



Department for Levelling Up,
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Dear Pension Manager,

Local Government Pension Scheme: Third Batch of Revised Actuarial Factors

1. Regulation 2(3) of the Local Government Pension Scheme Regulations 2013 provides that the Secretary of State may, after consultation with the Government Actuary's Department, issue actuarial guidance to administering authorities.
2. On 30 March 2023, HM Treasury responded to the consultation on SCAPE discount rate methodology which confirmed the use of the previous methodology (based upon long term expected GDP growth). In addition, the SCAPE discount rate was adjusted to take into account long term GDP growth figures, making the new SCAPE rate CPI + 1.7% (previously CPI + 2.4%).
3. The new rate is effective from 30 March and means that some calculations were suspended. Guidance on processing the calculations that were suspended and when to use the new factors is at:
<https://lgpslibrary.org/assets/bulletins/2023/236EWSCAPE.pdf>
4. We are now able to release the third batch of updated factors, as set out below (with the relevant in effect dates), following consultation with the Government Actuary's Department:
 - a. **Trivial Commutation** (In effect: **28 July 2023**)
 - b. **Inverse Commutation** (In effect: **28 July 2023**)
 - c. **Scheme Pays (Annual Allowance)** (In effect: **28 July 2023**)
 - d. **Scheme Pays (Lifetime Allowance)** (In effect: **28 July 2023**)
5. Over the coming months, we expect to issue further updated factors for the remaining calculations. These will also be communicated via the LGA and made available on their website.

Yours faithfully,

Teresa Clay

LGPS Pensions Team Lead, Local Government Finance, DLUHC