



Staffordshire
Pension Fund
Local Government Pension Scheme

Employer Focus

This bulletin from the Staffordshire Pension Fund, focuses on the current issues that you should be aware of relating to the Local Government Pension Scheme.

Issue April 2023

Local Government Association (LGA) Bulletin 235 Annual Update.

The LGA have issued a bulletin aimed at Employers who participate in the LGPS. The [bulletin sets](#) out the rates and bands that apply from April 2023 for various purposes including automatic enrolment earnings bands, national insurance thresholds, redundancy payments and member contribution rates.

Actuarial Valuation as at 31 March 2022

The actuarial valuation of the Fund, which takes place every 3 years, reviews current funding plans and sets contribution rates for the Fund's participating employers for the period from 1 April 2023 to 31 March 2026.

A full copy of the [Actuary's report](#) which summarises the outcomes of the valuation and the underlying advice the actuary has provided to the administering authority throughout the valuation process, is now available on our website.

Deadline for Employer's Year End submissions (except Employers using i-Connect)

We would like to remind all employers that the submission of data for the financial year ending 31 March 2023 **must** be received by Pensions Services no later than **21 April 2023**, in order that we can comply with



the requirement to issue annual benefits statements within statutory time limits.

This deadline will allow for data validation processes to be completed and any necessary data cleansing to be performed prior to the issue of our members' annual benefit statements.

Employer guidance

To assist employers with completing their annual return we have a dedicated area of the Pension Fund's website, [which contains all the necessary documentation for completion including guidelines and supporting information.](#)

Please note: failure to respond by 21 April 2023 will result in the late issue of members' annual benefit statements, which constitutes a breach of law and which further invokes a legal requirement for the breach to be reported to the Pensions Regulator, exposing both the employer and the administrator to the risk of censure and financial penalty.

Please [contact us](#) immediately if you cannot comply in the current circumstances or foresee any problems with meeting this deadline.

Spring Budget 2023 – announced changes to the Pension Lifetime Allowance and Annual Allowance

[The Finance \(No.2\) Bill 2022/23](#) was published on 23 March 2023. With effect from 6 April 2023, the Bill proposes to enact some of the changes announced at the Spring budget. In particular:

- increasing the annual allowance (AA) from £40,000 to £60,000
- increasing the adjusted income level for the tapered AA from £240,000 to £260,000
- abolishing lifetime allowance (LTA) charges arising in relation to benefit crystallisation events (BCE) occurring on or after 6 April 2023
- allowing members to accrue new pension benefits, join new arrangements or transfer, without losing enhanced protection or fixed protection where the protection was applied for before 15 March 2023



- changing the taxation of the LTA excess lump sum, so that it is taxed as pension income (ie taxable at marginal rate rather than 55 per cent)
- ensuring that payments of (or any part of) serious ill-health lump sums defined benefit lump sum death benefits or an uncrystallised funds lump sum death benefits that would have incurred an LTA charge remain taxable payments, with the excess taxed as pension income (ie taxable at marginal rate rather than 55 per cent).
- the maximum pension commencement lump sum that can be taken has been frozen at £268,275 which is 25% of the current Lifetime Allowance. Scheme members with existing Lifetime Allowance protections retain their protected right to take a higher pension commencement lump sum.

The LTA will be abolished completely from the 2024/2025 tax year. This will be done through a future Finance Bill.

SCAPE discount rate and impact on actuarial factors

On the 30 March 2023 the [Chief Secretary to the Treasury announced](#) that the 'SCAPE' (superannuation contributions adjustment for past service) would reduce from the Consumer Price Index (CPI) + 2.4% to CPI + 1.7%.

The SCAPE rate underpins many government actuarial calculations and therefore impacts on some of the LGPS member calculations.

In summary, a lower SCAPE rate places a higher value on member benefits. As a result, some transfers will need to be put on hold until new transfer factors are issued.

The SCAPE discount rate also affects early and late retirement rates.

We understand the Treasury will issue new transfer factors in April / May. They have also confirmed the remainder of the Scheme's actuarial factors will be amended in due course. Their intention is to introduce revised factors over a four month period starting in April 2023.

The Fund is communicating the impending changes to the actuarial changes when providing retirement quotes with an effective date on or after 1 April 2023.



Expansion of auto enrolment

On 3 March 2023, the Department for Work and Pensions (DWP) issued a [press release](#) confirming it will support the private members bill expanding auto enrolment.

[The Pensions \(Extension of Automatic Enrolment\) \(No.2\) Bill 2023](#) proposes to give Government regulatory powers to:

- abolish the Lower Earnings Limit for contributions – currently £6,250, and
- reduce the age of auto enrolment for eligible jobholders from 22 to 18.

Government has not given a timetable for when they intend to use these new powers.

State Pension Age Review

On 30 March 2023, [DWP published its 2023 review of the State Pension age](#). The Government is required to undertake a regular review of the State Pension age in accordance with the Pensions Act 2014.

State Pension age (SPa) is currently age 66 and will rise to age 67 between 2026 and 2028 before rising again to age 68 between 2044 and 2046. At the first review in 2017, the Government accepted the recommendation that the State Pension age should rise to age 68 over the period 2037 to 2039; however, it outlined this would be subject to further review.

The 2023 review confirms the rise to age 67 between 2026 and 2028 is still appropriate. However, the Government does not intend to change existing legislation to implement the recommendation of the 2017 review at the current time. It plans to have a further review within two years of the next Parliament to consider whether the rise to age 68 should occur earlier. The Government must publish the report no later than 29 March 2029.

