk/government/publications/pension-schemes-newsletter-156-february-2024#:~:text=This%20newsletter%20is%20published%20by,pension%20scheme%20return>

On 23 February 2024, HMRC published pension schemes newsletter 156. The newsletter includes articles on:

- the abolition of the lifetime allowance
- pension scheme returns
- public service pensions remedy – tax treatment of interest. Interest of 8 per cent will be due on certain payments made by public service pension schemes because of the McCloud remedy. The newsletter confirms that part of the interest paid will be unauthorised in some circumstances. We will provide more information on interest payments on McCloud recalculations in part 3 of the McCloud Technical Guide, which we will publish later this year.

LTA guidance newsletter – December 2023 - Update

<https://www.gov.uk/government/publications/lifetime-allowance-guidance-newsletter-december-2023/lifetime-allowance-guidance-newsletter-december-2023>

HMRC had published the Lifetime allowance newsletter as noted above. HMRC made two minor changes to that newsletter in January 2024. The changes concern when a pension commencement excess lump sum will be paid and the contact email address for any comments on the newsletter. Consultation on annual allowance changes

LTA guidance newsletter - February 2024

https://www.gov.uk/government/publications/lifetime-allowance-guidance-newsletter-february-2024?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=617c6e70-5c6e-40ca-b5c7-b32a0979d123&utm_content=immediately

On 13 February 2024, HMRC published a further February 2024 lifetime allowance guidance newsletter. The newsletter contains:

- answers to frequently asked questions
- confirmation where indicated, HMRC will issue guidance and regulatory changes to implement the intended policy
- information about the new transitional tax-free certificates including who should apply, how to apply, by when to apply and the impact of obtaining a certificate
- confirmation administrators can continue to use P60 statements to report an individual's allowance used
- information about new event 24 – reporting where a lump sum paid exceeds the lump sum allowance or lump sum death benefit allowance, or would have exceeded had the individual not been relying on a protection or enhancement. (On 27 February 2024, H M R C amended the information about event report 24.)

- information about the removal of the permitted maximum when paying a pension commencement excess lump sum
- updates on the real time information reporting requirements.

LTA guidance newsletter – March 2024

<https://www.gov.uk/government/publications/lifetime-allowance-guidance-newsletter-march-2024/lifetime-allowance-guidance-newsletter-march-2024>

HMRC published a new LTA guidance newsletter. The newsletter answers FAQs about the LTA abolition from April 2024. These cover the following topics:

- lump sums and lump sum death benefits
- protection and enhancement factors
- reporting requirements
- transitional tax-free amount certificates
- standard transitional calculations
- member statements
- pension commencement excess lump sums
- enhanced protection
- primary protection
- overseas transfer allowance.

HMRC updated the newsletter on 15 March 2024 adding extra information to questions 14, 20 and 37.

The newsletter complements previous guidance H M R C provided in:

- LTA guidance newsletter – March 2023 <https://www.gov.uk/government/publications/lifetime-allowance-guidance-newsletter-march-2023/lifetime-allowance-guidance-newsletter-march-2023>
- LTA guidance newsletter — December 2023 <https://www.gov.uk/government/publications/lifetime-allowance-guidance-newsletter-december-2023/lifetime-allowance-guidance-newsletter-december-2023>
- pension schemes newsletter 155 <https://www.gov.uk/government/publications/pension-schemes-newsletter-155-january-2024/newsletter-155-january-2024>
- LTA guidance newsletter — February 2024. <https://www.gov.uk/government/publications/lifetime-allowance-guidance-newsletter-february-2024/lifetime-allowance-guidance-newsletter-february-2024>

Consultation on annual allowance changes

HMRC had a consultation on changes to the annual allowance for unfunded public service pension schemes. HMRC also consulted on changes set out in the draft Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge) Order 2024. The purpose is to allow legacy and reformed scheme benefits to be combined when working out a member's pension input amount for annual allowance purposes, where they relate to the same employment.

- **HM Treasury**

On 25 January 2024, HM Treasury (HMT) published a written ministerial statement confirming the rates of annual revaluation, earnings and pensions increase due to apply from April 2024. <https://questions-statements.parliament.uk/written-statements/detail/2024-01-25/hcws211>

The statement confirms:

- public service pensions will increase on 8 April 2024 by 6.7%, in line with the Consumer Prices Index for the year up to September 2023.
- revaluation of 6.7% plus any local addition will be used in April 2024 to revalue CARE accounts in public service pension schemes that use prices as the measure of revaluation
- revaluation of 7.7% will be used in April 2024 to revalue the CARE accounts in public service pension schemes that use earnings as the measure of revaluation.
- The following rates will apply when revaluing earned pension credited from a Club transfer:
 - Police 7.95%
 - Firefighters 7.7%
 - Civil service 6.7%

- National Health Service 8.2%
- Teachers 8.3%
- Armed forces 7.7%
- Judicial 6.7%.

Finance Bill 2023/24

<https://www.legislation.gov.uk/ukpga/2024/3/contents/enacted>

On 22 February 2024, the Finance Bill 2023/24 received Royal Assent, following readings in the House of Lords.

The Finance Act 2024 contains provisions on the abolition of the lifetime allowance and its replacement by two new lump sum allowances.

Pensions Increase multiplier tables

HMT published the 2024 Pensions Increase multiplier tables and a covering letter.

<https://www.legislation.gov.uk/uksi/2024/372/contents/made>

Spring Budget 2024

<https://www.gov.uk/government/topical-events/spring-budget-2024>

The Chancellor, Jeremy Hunt, delivered the Spring Budget on 6 March 2024.

For the LGPS, the Budget documents confirm:

- the Government will work with the LGPS to consider the role they could play in unlocking investment in new children's homes
- as early as April 2024, the LGPS (England and Wales) will be required to publicly disclose the breakdown of their asset allocations, including UK equities.

The Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge) Order 2024

<https://www.legislation.gov.uk/uksi/2024/357/contents/made>

On 15 March 2024, HMT laid The Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge) Order 2024 before Parliament.

Effective from 6 April 2024, for the tax year 2023/24 and all subsequent years, the regulations insert a new section 236ZA into the Finance Act 2004. The new section provides for service in a specified legacy public service pension scheme and service in a reformed scheme to be combined for calculating an individual's annual allowance pension input amount. This allows individuals to balance any negative input from a legacy scheme with a positive input from a reformed scheme.

The Order has no effect on LGPS annual allowance calculations. This is because separate pension input amounts are not calculated for final salary and CARE benefits

The Pensions (Abolition of Lifetime Allowance Charge etc) Regulations 2024

<https://www.legislation.gov.uk/uksi/2024/356/contents/made>

HMT laid The Pensions (Abolition of Lifetime Allowance Charge etc) Regulations 2024 before Parliament on 14 March 2024, coming into force on 6 April 2024.

They amend relevant legislation to ensure the smooth operation of the new pensions tax framework following the abolition of the lifetime allowance. This includes providing for transitional issues that were not included in the Finance Act 2024 and issues with the Act that were identified through consultation with industry after it was published.

The Pensions Increase (Review) (No.2) Order 2024

<https://www.legislation.gov.uk/uksi/2024/372/contents/made>

HMT laid The Pensions Increase (Review) (No.2) Order 2024 before Parliament on 15 March 2024, coming into force on 8 April 2024.

On 8 March 2024, HMT initially laid The Pensions Increase (Review) Order 2024. However, a sequencing error in relation to the equivalent benefits uprating order rendered it legally null. Consequently, HMT had to lay it again as a second order.

The Public Service Pensions (Exercise of Powers, Compensation and Information) (Amendment) Directions 2024

HMT made The Public Service Pensions (Exercise of Powers, Compensation and Information) (Amendment) Directions 2024 on 20 March 2024, which came into force on 21 March 2024.

The Directions amend The Public Service Pensions (Exercise of Powers, Compensation and Information) Directions 2022. These complement the McCloud remedy legislation.

Specifically, for the LGPS, the new directions delete the direction setting out the interest rate to apply on an amount owed by a member to the scheme and the direction providing for netting off. These were deemed unnecessary for the LGPS .

- **The Pensions Ombudsman (TPO)**

DWP has appointed Anthony Arter as the Interim Chair of TPO. Anthony served as the Pensions Ombudsman for eight years until January 2023, followed by a period as the Deputy Pensions Ombudsman. He will serve as the Interim Chair until a permanent Chair is appointed.

- **The Pensions Regulator (TPR)**

General Code of Practice

On 10 January 2024, the Pensions Regulator (TPR) responded to the 2021 consultation on the New code of practice. It is expected to come into force on 27 March 2024. It replaces Code of Practice 14 for public service pension schemes and brings together ten previous TPR Codes into one code.

TPR's research on governance and administration shows that the LGPS already has high standards of governance in place. The Code provides an opportunity for funds to review current practices, but also presents challenges during what is already a busy time for the LGPS. Clarity is required on which parts of the Code apply to the LGPS, what these mean for administering authorities and how they should be applied in practice.

Blog on ESG risks and opportunities

<https://blog.thepensionsregulator.gov.uk/2024/02/21/trustees-take-stock-and-plan-for-wider-esg-risks-and-opportunities/>

On 21 February 2024, the Pensions Regulator (TPR) published a blog on environmental, social and governance (ESG) risks and opportunities.

Pension scams warning

TPR would like to remind LGPS administering authorities of the dangers of pension scams.

Pension scams are a serious threat to the retirement security of pension savers. Scammers use various tactics to persuade savers to transfer out their pension benefits, often resulting in huge losses and tax bills.

The LGPS is not immune to this risk. Administering authorities are the first line of defence against scammers.

You can find useful guidance from TPR on how to avoid and report pension scams.

<https://www.thepensionsregulator.gov.uk/en/pension-scams>

Blog on automatic enrolment

TPR published a blog on automatic enrolment on 4 March 2024.

<https://blog.thepensionsregulator.gov.uk/2024/03/04/new-boost-for-employer-compliance-as-ae-savers-hit-11-million-landmark/>

The blog provides updates on the progress of automatic enrolment and highlights the efforts to ensure compliance with pension duties. The blog emphasises the importance of re-enrolment and compliance for employers, as well as the support available through the improved online service.

General Code of Practice update

The Department for Work and Pensions (DWP) laid The Pensions Act 2004 (General Code of Practice) (Appointed Day, Amendment and Revocations) Order 2024 on 26 March 2024.

<https://www.legislation.gov.uk/uksi/2024/431/contents/made>

The Order appoints 28 March 2024 as the day for the coming into effect of TPR General Code of Practice.

The General Code of Practice was laid before Parliament in January 2024. It replaces Code of Practice 14 for public service pension schemes and brings together ten previous codes into one.

Speech on the growing role of TPR

Nausicaa Delfas, the Chief Executive of TPR, delivered a speech at the recent JP Morgan Pensions and Savings Symposium.

The speech looked at the evolving landscape of the pensions industry and the growing role of TPR. You can read the full speech on TPR's website. <https://www.thepensionsregulator.gov.uk/en/media-hub/speeches-and-speakers/the-growing-role-of-tpr-march-2024>

Trustee diversity and inclusion survey

TPR published the results of its first trustee diversity and inclusion survey on 19 March 2024.

Conducted from July to August 2023, the survey garnered responses from 2,197 trustees and public service pension scheme board members.

The survey confirms that trustees / pension board members are less diverse than the overall population.

The results establish a baseline to measure progress towards ensuring high standards of diversity and inclusion on pension boards.

- **McCloud**

Non-Club transfer spreadsheet

On 21 February 2024, the LGA emailed administering authorities in England & Wales confirming the publication of a spreadsheet for calculating the McCloud element of a non-Club transfer value. A Scottish version will be published once guidance is received from SPPA and GAD.

The spreadsheet provides for the calculation of the McCloud element of a non-Club transfer value for a member who is under 65. The provisional underpin amount and provisional assumed benefits on the underpin date must be calculated first to use the calculator.

There is a separate tab on the spreadsheet for taper protected members. The provisional figures on the underpin date will need to be split between pension built up before and after 1 April 2020 for these members. There are a very small number of members in this group, so testing of this part of the calculator was limited.

The spreadsheet can be used for calculations in the current Scheme year. The LGA will review the position in April 2024 and decide if there is demand for a revised calculator to cover the 2024/25 Scheme year.

The publication of this tool does not change the transitional arrangements for interfund payments. Until 24 March 2024, calculate these payments in line with the GAD guidance on incoming and outgoing transfers in force before 24 January 2024.

The LGA also confirmed that they will not be creating a spreadsheet for Club transfers.

- **Pensions Dashboards**

PDP January newsletter:

Covering Chris Curry's blog looking back at 2023 and a recording of the December PDP webinar on understanding dashboards architecture and find and view data. <https://mailchi.mp/maps/pdp-jan-24-newsletter-2?e=72aa78a746>

PDP FAQs newsletters:

The FAQs newsletters help to answer the most frequently asked questions about pensions dashboards. The January edition features FAQs about the central digital architecture. <https://www.pensionsdashboardsprogramme.org.uk/frequently-asked-questions-newsletter/>

PDP blog on industry engagement:

PDP will continue to work closely with industry, regulators and DWP to deliver dashboards. Groups and forums will continue to collaborate in 2024 and PDP invites you to register your interest in joining one of these groups. <https://www.pensionsdashboardsprogramme.org.uk/2024/01/16/engagement-with-industry/>

PDP webinar:

connection guidance and understanding AVCs and value data: watch a recording of the January webinar including speakers from PDP, PASA, DWP, TPR and Jayne Wiberg from the LGA. <https://www.pensionsdashboardsprogramme.org.uk/events/#post10103>

FRC publishes revised AS TM1

On 9 February 2024 the Financial Reporting Council (FRC) published a revised version of the Actuarial Standard Technical Memorandum (AS TM 1). This follows a consultation published in November 2023.

AS TM1 specifies the assumptions and methods to be used in statutory money purchase illustrations (SMPs). SMPs are used by LGPS AVC providers to project AVC estimated retirement income. This data will be shown on pensions dashboards.

Administering authorities will need to understand AVC value data as they are legally responsible for ensuring this data is displayed on dashboards. More information can be found in the LGPS Pensions Dashboards connection guide. <https://lgpslibrary.org/assets/gas/uk/PDv0.1.pdf>

Guidance on deferred connection

<https://www.gov.uk/government/publications/pensions-dashboards-guidance-on-deferred-connection>

On 2 February 2024, the Department for Work and Pensions published updated guidance on deferring dashboards connection. The guidance is relevant to trustees or managers of occupational pension schemes and their advisers. It sets out the issues they should consider if they are applying for a deferral of the connection deadline.

The guidance was initially published in December 2022. The updates reflect the changes made by the Pensions Dashboards (Amendment) Regulations 2023.

PDP - blog on the central digital architecture

<https://www.pensionsdashboardsprogramme.org.uk/2024/02/13/the-central-digital-architecture/>

On 13 February 2024, Chris Curry – Principle of the Pensions Dashboards Programme (PDP), published a blog on the central digital architecture, setting out what it is and how it works.

The central digital architecture is made up of three services: the Identity service, the Consent and Authorisation service and the Pension finder service. The blog explains how these services fit together to facilitate the exchange of pensions data.

Invite PDP to an event

If you want to know more about pensions dashboards, the PDP team is available to speak at your industry events or meetings. Email supportpdp@maps.gov.uk for more information.

- **Miscellaneous**

Carer's leave

The Carer's Leave Regulations 2024 have been laid before Parliament and will take effect from 6 April 2024.

The regulations provide an entitlement for employees to take one week's unpaid leave in a 12-month period to give or arrange care for a 'dependent' who has:

- a physical or mental illness or injury that means they're expected to need care for more than 3 months
- a disability (as defined in the Equality Act 2010) <https://www.gov.uk/definition-of-disability-under-equality-act-2010>
- care needs because of their old age.

The leave can be taken in blocks from as little as half a day to one continuous week. More information about carer's leave is available on the Gov.uk website. <https://www.gov.uk/carers-leave>

There is no right to statutory pay when an employee takes carer's leave. DLUHC has confirmed that unpaid carer's leave will be treated in the same way as an authorised absence under the LGPS regulations.

If the employer pays the member during the period of carer's leave, their pension will continue to build up as normal.

National LGPS Frameworks

<https://www.nationallgpsframeworks.org/>

The National LGPS Frameworks is a voluntary, not for profit collaboration 'by the LGPS, for the LGPS'. It helps LGPS administering authorities and pools procure specialist pensions related products and services by setting up procurement frameworks open to all authorities, pools and Scheme employers. Although primarily designed for the LGPS, the wider public service pensions community can also use them.

Small teams from administering authorities and pools work together as founders to set up each framework, supported by the Frameworks team hosted by Norfolk pension fund. Authorities and pools across the LGPS can then save time and money by procuring from the Frameworks. Details of the current frameworks are on the National LGPS Frameworks website. Two new frameworks are due to go live soon - ISP and Member Data Services, to support Dashboard readiness, and AVC Services.

In November 2023, the founders agreed they should start the process of letting the next Pensions Administration Software Framework and explore the possibility of a new Transition Management and Implementation Framework in 2024.

Pensions Administration Software Framework

The current Pensions Administration Software Framework has been very well used, and there needs to be a replacement when it expires in April 2025. Several authorities have already confirmed they would like to support the new framework by being a founder. The Frameworks team welcomes expressions of interest in working with them and the other founders to help shape and set up this framework. Initial meetings are planned for April 2024.

Transition Management and Implementation Services Framework

The first version of this framework expired in November 2022 and it was not re-let. Since then, the Frameworks team has had enquiries from authorities and pools hoping to use this Framework. If you think a new Transition Management and Implementation Services Framework would be useful and / or you would be interested in acting as a founder to let a new version of this framework, please let the Frameworks team know.

GAD developing AI skills

<https://www.gov.uk/government/news/developing-ai-skills>

On 14 February 2024, the Government Actuary's Department (GAD) published an article on developing artificial intelligence (AI) skills. GAD is working with an AI partner to develop coding to perform quality assurance checks on administrator calculations.

Small pots delivery group

<https://www.gov.uk/government/news/efforts-to-tackle-small-pension-pots-step-up-a-gear>

On 7 February 2024, the Department for Work and Pensions launched a delivery group looking at deferred small pots left in defined contribution schemes. This follows on from the publication of the Government response to the consultation on the ending of deferred small pots.

<https://www.gov.uk/government/consultations/ending-the-proliferation-of-deferred-small-pension-pots/outcome/government-response-to-ending-the-proliferation-of-deferred-small-pots>

Considering Social Factors in Pension Scheme Investment guidance

<https://www.gov.uk/government/publications/considering-social-factors-in-pension-scheme-investments-a-guide-from-the-taskforce-on-social-factors>

The Taskforce on Social Factors has published guidance called 'Considering Social Factors in Pension Scheme Investments'.

The guidance aims to support pension schemes in assessing the social risks and opportunities of their scheme's investment.

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