Shropshire Council	Committee and Date Pensions Committee 23 June 2023 10.00am	Item **9** Public

PENSIONS ADMINISTRATION MONITORING REPORT

Responsible Officer: Debbie Sharp
Email: Debbie.sharp@shropshire.gov.uk
Tel: (01743) 252192

1. Synopsis

1.1. The report provides members with monitoring information on the performance of and issues affecting the pensions administration team.

2. Executive summary

2.1. Detail is provided on team workloads and performance. Project updates such as new pension administration system and the implementation of a newer version of the payroll module are also covered together with information on the 2023/2024 communication plans with retired, active, and deferred members.

2.2. Updates have been provided on key national issues of the McCloud remedy, annual and lifetime allowance changes, State Pension Age review, Gender Pensions Gap Report, SCAPE discount rate, Pensions Dashboard and The Pension Regulator's Code of Practice.

3. Recommendations

3.1. Members are asked to accept the position as set out in the report.

REPORT

4. Risk Assessment and Opportunities Appraisal

4.1. Risk Management

Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to. Administration risks are identified and managed and are reported to committee on an annual basis.

4.2. Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

4.3. Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

5. Financial Implications

5.1. Managing team performance and working with other administering authorities ensures costs to scheme employers for scheme administration are reduced. Complying with the national requirement to provide data to the Pension Dashboards will increase costs for the fund. These are presently unquantifiable. Compliance with the proposed Pensions Regulator's (TPR) one code will also increase fund costs.

6. Climate change appraisal

6.1. Energy and fuel consumption: No effect
Renewable energy generation: No effect
Carbon offsetting or mitigation: No effect
Climate Change adaptation: No effect

7. Performance and Team Update

7.1. The team's output and performance level to April 2023 is attached at **Appendix A**. The chart shows either single standalone tasks or tasks that are part of a case. Cases are a complete process that hold steps (tasks) for a procedure to be completed. The chart shows that tasks outstanding peaked towards the end of the quarter as did outstanding cases, with the completed number falling. During the last quarter the team have also been working on several large projects. This has included the move to external hosting of the pensions administration system. On top of normal duties, team members have undertaken a huge amount of testing on the external hosting environment as well as managing with a significant amount of "downtime" leading up to switching off the on premise hosting and go live of the external hosting environment.

7.2. The i-Connect system, that collects the data uploaded by employers monthly, automatically creates workflow cases following each submission. These are mainly in respect of starters and leavers to the scheme. These tasks must be sorted to identify those that are true new starters and leavers, from those that have transferred a post with their employer. This means that tasks can be outstanding for a two-month period before they can be checked and completed manually. The chart produced has outstanding tasks that cannot be completed, but due to the nature of these tasks, they cannot follow the usual "out of office" rules where they would be excluded from the statistics. The leaver process is also set to leave the i-Connect task open until a leavers form has been received from the employer.

7.3. At the last committee it was reported that a vacancy had arisen on the Systems and Support team following a retirement on 31 December 2022. This vacancy has now been successfully filled and the new team member has been in post for three weeks. Training has been ongoing for the completion of the i-Connect tasks and the backlog is hoping to be completed during the next quarter.

7.4. All employers completed their month 12 i-Connect data submission. Data cleansing is now being undertaken by the team. This checks that all active records have complete CARE and final salary pay on records. Sense checks to the previous year's data are then undertaken. Queries and discrepancies are sent to employers. Data accuracy is vital ahead of annual allowance tax checks and annual benefit statement production during the summer.

7.5. Employers are required to submit two forms at year end – one a reconciliation of the contributions deducted and provided in their monthly submission to the payments made and the other a compliance statement to give the fund assurance that they are adhering to the scheme rules. At the time of writing this report, 82% of forms had been received. These have to be checked against the payments received by the fund, as well as a check that employer contributions look correct against the total pay for the year loaded at month 12. Queries from these checks are also raised with employers.

7.6. Following the 2022 valuation, employers were required to apply new contribution rates from April 2023. Unfortunately, checks identified 40 employers (26%),did not apply the new rate. This was due to either miscommunication at the employer's organisation or a misunderstanding of the statement sent. In most cases, this has resulted in the employer overpaying employer contributions which will need correcting. Feedback has been given to the fund actuary and steps will be put in place to minimise this at the next triennial valuation.

7.7. A staff vacancy has recently arisen within the Communications & Governance team for a permanent senior position and has been advertised externally.

8. Chartered Institute of Public Finance and Accountancy (CIPFA) Benchmarking Club

8.1. The Pensions Administration Team takes part in the CIPFA Benchmarking Club which compares the cost of administering LGPS pension funds nationally. Shropshire took part in the 2022 exercise and have recently been given access to the findings via a portal. Officers experienced issues extracting all the usual data from the CIPFA portal but have now been successful and can report the following highlights:

8.2. The fund has continued to remain under the average net cost per member for pension administration. In 2021/2022, the fund had a net cost of £19.29 per member against the average cost per member for all authorities taking part in the survey of £21.41. For the specific area of benefit processing, the fund is under the average cost per member at £6.23 compared to the average of the group of £12.58 which demonstrates that investment in technology has ensured that processing costs remain low. For member engagement, the fund's costs are £2.59, which was above the average of the group of £1.79 and shows the commitment that the fund has made in this area, and the importance of the member self-service platform to allow scheme members to view their pensions accounts and perform benefit quotations. Three graphs from the exercise have been included at **Appendix B**.

9. Help Desk Statistics

9.1. The following chart shows statistics on the work undertaken by the helpdesk team not covered by the workflow system and reported with the wider team statistics in Appendix A.

9.2. Due to two Bank Holidays in April 2023 as well as periods of staff sickness, the number of telephone calls answered reduced. The team instead encouraged members to contact them via email and 100% of these were responded to within three working days. Members were also encouraged to use the self-serve facility on ‘My Pension Online’ which saw a substantial number of member updates in March and April 2023 when compared with February 2023. The team was also impacted by system downtime in early May 2023 as part of the move to an externally hosted environment which meant the team were unable to answer individual queries as they could not access the required member data.

	February 2023	**March 2023**	**April 2023**
Telephone calls received to helpdesk team	780	721	686
% of calls answered	93%	87%	82%
Emails received to pensions@shropshire.gov.uk	1,115	1,286	879
% of emails responded to within 3 working days	100%	100%	100%
My Pension Online activation keys issued	109	91	81
Member updates made through My Pension Online	398	658	594
Opt out requests directly dealt with by helpdesk	44	46	51
Incoming post received and indexed to the pensions administration system	4,360	5,662	2,690
1-2-1 video appointments held with scheme members	51	28	36
Users visiting the website	2,748	3,496	3,205

10. Communications and Governance

10.1. The fund monitors member take-up of its online member self-service (MSS), known by members as ‘My Pension Online’. The annual benefit statements for both active and deferred members are available to view online unless a member has requested a paper copy. As at 31 March 2023, a total of 49% active members and 42% of deferred members and 47% of pensioner members were registered to view their records on 'My Pension Online'.

10.2. Newsletters, being drafted currently, will be sent with the annual benefits statements to deferred and active members by the statutory deadline of 31 August 2023. This is a collaboration and has been running for eight years. It is organised by Shropshire officers and coordinates collaboration between 12 funds. The collaboration enables the funds taking part to save money on design costs and resource time in drafting the articles. Both newsletters are reviewed by the Plain English Campaign and have been awarded the Crystal Mark each year. Topics covered this year will include:

- Changes to the annual allowance and lifetime allowance
- Pension scams
- Help with the cost-of-living crisis
- McCloud remedy
- Changes to the state pension age
- Changes to the CARE revaluation date

10.3. As reported at the December 2022 meeting, amendments were agreed by the committee chair and Head of Pensions – LGPS Senior Officer, to the Governance Compliance Statement to state how the standard items/topics which have historically been presented at an in-person annual meeting will now be delivered in a different way. This is mainly due to the meetings over the last few years not being able to go ahead as result of the COVID-19 pandemic but also because all this information is now readily available on the fund's website through; annual report & accounts, investment performance, actuarial valuation reports, administration updates, climate strategy & stewardship plan, climate risk reports, TCFD reports, responsible investment information, LGPS pooling updates/information, general policies and newsletters with regular scheme updates. Committee and board meetings are also live streamed and recorded so available for the membership to view each quarter. Following committee approval of the updated Governance Compliance Statement in December 2022 no members have contacted the Fund requesting an in-person annual meeting again as the information is now available and delivered in a different format. The Chair continues to support the revised approach agreed previously at Committee.

10.4. In March and April 2023, the Communications and Governance Team hosted four webinars; 'Get to know your pension'. Active scheme members were invited to join one of the hour-long webinars to find out more about the Local Government Pension Scheme and the benefits of being a member. The webinars had two aims: to increase the take-up of 'My Pension Online' and to educate scheme members on the pension scheme benefits, particularly during the current cost-of-living crisis. The webinar covered the most frequently asked questions officers receive through the pension's helpdesk:

- How much does my employer pay?
- When can I retire?
- How does my pension build up?
- What will I get when I retire?

An increase in registration numbers for 'My Pensions Online' in March and April was experienced following the webinars. In total, 373 members attended the webinars and 110 provided feedback. 99% of respondents felt they knew more about their pension after attending. When asked if members would attend further webinars about pensions, 93% responded 'yes'; with 31% preferring a mixture of both in-person and virtual presentations going forward but, the majority preferring virtual delivery. 53% of respondents were aged between 36-55. A question was asked in the feedback form about topics for future webinars, the key responses were: more in depth explanations of additional voluntary contributions (AVCs), transferring pensions, flexible retirement, scenario-based examples and 1:1s.

10.5. All Pension Committee and Pension Board meetings are now live streamed and recorded and available on the council's website for scheme members and the public to view. The Pension Committee has a Pensioner Representative and a Scheme Member representative on it for any scheme member queries. The Pension Board consists of three scheme member and three employer representatives which can be contacted by members, all details are provided in the annual report on the pension fund's website. The Pension Investment & Administration Team are also available for 1-2-1 meetings with scheme members and employers and can be contacted directly via email or over the phone.

10.6. An employer update is sent monthly via an email bulletin to all registered contacts at participating employers within the fund. The topics covered in the last quarter were:

February 2023:

- Employee contribution bands 2023/2024
- Employer role training
- i-Connect webinar recap
- Presentation slides and employer guides

March 2023:

- Year-end details
- Employer 1to1s offered
- Updated policies – climate stewardship plan, employer events policy, funding strategy statement, reporting breaches policy and training policy
- 2022 actuarial valuation report on website
- New member form and brief scheme guide updates

April 2023:

- Pension administration system unavailable next week
- Outsourcing a contract? Let us know
- Employer 1to1s offered
- Year end reminder
- SCAPE rate
- Backdated pay award FAQs
- HR and payroll guides
- Employer role training
- InTouch magazine

10.7. 1to1 sessions delivered in person at workplaces have been offered to all employers. One employer has expressed an interest in holding these and this is currently being arranged. A presentation to all members and then 1to1 sessions for members to discuss their individual circumstances is being arranged.

10.8. The 2023 employers meeting is due to take place on 14 November 2023. This meeting will be advertised to all employers by a Govdelivery update in June 2023 and a post on the fund's website.

11. Employer performance

11.1. In line with the Shropshire County Pension Fund's administration strategy, employers must pay their contributions by the 19th of the month. Accompanying data must also be submitted via i-Connect by this date. The below table shows the percentage of employers who have met the deadline over this quarter. This table also includes information about employers who make monthly deficit payments. Information about employers who did not meet these deadlines is covered in the governance report.

	Feb 2023	March 2023	April 2023
i-Connect data	95.50%	95.50%	96%
Monthly contributions	97%	99%	96%
Monthly deficit	93%	92%	100%

12. Spring Budget – Annual and Lifetime Allowance Changes

12.1. The Spring Budget delivered on 15 March 2013 announced a number of major changes to the taxation of pension benefits. These changes came into effect from 6 April 2023. A summary of the key changes is set out below:

- Increasing the annual growth allowance from £40,000 to £60,000
- Increasing the adjusted income level for the tapered annual allowance (from £240,000 to £260,000) and the minimum tapered annual allowance (from £4,000 to £10,000).
- Abolishing lifetime allowance charges for benefit crystallisation events occurring on or after 6 April 2023.

- Changing the taxation of any lifetime allowance excess lump sum to be at marginal rate not 55%, with similar changes to serious ill-health / death benefit lump sum payments.
- Allowing members to accrue new benefits/join new schemes/transfer without losing enhanced/fixed protection (where applied for prior to the budget).

12.2. Alongside the above changes it was confirmed that the maximum tax-free lump sum available to members would remain the same. Given that the Lifetime allowance itself will not be abolished until 2024/2025 (through a further Finance Bill), the fund still need to undertake checks in the 2023/2024 tax year albeit charges will be different/not applicable and do not need to be reported. Whilst positive changes for members (albeit a relatively small proportion of the overall LGPS membership given the benefit profile), the changes have meant a number of amendments to team processes and communications.

13. Guides updated

13.1. The LGA has updated the following guides and the fund has put the updated versions on its website.

- Councillors full guide version
- Annual allowance factsheet for members
- AVC member guide version
- April 2014 update for councillors in England
- Payroll guide
- HR guide

The new versions have also been amended to reflect the annual updates for 2023/2024.

13.2. Most of the changes in the above guides were due to the budget announcements about pension tax allowance changes. The team has also updated all references to lifetime and annual tax allowances on the website, letters to members as well as scheme guides, to reflect the changes announced by the Chancellor and has also added a Hymans factsheet on the changes to the website.

14. McCloud remedy

14.1. On 30 May 2023, DLUHC published a consultation and draft regulations concerning the McCloud remedy. The consultation closes on 30 June 2023. The consultation seeks views on proposals to address discrimination found by the courts in the McCloud case. This follows the Government's response published in April 2023. DLUHC is consulting on new approaches in certain areas that reflect responses to the 2020 consultation and more closely align the LGPS to policies adopted by other public service pension schemes. DLUHC is seeking views on the following proposals:

- No aggregation requirement: underpin protection will extend to a new pension account that started before 1 April 2022, even if the earlier period of membership is not aggregated, as long as there has not been a disqualifying break. – Fund response – Agree.
- Previous membership of another public service pension scheme on or before 31 March 2012: a member will qualify for underpin protection because of earlier membership of another public service pension scheme, even if the pension rights from the other scheme have not been transferred to the LGPS, as long as there has not been a disqualifying break. – Fund response – It is not clear how this can be applied easily.
- Flexible retirement: a member with underpin protection who takes flexible retirement before 1 April 2022 will also have underpin protection on any benefits built up after flexible retirement and before the end of the underpin period. The consultation also considers how the underpin will operate when a member takes partial flexible retirement. Fund response – Agree this is fair treatment of members.

14.2. The consultation covers topics that were not included in the 2020 consultation. These include:

- policies for individuals with excess teacher service
- when a member may be paid compensation if they have suffered a loss relating to the discrimination found in the McCloud case or the McCloud remedy
- the interest terms that will apply when payments are made late due to the McCloud discrimination.

14.3. You can access the consultation documents on the Scheme consultations page of www.lgpsregs.org

14.4. DLUHC flags that the administrative requirements of the McCloud remedy will be significant and that funds should be putting in place resourcing plans to ensure administrators are equipped to tackle the additional work. It will finalise the regulations after considering the responses to the further consultation. These will come into force on 1 October 2023, with backdated effect to 1 April 2014.

15. State Pension Age review

15.1. On 30 March 2023, DWP published its 2023 review of the State Pension age. The review confirms that the rise to age 67 between 2026 and 2028 is still appropriate, however, the Government does not intend to change existing legislation that increases the State Pension age to age 68 (over the period 2037 to 2039). Instead, the Government plans to have a further review within two years of the next Parliament where the timing of a rise to age 68 will be considered further. This report must be published no later than 29 March 2029.

15.2. The House of Commons Library has produced an updated briefing paper about the State Pension age, how the State Pension age is reviewed and the accompanying timetable. The paper can be found at https://commonslibrary.parliament.uk/research-briefings/sn06546

16. The Pensions Regulator New General Code

16.1. The Pensions Regulator's New General Code (formerly referred to as the Single Code of Practice) is still expected to be published in its final form in the next few months. It will come into force following a 40-day period of laying in Parliament and will then become the new Code for Public Service Pension Schemes to comply with.

16.2. The code will consolidate and re-write a number of existing codes, formalise the requirement for an effective system of governance, and (for pension schemes with 100 or more members) introduce the new own risk assessment. New actuarial, internal audit and risk functions will also be required, and cyber risk, stewardship and climate change will be included in a code of practice for the first time.

16.3. The move from one dedicated code for public service pension schemes to a general code for all schemes will require fresh thinking in how to interpret requirements and from that how best to assess and demonstrate compliance with this new code.

16.4. The Pensions Regulator has also issued its corporate plan for 2023/2024 setting out its priorities for the year ahead. The plan outlines TPR's key priorities for the year. These include:

- working with the Financial Conduct Authority and DWP to develop a value for money framework 8
- launching the new defined benefit funding code
- laying foundations for a significant increase in addressing quality outcomes in defined contribution schemes
- increasing its attention on tackling scammers
- supporting schemes to prepare for dashboards
- This can be read at Corporate Plan 2023 to 2024 | The Pensions Regulator

17. Pensions Dashboard

17.1. The Pensions Dashboards Programme (PDP) commissioned Ipsos to undertake research to help develop consent and authorisation wording for dashboards. A research group covering a range of ages, income levels and pension types was asked to provide feedback on draft versions of consent and authorisation wording that would appear on dashboards. The wording explained what the Money and Pensions Service would and would not do with users' data and asked for consent for these uses. The feedback was positive and will be used to further shape the wording.

17.2. In May 2023, PDP published their Progress update report on dashboards. There are articles on:

- the Department for Work & Pensions (DWP's) written ministerial statement on pensions dashboards connection times confirming that there will be an update before parliamentary recess in July
- programme reset following the written ministerial statement – reset got underway on 20 March and more information will be available before parliamentary recess in July
- consent comprehension research - a research into users' understanding of how their data will be used during the dashboards journey
- preparing for dashboards – connection, data, matching, awareness and understanding legal and regulatory obligations
- updates from DWP, the Financial Conduct Authority and the Pensions Regulator
- useful resources
- subscribing to PDP's newsletter

17.3. Further information can be found on the Pensions Dashboard Programme website at https://www.pensionsdashboardsprogramme.org.uk

18. Scheme Advisory Board

18.1. The Scheme Advisory Board (SAB) website has recently been updated. The content remains the same, though the look of the site has changed. The SAB encourages users to visit the site. You can use the links below to find out about the work of the SAB and its committees:

- SAB meeting and agenda papers
- committee meetings and agenda papers
- news items

18.2. The SAB secretariat would like to highlight two key news stories this month: Statement on FOI requests on climate advice and data On 30 March 2023, the Board published a statement on Freedom of Information (F O I) requests on climate advice and data. The board is aware of the increasing prevalence of information requests about responsible investment policies. These may come from interested scheme members or activist groups and can be "round robin" requests that are made to all administering authorities with a view to collating information across the scheme and making comparisons between authorities' responses. The statement provides advice on dealing with these requests.

18.3. The SAB received legal advice suggesting it should instruct an expert in Islamic finance to provide evidence on a range of issues around sharia compliance in the LGPS. The SAB has commissioned expert advice from Amanah Associates and their report will be due later in the summer.

19. Gender pensions gap report

19.1. On 29 March 2023, the SAB published a report on the gender pensions gap in the LGPS from the Government Actuary's Department. The report provides an initial overview of the gender pensions gap in the LGPS, based on data from the 2020 scheme valuation. It shows the difference (in men's favour) is 34.7 per cent in the CARE scheme and 46.4 per cent in the final salary scheme. The SAB notes that these findings need to be interpreted with caution. The SAB will do further work to understand the data and investigate causes, as well as considering possible next steps.

20. SCAPE discount rate and impact to actuarial factors

20.1. On 30 March 2023, the Chief Secretary to the Treasury issued a written ministerial statement that announced that the Superannuation Contributions Adjusted for Past Experience (SCAPE) discount rate had been reduced to a real rate of 1.7% per annum above CPI, from the previous real rate of 2.4% per annum. Although this change does not impact contribution rates for the LGPS, set as part of a triennial actuarial valuation exercise, in the same way it impacts employer contribution rates in the other, unfunded, public sector schemes, there will be an impact on the LGPS given the SCAPE rate is used by GAD to set actuarial factors, which will impact early retirements / transfer values etc. Member calculations are currently suspended whilst factors are reviewed by GAD, which will of course have administrative implications for the fund. The fund's actuary will be undertaking a review of early retirement strain cost factors once GAD have updated the early retirement reduction factors.

20.2. On 25 May 2023, the LGA met with DLUHC to discuss the publication of the revised factors and was told they were imminent. The factors will be published on the actuarial guidance page of www.lgpsregs.org together with a revised transitional table. The first set of factors have now been received. Further sets are awaited.

20.3. At the same time a response to the June 2021 consultation on the methodology for deriving the SCAPE discount rate was also published. This confirmed that the rate will continue to be based on long term gross domestic product (GDP) growth figures with an aim to review the rate every four not five years going forwards in line with the scheme valuation cycle.

21. CARE Revaluation Date

21.1. On 9 March 2023, DLUHC published its response to the consultation issued in February 2023 setting out proposals to change the annual revaluation date for the LGPS from 1 April to 6 April. The response confirmed that the change would take place and on the same day the LGPS (Amendment) Regulations 2023 were laid (coming into effect on 31 March 2023). Whilst the changes made will have reduced the number of members impacted by the 2022/2023 annual allowance charge (and thereby reduced the burden on funds to prepare statements/respond to queries etc.), in the short-term the timing of the change has had an impact on funds and software suppliers with central guidance provided to funds to assist with managing the change until such time systems would be updated.

22. Guarantee for academy trusts outsourcings arrangements

22.1. On 17 May 2023, the Department for Education (DfE) published their policy for guaranteeing the outsourcing arrangements of academy trusts in England. Education and Skills Funding Agency (ESFA) approval is no longer required by academy trusts seeking pass-through arrangements with their administering authorities for outsourcing contracts for employees covered by the DfE Guarantee policy. The DfE Guarantee covers employees eligible for the LGPS who:

- are working for the academy trust, who are transferred to a contractor or on future re-tenders as part of an outsourcing contract
- were working for the local authority in a maintained school, then transferred to a contractor under TUPE, prior to the school becoming an academy, and where the outsourcing contract has passed to the academy trust following conversion to an academy
- are working for the local authority, which is providing services to the academy trust under a contract, and the trust decides to outsource this contract to a third-party provider. Therefore, the employees transfer from the local authority to the new contractor.

22.2. Key points:

1. Provided the circumstances of an outsourcing contract match one or more of the scenarios outlined in the policy document the academy trust does not need to seek ESFA approval for pass-through arrangements.
2. If the circumstances of an outsourcing contract are not covered in the policy document, the academy trust must seek ESFA approval using the Education and Skills Funding Agency enquiry form.
3. All contracting arrangements currently in place that meet the criteria outlined in the policy document are eligible for pass-through under the DfE Guarantee.
4. Where academy trusts have already entered arrangements that do not meet the criteria outlined in the policy document, they may discuss alternative options with the relevant administering authority.
5. Under a pass-through arrangement, if the contractor external to the academy trust ceases to trade, then the LGPS liabilities will remain with the trust. The trust may then choose to seek a new provider or bring services in-house.
6. The policy means the administering authority should no longer require a bond for pension liabilities. However, if they insist, that would be for the external contractor to provide, as an academy trust cannot provide a bond for LGPS pension liabilities.

23. Frozen refund project

23.1. The team are contacting scheme members with historic frozen refunds. These members are not entitled to a benefit in the fund and did not claim the refund at the time of leaving the pension fund. Between January 2023 to April 2023, 441 pre-2008 leavers (with a current address) were contacted. To date 102 have responded and a refund has been made to the member. 21 letters have been returned as they do not live at the address held by the fund and will be added to the other cases which we do not hold a current address and we will undertake an address tracing exercise for them. Reminder letters will be sent over the next few months and will include a strong message so that members do not think it is a scam designed to get their bank account details as the fund has received some concerns from members about this.

23.2. The next tranche of frozen refunds contacted will be 528 post-2014 frozen refunds over five years old. Interest stops accruing after the five-year mark has been reached.

24. EA2P – Enhanced Admin to Payroll implementation

24.1. The fund has started implementation of an enhancement to the payroll function. This new functionality automatically creates the payroll records and passes over the amounts payable from the administration side of the system to the payroll side, to reduce manual input and therefore reduce the risk of wrong amounts being paid. The new functionality requires data cleansing to be undertaken and the three-month implementation project will include two months of intense testing. Training was provided to the team by Heywood on Friday 12 May 2023 and it is hoped the new functionality will go live in August 2023.

25. External Hosting project

25.1. The move to Heywood Cloud went live on Wednesday 3 May 2023, a day earlier than planned due to Heywood completing their work ahead of schedule. All User Acceptance Testing was carried out and completed on time with no major issues raised. Shropshire Council IT, Audit and Information Governance were engaged during the whole implementation and provided support and advice where required. The main bulk of the project and implementation is now complete. The next phase is for the fund to be handed over to the Heywood Service Desk at the end of May 2023 and to have a post project review meeting which will include an element of lessons learnt.

26. Recent Legislation

26.1. On 2 May 2023, the Pensions Dashboards (Prohibition of Indemnification) Act 2023 received Royal Assent. The act will prohibit trustees and managers of occupational and personal pension schemes from being reimbursed out of scheme assets for any penalties imposed on them under the dashboard regulations. The act applies to the United Kingdom and comes into force on a date determined by the Department for Work and Pensions.

26.2. The Local Government Pension Scheme (Amendment) (No.2) Regulations 2023 [S I 2023/522]. These come into force on the 1 June

2023. The changes better align the SAB's cost management process with HM Treasury's (HMT's) reformed cost control process. They give the SAB greater flexibility in the making of recommendations to the Secretary of State where there is a breach. DLUHC's response helpfully re-iterates the SAB process operates before HMT's cost control mechanism. However, it leaves open for further discussion the link with the new "economic check" in HMT's process

27. Consultation on second set of rectification regulations

27.1. On 22 May 2023, HMRC launched a consultation on The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) (No.2) Regulations 2023. The draft regulations supplement The Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2023 ('first set of regulations'), which came into force on 6 April 2023. The first set of regulations modifies various tax legislation, so the correct tax treatment is applied when public service schemes implement the McCloud remedy. The draft regulations propose further modifications.

27.2. The consultation closes on 19 June 2023.

27.3. It is not felt that a fund response is required.

List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information) Pensions Committee Meeting 2 December 2022 Pensions Administration Report
Cabinet Member (Portfolio Holder) N/A
Local Member N/A
Appendices Appendix A – Performance chart Appendix B – Benchmarking graphs