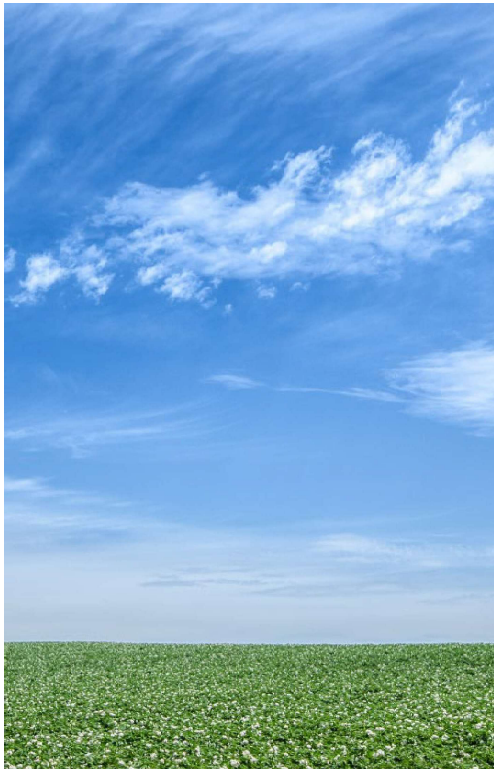


Local Pension Board - Bromley

Wednesday 29 February @ 15:00 hrs (Microsoft Teams Meeting)

Martin Doyle – Head of Pensions Shared Service



The LGPS Year Ahead

- McCloud
- GMP Reconciliation
- Single Code from the Pensions Regulator
- Pensions Tax Changes
- Pensions Dashboards
- Climate Risk Reporting
- Good Governance
- General Election
- Valuation



The McCloud Remedy

- In 2014 – older members were given an Underpin - could use the old final salary rules if meant a higher pension
- A Court of Appeal ruling in 2018, found this to be unlawful
- Regulations in force 1 October 2023 but more to come
- Now members will qualify for underpin protection if they:
 - were paying into the LGPS or another public service pension scheme before 1 April 2012; AND
 - were also paying into the LGPS between 1 April 2014 and 31 March 2022; AND
 - have been a member of a public service pension scheme without a continuous break of more than 5 years
- New Statutory guidance
- New GAD guidance
- Further consultation – TPS excess service



TPR General Code of Practice



- Comes into force on 27th March 2024 replacing Code of Practice 14 for Public Sector Pension Schemes
- The new General Code has five areas:
 - The Governing Body
 - Funding and investment
 - Communications and disclosure
 - Administration
 - Reporting to TPR
- 51 modules in total (not all relevant for LGPS) new modules on Cyber controls and Pension scams
- Funds should:
 - Assess current levels of compliance for all 'must' areas within the General code, as it pertains to LGPS funds.
 - Identify any gaps of partial or non-compliance.
 - Consider expected areas of 'should' and 'best practice' indicated by TPR.
 - Set out what new policies or processes will be required because of this assessment.

Changes to Pension Taxation

- HM Revenue and Customs impose two controls on the amount of pension savings accrued without having to pay extra tax:
- **Annual Allowance** - Annual limit on how much someone's pension benefits can grow in real terms, from one year to the next, without having to pay a tax charge
 - Standard annual allowance £40,000, £60,000 from 6th April 2023
- **Lifetime Allowance** - lifetime limit on the amount of pension benefit that can be drawn from pension schemes via a lump sum or retirement income without triggering an extra tax charge.
 - From 6 April 2024 the LTA will be replaced by three new allowances:
 - Tax-free cash from a pension fund will be limited by the Lump Sum Allowance (LSA), which is set at the £268,275 (25% of the LTA) or 25% of the members protected LTA.
 - A Lump Sum and Death Benefit Allowance (LSDBA) of £1,073,100 (the same as the current LTA) or the member's protected LTA will test both tax-free cash sums and pension death benefit lump sums.
 - An Overseas Transfer Allowance (OTA) of £1,073,100. will be introduced for transfers to QROPS.

Pensions dashboards



- Reset announced in March 2023
- Connection deadlines delayed – will be in guidance
- Backstop date of 31 October 2026 in legislation
- DWP consulting informally on revised connection deadlines – September 2025 for PSPS
- LGA draft connection guide published
- LGA on PASA working group
- AVC working groups

Climate change and the LGPS

- In 2022 DLUHC consulted on LGPS catching up with DWP regulation on climate risk reporting in private schemes (TCFD)
- Government confirmed no new duties until 2024 at the earliest
- When it comes, we expect funds to be asked to:
 - Assess the risks to their investment portfolio
 - Scenario analysis
 - Report on carbon emission measures
 - Set target against one of the emissions measures



Good Governance

- Expect there to be only minor changes to the LGPS Regulations and the rest of the proposals to be implemented using statutory guidance
- DLUHC has signalled its preference to:
 - mandate training plans for training pension committee members;
 - develop a standard set of administrative KPIs
- Scheme Advisory Board is updating:
 - Funding Strategy Statement guidance
 - 2008 Governance Compliance Statement statutory guidance
 - Investment Strategy Statement guidance and possibly some amendments to the 2016 Regs (pooling)

Independent Governance Review

