

2023 No. 279

PUBLIC SERVICE PENSIONS, ENGLAND AND WALES

**The Local Government Pension Scheme (Amendment)
Regulations 2023**

<i>Made</i>	- - - -	<i>7th March 2023</i>
<i>Laid before Parliament</i>		<i>9th March 2023</i>
<i>Coming into force</i>		<i>31st March 2023</i>

The Secretary of State makes the following Regulations, in exercise of the powers conferred by section 1(1) and (2)(c), and section 3(1) to (3) of, and Schedule 2 to, the Public Service Pensions Act 2013(a).

In accordance with section 21 of that Act, the Secretary of State has consulted the representatives of such persons as appear to the Secretary of State likely to be affected by these Regulations.

In accordance with section 3(5) of that Act, these Regulations are made with the consent of the Treasury.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Local Government Pension Scheme (Amendment) Regulations 2023 and come into force on 31st March 2023.

(2) These Regulations extend to England and Wales.

Amendment of the Local Government Pension Scheme Regulations 2013

2. The Local Government Pension Scheme Regulations 2013(b) are amended as follows.

Revaluation date: revaluation adjustments, members

3.—(1) In regulation 23 (active member’s pension accounts)—

(a) in paragraph (2)(d), after “during the Scheme year”, insert “plus” then insert—

(a) 2013 c. 25; sections 3(1) and (2) were amended by section 94(2) and (3) of the Public Service Pensions and Judicial Offices Act 2022 (c. 7). Section 2 of, and Schedule 2 to, the Public Service Pensions Act 2013 set out how the powers are exercisable by the Secretary of State, and section 9 (revaluation) of that Act sets out how the process of revaluation is to be conducted.

(b) S.I. 2013/2356; regulation 21 was amended by S.I. 2015/755 and S.I. 2018/493, regulations 42 and 44 were amended by S.I. 2015/755, regulations 47 and 48 were amended by S.I. 2018/493, and the definition of “revaluation adjustment” at Schedule 1 was substituted by S.I. 2018/493. There are other amending instruments but none is relevant.

- “(e) for any Scheme year beginning with the Scheme year that starts on 1st April 2023, the revaluation adjustment which was applied on the revaluation date falling within that Scheme year.”;
- (b) omit the wording in paragraph (2) from “and the revaluation adjustment” to the end;
- (c) in paragraph (3), omit “revalued” and at the end insert—
- “(3A) Each Scheme year, beginning with the Scheme year that starts on 1st April 2023, the revaluation adjustment must be applied to the balance mentioned at paragraph (3) on the revaluation date, in accordance with actuarial guidance issued by the Secretary of State.”.
- (2) In regulation 24 (deferred member’s pension account and deferred refund account)—
- (a) after paragraph (4) insert—
- “(4A) For the purposes of paragraph (4)(a), where a member’s last day of active membership falls in the period beginning with 6th April and ending with 31st March in any Scheme year, the opening balance includes the revaluation adjustment which was applied on the revaluation date falling within that member’s last active Scheme year.
- (4B) If a member’s last day of active membership falls in the period beginning with 1st April and ending with 5th April in any Scheme year, on the revaluation date falling within the Scheme year during which the member was last active the revaluation adjustment must be applied to the opening balance mentioned at paragraph (4)(a) in accordance with actuarial guidance issued by the Secretary of State.”;
- (b) in paragraph (7), for “at the beginning of” substitute “on the revaluation date in”;
- (c) in paragraph (8)—
- (i) omit “revalued”;
- (ii) for “(7)” substitute “(4) including any adjustment made in accordance with paragraph (4B).”;
- (iii) following “Scheme year and” insert “having applied the revaluation adjustment to the balance in accordance with paragraph (7)”;
- (iv) at the end, insert—
- “(8A) Where an index rate adjustment is due to be made on a revaluation date, any such adjustment must be made after the revaluation adjustment is made.”.
- (3) In regulation 25 (retirement pension accounts: active members)—
- (a) in paragraph (3), after “24(4)” insert “and, where applicable, (4A)”;
- (b) after paragraph (4), insert—
- “(4A) If a member’s last day of active membership falls in the period beginning with 1st April and ending with 5th April in any Scheme year, on the revaluation date falling within the Scheme year during which the member was last active the revaluation adjustment must be applied to the opening balance for the member’s last active Scheme year and takes effect from the date the member became entitled to immediate payment, in accordance with actuarial guidance issued by the Secretary of State.”;
- (c) in paragraph (6)—
- (i) for “at the beginning of” substitute “on the revaluation date in”;
- (ii) after “pensioner member” in the second place where it occurs, insert “and takes effect from the start of the Scheme year following the Scheme year in which the member became a pensioner member”;
- (d) in paragraph (7)—
- (i) omit “revalued”;
- (ii) for “(6)” substitute “(2)” and then insert “including any adjustment made in accordance with paragraph (4A).”;

- (iii) following “Scheme year and,” insert “having applied the revaluation adjustment to the balance in accordance with paragraph (6),”; and
 - (iv) at the end insert—
 - “(7A) Where an index rate adjustment is due to be made on a revaluation date, any such adjustment must be made after the revaluation adjustment is made.”.
- (4) In regulation 27 (flexible retirement pension accounts)—
- (a) in paragraph (5)—
 - (i) for “at the beginning of” substitute “on the revaluation date in”;
 - (ii) after “retirement pension” in the third place where it occurs, insert “and takes effect from the start of the Scheme year following the Scheme year in which the member became entitled to that pension”;
 - (b) in paragraph (6)—
 - (i) omit “revalued”;
 - (ii) for “(5)” substitute “(2)”;
 - (iii) following “Scheme year and,” insert “having applied the revaluation adjustment to the balance in accordance with paragraph (5),”; and
 - (iv) at the end, insert—
 - “(7) Where an index rate adjustment is due to be made on a revaluation date, any such adjustment must be made immediately after the revaluation adjustment is made.”.

Survivor benefits: revaluation adjustments, survivor benefits for partners and children of active members

- 4.—(1) In regulation 41 (survivor benefits: partners of active members)—
- (a) after paragraph (4)(a) insert—
 - “(aa) For the purposes of sub-paragraph (a), if the member died in the period beginning with 1st April and ending with 5th April in any Scheme year, the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”;
 - (b) in paragraph (5)—
 - (i) for “at the beginning of” substitute “on the revaluation date in”;
 - (ii) after “was opened,” in the second place where it occurs, insert “and takes effect from the start of the Scheme year following the Scheme year in which the survivor member’s account was opened,”;
 - (c) in paragraph (6)—
 - (i) omit “revalued”;
 - (ii) for “(5)” substitute “(3)”;
 - (iii) following “Scheme year and,” insert “having applied the revaluation adjustment to the balance in accordance with paragraph (5),”; and
 - (iv) at the end, insert—
 - “(6A) Where an index rate adjustment is due to be made on a revaluation date, any such adjustment must be made immediately after the revaluation adjustment is made.”.
- (2) In regulation 42 (survivor benefits: children of active members)—
- (a) at the end of each of paragraphs (4)(a), (5)(a), (9)(a) and (10)(a) insert—
 - “(aa) For the purposes of sub-paragraph (a), if the member died in the period beginning with 1st April and ending with 5th April in any Scheme year, the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”;

- (b) in paragraph (12)—
 - (i) for “at the beginning of” substitute “on the revaluation date in”;
 - (ii) for “valuation” substitute “revaluation”;
 - (iii) after “was opened,” in the second place where it occurs, insert “and takes effect from the start of the Scheme year following the Scheme year in which the survivor member’s account was opened,”;
- (c) in paragraph (13)—
 - (i) omit “revalued”;
 - (ii) for “(12)” substitute “(3) or (8)”;
 - (iii) following “Scheme year and,” insert “having applied the revaluation adjustment to the balance in accordance with paragraph (12),”;
 - (iv) at the end, insert—
 - “(14) Where an index rate adjustment is due to be made on a revaluation date, any such adjustment must be made immediately after the revaluation adjustment is made.”.

Survivor benefits: revaluation adjustments, death grants: deferred, pension credit and deferred pensioner members

5. In regulation 43 (death grants: deferred members, pension credit members, and deferred pensioner members)—

- (a) after paragraph (3) insert—
 - “(3A) For the purposes of paragraph (3), if the member—
 - (a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or
 - (b) ceased to be an active member and became a deferred member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,
 the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”;
- (b) in paragraph (5), at the end insert “and paragraph (3A) does not apply.”.

Revaluation date: revaluation adjustments, survivor benefits for partners and children of deferred and deferred pensioner members

6.—(1) In regulation 44 (survivor benefits: partners of deferred members and deferred pensioner members)—

- (a) after paragraph (4), insert—
 - “(4A) For the purposes of paragraph (4), if the member—
 - (a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or
 - (b) ceased to be an active member and became a deferred member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,
 the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”;
- (b) in paragraph (5)—
 - (i) for “at the beginning of” substitute “on the revaluation date in”;

- (ii) after “was opened,” in the second place where it occurs, insert “and takes effect from the start of the Scheme year following the Scheme year in which the survivor member’s account was opened,”;
- (c) in paragraph (6)(a)—
 - (i) omit “revalued”;
 - (ii) in the second place where it occurs, for “(5)” substitute “(3)”;
 - (iii) following “Scheme year,” insert “and the revaluation adjustment is applied to the balance in accordance with paragraph (5)”;
- (d) after paragraph 6, insert—

“(6A) Where an index rate adjustment is due to be made on a revaluation date, any such adjustment must be made immediately after the revaluation adjustment is made.”.
- (2) In regulation 45 (survivor benefits: children of deferred members)—
 - (a) after paragraph (4), insert—

“(4A) For the purposes of paragraph (4), if the member—

 - (a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or
 - (b) ceased to be an active member and became a deferred member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,

the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”.
 - (b) after paragraph (5), insert—

“(5A) For the purposes of paragraph (5), if the member—

 - (a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or
 - (b) ceased to be an active member and became a deferred member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,

the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”.
 - (c) after paragraph (9), insert—

“(9A) For the purposes of paragraph (9), if the member—

 - (a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member became a deferred member; or
 - (b) ceased to be an active member and became a deferred member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,

the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”.
 - (d) after paragraph (10), insert—

“(10A) For the purposes of paragraph (10), if the member—

 - (a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or

- (b) ceased to be an active member and became a deferred member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,
the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”.
- (e) in paragraph (12)—
 - (i) for “at the beginning of” substitute “on the revaluation date in”;
 - (ii) after “was opened,” in the second place where it occurs, insert “and takes effect from the start of the Scheme year following the Scheme year in which the survivor member’s pension account was opened,”;
- (f) in paragraph (13)(a)—
 - (i) omit “revalued”;
 - (ii) in the second place where it occurs, for “(12)” substitute “(3) or (8)”;
 - (iii) following “Scheme year” insert “and the revaluation adjustment is applied to the balance in accordance with paragraph (12)”;
- (g) after paragraph (13), insert—
“(13A) Where an index rate adjustment is due to be made on a revaluation date, any such adjustment must be made immediately after the revaluation adjustment is made.”.

Survivor benefits: revaluation adjustments, death grants and survivor benefits: pensioner members

- 7.—(1) In regulation 46 (death grants: pensioner members), at the end insert—
“(6) For the purposes of a death grant payable in accordance with paragraph (3) (but not for the purposes of a death grant derived from a pension credit payable in accordance with paragraph (4)), if the member—
(a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or
(b) ceased to be an active member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,
the pension the member would have been entitled to receive as retirement pension at the date of death is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”.
- (2) In regulation 47 (survivor benefits: partners of pensioner members)—
(a) after paragraph (4), insert—
“(4A) For the purposes of paragraph (4), if the member—
(a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or
(b) ceased to be an active member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,
the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”.
- (b) in paragraph (5)—
(i) for “at the beginning of” substitute “on the revaluation date in”;
- (ii) after “was opened,” in the second place where it occurs, insert “and takes effect from the start of the Scheme year following the Scheme year in which the member became a pensioner member,”;

- (c) in paragraph (6)(a)—
 - (i) omit “revalued”;
 - (ii) in the second place where it occurs, for “(5)” substitute “(3)”;
 - (iii) following “Scheme year” insert “and the revaluation adjustment is applied to the balance in accordance with paragraph (5)”;
- (d) after paragraph (6), insert—

“(6A) Where an index rate adjustment is due to be made on a revaluation date, any such adjustment must be made immediately after the revaluation adjustment is made.”.
- (3) In regulation 48 (survivor benefits: children of pensioner members)—
 - (a) after paragraph (4) insert—

“(4A) For the purposes of paragraph (4), if the member—

 - (a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or
 - (b) ceased to be an active member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,

the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”.
 - (b) after paragraph (5) insert—

“(5A) For the purposes of paragraph (5), if the member—

 - (a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or
 - (b) ceased to be an active member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,

the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”.
 - (c) after paragraph (9) insert—

“(9A) For the purposes of paragraph (9), if the member—

 - (a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or
 - (b) ceased to be an active member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,

the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”.
 - (d) after paragraph (10) insert—

“(10A) For the purposes of paragraph (10), if the member—

 - (a) died in the period beginning with 1st April and ending with 5th April in the Scheme year following the Scheme year in which the member ceased to be an active member; or
 - (b) ceased to be an active member in the period beginning with 1st April and ending with 5th April in a Scheme year and subsequently died within that same period,

the pension is deemed to include the revaluation adjustment that would have been due at the next revaluation date.”.
 - (e) in paragraph (12)—
 - (i) for “at the beginning of ” substitute “on the revaluation date in”;

- (ii) after “was opened,” in the second place where it occurs, insert “and takes effect from the start of the Scheme year following the Scheme year in which the member became a pensioner member,”;
- (f) in paragraph (13)(a)—
 - (i) omit “revalued”;
 - (ii) in the second place where it occurs, for “(12)” substitute “(3) or (8)”;
 - (iii) following “Scheme year” insert “and the revaluation adjustment is applied to the balance in accordance with paragraph (12)”;
- (g) after paragraph (13) insert—

“(14) Where an index rate adjustment is due to be made on a revaluation date, any such adjustment must be made immediately after the revaluation adjustment is made.”.

Amendments to definitions

8. In Schedule 1 (interpretation)—

- (a) in paragraph (a) of the definition of “revaluation adjustment^(a)”, after “transferred” in the second place where it occurs, insert “and which is applied to the balance on the same day as the percentage increase or decrease referred to in paragraph (b)”;
- (b) in paragraph (b) of the definition of “revaluation adjustment”—
 - (i) after “prices” insert “in relation to the Scheme set out”;
 - (ii) after “2013” insert “in relation to the previous Scheme year”; and
 - (iii) omit the wording from “at the beginning” to the end.
- (c) after the definition of “revaluation adjustment” insert—

““revaluation date” means 6th April;”.

We consent

6th March 2023

Steve Double
Andrew Stephenson

Two of the Lords Commissioners of His Majesty’s Treasury

Signed by authority of the Secretary of State for Levelling Up, Housing and Communities

Lee Rowley
Minister of State

7th March 2023

Department for Levelling Up, Housing and Communities

(a) The definition was substituted by reg.20(e) of the Local Government Pension Scheme (Amendment) Regulations 2018 (S.I 2018/493) with effect from April 1, 2014.

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Local Government Pension Scheme Regulations (“the 2013 Regulations”) established the Local Government Pension Scheme (“the Scheme”) as a career average revalued earnings scheme in accordance with section 8(2)(a) of the Public Service Pensions Act 2013 (“the Act”).

According to section 8(4) of the Act, a person’s pensionable earnings under a career average revalued earnings scheme must be revalued each year until the person leaves pensionable service, based upon the index rate adjustment for the relevant period specified in a Treasury order made under section 9(2) of the Act.

These Regulations amend the provisions of the 2013 Regulations in relation to the process of making revaluation adjustments which currently require the revaluation adjustment to be made at the beginning of the Scheme year, meaning that on 1st April each year, members’ pensions are revalued to take account of the impact of inflation over the previous Scheme year (1st April to 31st March). Currently, tax liabilities may arise because the timing of the Scheme revaluation process on 1st April is not aligned with HMRC’s process for assessing the annual allowance tax charge under the Finance Act 2004.

The overall effect of the changes made by these Regulations to the 2013 Regulations is that the revaluation adjustment is made on 6th April each year, so that the Scheme revaluation is brought into alignment with the HMRC process for assessing the annual allowance tax charge and then applied to the member’s account and accounted for when calculating the end of year balance on 31st March. These Regulations will have no effect on the amount of Scheme benefits to which members are entitled.

Regulation 3 amends regulations 23 to 25 and regulation 27 of the 2013 Regulations in relation to active members, and members who change status within a Scheme year, (by becoming deferred members of the Scheme, or by taking full or flexible retirement).

The amendments specify that the revaluation adjustment made to the member’s pension account must take place on the ‘revaluation date’ (defined as being 6th April). This change means that the inflation figure used for the revaluation adjustment in the tax year commencing 6th April is the same as the inflation figure used for any tax calculation specified by HMRC for annual allowance purposes, under the Finance Act 2004.

Regulation 3 also makes consequential changes to the 2013 Regulations, to ensure that the correct figures are used and the index rate adjustment in accordance with the Pensions (Increase) Act 1971 is correctly applied.

Regulation 4 amends regulations 41 and 42 of the 2013 Regulations (in relation to survivor benefits for the partners and children of active members) and makes consequential changes to reflect the fact that the revaluation adjustment is now to take place at the new ‘revaluation date’. The purpose of these changes is to ensure that, notwithstanding the change in the revaluation date, there is no change to the amount of Scheme benefits to which survivors are entitled.

Regulation 5 amends regulation 43 of the 2013 Regulations in relation to death grants relating to deceased deferred, pension credit and deferred pensioner members. The purpose of these changes is to ensure that, notwithstanding the change in the revaluation date, there is no change to the amount of Scheme benefits to which survivors are entitled. The changes ensure that for deferred and deferred pensioner members, where the person died within the period 1st to 5th April within a Scheme year (ahead of the revaluation date), the death grant reflects the correct pension entitlement, factoring in the relevant revaluation adjustment.

Regulation 6 amends regulations 44 and 45 of the 2013 Regulations in relation to survivor benefits for partners and children of deceased deferred and deferred pensioner members and similarly to regulation 4, makes consequential changes to reflect the fact that the revaluation adjustment is now to take place at the new ‘revaluation date’. The purpose of these changes is to ensure that,

notwithstanding the change in the revaluation date, there is no change to the amount of Scheme benefits to which survivors are entitled.

Regulation 7 amends regulation 46 of the 2013 Regulations in relation to death grants relating to deceased pensioner members and regulations 47 and 48 of the 2013 Regulations relating to survivor benefits in relation to such a member. The changes to regulation 46 of the 2013 Regulations ensure that where the pensioner member died within the period 1st to 5th April within a Scheme year (ahead of the revaluation date), any death grant payable reflects the correct pension entitlement, factoring in the relevant revaluation adjustment. The purpose of these changes is to ensure that, notwithstanding the change in the revaluation date, there is no change to the amount of Scheme benefits to which survivors are entitled.

Regulation 8 of these Regulations amends the definition of “revaluation adjustment” in Schedule 1 to the 2013 Regulations and inserts a new definition of “revaluation date”, so that the revaluation date is fixed as 6th April which aligns with the start of the tax year, rather than taking place at the end of a tax year.

A full impact assessment has not been produced for this instrument as no, or no significant, impact on the private, public or voluntary sector is foreseen.

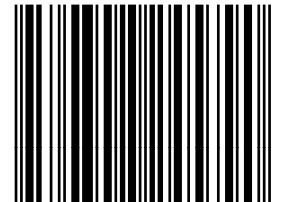
© Crown copyright 2023

Printed and published in the UK by The Stationery Office Limited under the authority and superintendence of Jeff James, Controller of His Majesty’s Stationery Office and King’s Printer of Acts of Parliament.

£6.90

<http://www.legislation.gov.uk/id/uksi/2023/279>

ISBN 978-0-34-824579-0



9 780348 245790