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Dear Robert

**Draft LGPS (Amendment) Regulations 2015
Avon Pension Fund submission on the consultation**

The Avon Pension Fund [APF] has considered these draft regulations from a technical and administrative viewpoint and this letter sets out our formal response to the proposals set out in the consultation.

Whilst many of the changes proposed deal with small operational changes and wording issues which have been covered by LGA in their excellent response and which we endorse, there are several of the issues that require a more direct response from this authority.

Our comments for these issues are set out in Annex A

It is essential that if any amendments are made they improve the administration and understanding of the LGPS not just for the funds and employers but also the scheme members.

Yours sincerely

Alan South
Technical and Compliance Manager
Avon Pension Fund

Avon Pension Fund Response to Consultation

Annex A

Draft Regs	Subject	Comment
7	<p>Additional Pension Contributions Extending the 30 day period to elect to pay APC following break</p>	<p>This authority supports this amendment as it is essential to allow scheme employers some flexibility to prevent them having to do numerous calculations and adjustments over a short period</p> <p>There may be some logic in adding this discretion into the employers discretion policy so as to set out how an employer will operate any extension and ensuring that cases are not overlooked. Alternatively employers could be regulated to review all such cases once a year.</p>
11	<p>Automatic aggregation</p> <p>Either update record immediately, or</p> <p>Wait 12 months and then action</p> <p>This authority totally supports any consideration to revert back to 2008 regulations of benefits being kept separate unless members opt to transfer within first 12 months.</p>	<p>Whilst the recent letter from DCLG to LGA on final salary link was well received it is only part of the transfer problem.</p> <p>The automatic aggregation of service with 12 month option is causing serious administrative problems at a time when the Pensions Regulator is becoming more involved in the quality of information held on records.</p> <p>If acted on immediately then if the member subsequently elects for separate benefits the record has to be unpicked. Whereas wait until the 12 month period has elapsed and there are issues of records not being accurate for calculations [annual allowance / redundancy]</p> <p>There are disagreements between funds operating differently</p>

Draft Regs	Subject	Comment
32	<p>Employer contribution and no active contributing members</p> <p>Arrangements for exit payments</p> <p>Regulation 64 states:-</p> <p>“If a person –</p> <p>(a) ceases to be a Scheme employer (including ceasing to be an admission body participating in the Scheme), or</p> <p>(b) was a Scheme employer, but no longer has an active member contributing to a fund, that person becomes “an exiting employer” for the purposes of this regulation and is liable to pay an exit payment”.</p> <p>If we are not to ignore the Regulations, we need this particular regulation amended. One way to achieve this would be to have a proviso attached to the regulation, as long as we could be sure that the proviso covered all</p>	<p>With regards to exit payments the regulations must ensure that funds recover any unmet pension liabilities. There must however be some discretion for the administering authority. A town or parish council may have resolved for employees to be eligible to be in the LGPS. However if all eligible employees opt out the employer could fall under this proposed amendment and be subject to an exit payment although active membership could occur at any time. The definition of "Scheme employer" means a body listed in Schedule 2 employing an employee who is eligible to be a member and includes an admission body;</p> <p>There is definitely scope here for Administering authorities to manage such situations without having to impose an immediate exit payment</p> <p>Admitted bodies throw up a different type of problem. If an admission agreement is open, it is clearly possible to have periods where there are no members in the LGPS. In these circumstances the admission agreement should remain open. In the case of transferee admission agreements where best value authorities are involved which are not open, it may be necessary to keep the admission agreement open to allow for transferees who are not members of the LGPS at the date of transfer to join the scheme at any point before the contract ends.</p> <p>Any change to the regulations that simplify entities controlled or connected with a Part 1 of Schedule 2 employer would be supported and it would certainly assist if such bodies were listed in Part 1 of Schedule 2.</p>

the circumstances where you wouldn't want a final valuation

N.B.With the increasing number of contract arrangements that Scheme Employers set up and participate in it is essential that the regulations regarding Part 2 Schedule 2 bodies and Admission bodies are fit for purpose. The regulations should be clear from the outset which regulation covers the arrangement and specifically set out from the start who if the body ceases to exist pays any pension liability. This issue was raised when the 2014 scheme was introduced but there is still uncertainty and a review on this whole issue would be most welcome if not with these amendments then in conjunction with DCLG guidance for Best Value due out later this year

Issues not covered by Draft Regulations For Comment

Para.	Subject	Comments
25	<p>AVC: transfer of rights accrued</p> <p>To provide protection where member transfers to another LGPS by allowing new fund to continue with existing AVC provider</p> <p>APF would support any move to protect position of member on a compulsory transfer but would prefer any protection being covered by a protected rights basis rather than setting up individual AVC arrangements This concurs with the last paragraph of the LGA response.</p>	<p>The response as to whether this is feasible will differ from fund to fund. Most funds use one particular AVC provider and it would therefore be easier to facilitate such an arrangement. However the AVC provider for the Avon Pension Fund, only has one LGPS client and therefore the fund would be required to set up such an arrangement more times than not.</p> <p>Support would be given if there was some way the AVC protections could be continued even if the AVC provider changed. This should only be allowable if the transfer to the new fund was as a result of a compulsory transfer of employment. Where the individual has chosen to transfer themselves then the AVC position is no different to any other consideration when changing employment voluntarily.</p>
27	<p>Final Salary Link</p> <p>DCLG letter to LGA has nullified this issue</p>	<p>However, as stated above under Reg 11, this is only part of the current problem and it is important to stress the importance of reviewing the position of aggregation and to streamline the process so that all stakeholders can operate together with some certainty.</p>