

Sixty second summary

Updates on McCloud and the Pensions Dashboards



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There has been a flurry of Parliamentary activity regarding McCloud recently as well as a consultation on the pensions dashboard. This 60 Second Summary provides an update on both.

The Public Service Pensions and Judicial Offices Bill

The [Public Service Pensions and Judicial Offices Bill](#) began its Public Bill Committee stage on 27 January. At this stage, a detailed line by line examination of the Bill takes place and MPs can propose amendments which are voted on by members of the Committee. Of the amendments tabled at this stage, there were a number which were of relevance to the LGPS.

Increasing the scope

A provision to extend the scope of the McCloud remedy to include members who were not active on 31 March 2012 but have LGPS membership before that date. For example, someone who was a deferred LGPS member on 31 March 2012 but who re-joined and aggregated sometime before 1 April 2022 and did not have a disqualifying break, will now be in scope.

In addition, broadly comparable schemes will now not count as part of a disqualifying break, meaning staff who were TUPE transferred out to such a scheme are not penalised.

This brings the LGPS in line with the other public service pension schemes. The SAB has previously advised funds to collect McCloud data for all members with CARE membership. Any funds that chose not to do this will need to collect data for this new group of in-scope members.

Final salary benefits

A provision to allow regulations to provide final salary benefits for transferred-in service from different public service schemes where the service benefitted from final salary protection in the other scheme.

Requirement to aggregate

It is a quirk of the current underpin arrangements that means a member who joined a fund sometime after 2014, but had a deferred benefit elsewhere that they did not aggregate, could still qualify for the underpin protection.

This has now sensibly been changed to require members to aggregate service in order to qualify for underpin protection.

Pension credits and debits

An amendment will allow for the adjustment of pension credits and debits (which arise in divorce proceedings or on termination of a civil partnership) to reflect the remedy.

Excess Teacher Service

A provision to allow regulations to include Excess Teacher Service in the remedy. This is service as a teacher which is in excess of the maximum that could be accrued under old TPS, but where the service is pensionable under the local government new scheme.

Interest

A provision to allow interest in connection with amounts owed as a result of the remedy.

Other matters

At the Bill's Report Stage MPs voted to include a provision which would make amendments to the Public Service Pensions Act 2013. This would allow the Secretary of State to issue guidance concerning boycotts, divestments and sanctions. According to the explanation of the clause;

This new clause would enable the Secretary of State to issue guidance to those authorities that administer public sector pension schemes, including the local government pension scheme, that they may not make investment decisions that conflict with the UK's foreign and defence policy

Pensions dashboards

Government is currently [consulting](#) on the implementation of the pensions dashboards from April 2023. Much of the detail still remains unknown, and is expected to be set out in supporting guidance that is yet to be produced. Timewise, the current expectation is that public service pension schemes, including the LGPS, will be required to connect to the pensions dashboards from October 2023 and certainly by no later than April 2024. This slight delay to the onboarding timescales acknowledges the pressure public service schemes will be under in delivering their respect McCloud remedies at the same time as they might otherwise have been expected to connect to the dashboards.

Funds shouldn't see this delay as an excuse to do nothing though and there is plenty for them to do in advance. As well as keeping on top of McCloud, there will be significant work required around data cleansing, ensuring any backlogs of historic unresolved leavers are cleared. Funds will also need to ensure that employers are up to speed and understand the increased pressure on providing joiner and leaver details in a timely manner. It is also important to engage with your software providers and internal IT teams to ensure the infrastructure is in place for when you connect. And you might also want to consider what additional resources are required in the short to medium term to manage implementation and also to deal with potential increases in member queries should the dashboards prove to be successful.

And once connected to the dashboards, funds will also have to be mindful of the data that must be made available to members, particularly those who might be impacted by McCloud. The current consultation reflects the "deferred choice underpin" used by the other public service schemes, seeking views on the ease of supplying both legacy and McCloud output to the dashboards. With the LGPS choosing an "immediate choice underpin" funds responding to the consultation should ensure they highlight this difference in approach to the underpin in their responses.

The consultation closes at 11:45pm on 13 March 2022 and we will share our own response in advance of that date.