

Avon Pension Fund

LOCAL GOVERNMENT PENSION SCHEME

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Dear Sir

Avon Pension Fund submission on the draft Local Government Pension Scheme Regulations 2013

The Avon Pension Fund [APF] is part of the Local Government Pension Scheme [LGPS] and is committed to participating in all consultations regarding the future development of the scheme. This response considers the draft regulations issued in respect of the changes in the benefit structure in the LGPS from 1 April 2014. [LGPS 2014]

The initial structure for the LGPS 2014 was set out in the joint informal consultation document sent out in June 2012 by the Local Government Association and Trade Unions. There was considerable support for these proposals from both employers and employees. This was a key factor in reducing the statutory consultation from the customary 12 weeks to 7 weeks on the basis that it was merely replicating the current benefits into the new structure.

As the draft regulations are not comprehensive, there are some unknowns at this stage. It has also not been possible to cross reference the new regulations against how the transitional regulations will treat the protections going forward and how these will all fit together within the LGPS 2014.

Regardless of this, there are still three key areas that can be included within this response. These are as follows:-

1. Regulations that require amendment either for clarification on a technical point or how they fit in with the full regulations including transitions
2. Regulations that have been changed and there is no explanation as to why or it appears something has been omitted but it's not clear whether this is intentional or accidental
3. Regulations that require amendment but are not changing within this draft.

Our response to regulations that fall into categories 1 and 2 above are included within Annex 1.

Whilst we understand the urgency for getting the new scheme on the statute books there are some further areas in the current scheme that should be reviewed at the soonest opportunity. These are as follows; e.

- a) As a result of the Local Government Pension [Miscellaneous Regulations] Regulations 2012 the regulations in respect of admission bodies were changed to try to simplify arrangements. This authority wrote to DCLG explaining that these new provisions were almost unworkable and contained sections that seemed illogical. These same regulations have now been reproduced in the draft regulations to be carried forward. With the increasing necessity to seek economies, employers are increasingly looking to work together with other parties. There are so many new concepts of working together that the LGPS is constantly under pressure to cope with all the subtle differences.

The whole concept of admission bodies needs to be reassessed to ensure that the LGPS is able to facilitate all circumstances. The way the current regulations stand employers may want to enter a partnership contract only to find problems with LGPS either delaying or preventing completion. This will only increase when scheme members are given the right to retain LGPS membership on outsourcing arrangements. This of course should not be at the expense of Administering Authorities still carrying out their responsibilities as guardian of the funds.

Annex 2 sets out in more detail the current issues regarding admission bodies and how the regulations should be changed to remove the current problems.

- b) The other area that urgently needs change is ill health retirement which we have been informed is high on the to-do agenda but deemed too onerous to change at this time bearing in mind the limited time left to get LGPS 2014 operational on time.

The whole concept of tiers, reduced likelihood of gainful employment, tier 3 reviews need to be reconsidered to ensure that the whole procedure is clear to scheme members throughout. The process must also allow employers to manage their ill health process without the current complexities within the pension regulations.

A detailed account of the problems within the regulations on ill health retirements will be sent to DCLG shortly.

This authority will ensure that DCLG is constantly reminded of the need for reform going forward on this matter.

- c) It has become increasingly noticeable that wherever there is doubt over regulations or guidance from DCLG, any response from DCLG seems to refer the authority to seek their own legal advice. This practice appears to have become more prevalent, following the removal of the Secretary of State from the appeals procedure in 2004.

When the draft for the transitional regulations is released it is essential that sufficient time is given to ensure adequate responses can be given to make certain that all the regulations for the LGPS going forward are fit for purpose and workable.

It is a concern that there is such a tight timescale, drafting of the final regulations may be rushed thereby reducing quality and accuracy. We would ask that full account is taken of responses and ensure that regulations are fully workable even if there may be some delay.

Yours faithfully

Tony Bartlett
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Administering Authority for the Avon Pension Fund

Encl.
Annex 1
Annex 2