

Bath & North East
Somerset Council

Avon Pension Fund

LOCAL GOVERNMENT PENSION SCHEME

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Our ref.: Pens/AGS
Your ref.: Philip Perry
Date: 24 May 2013

Dear Philip,

Local Government Pension Scheme (Transitional Provisions and Savings) Regulations 2013: Response to Consultation Annex C

This is the response from Avon Pension Fund to the second part of the second consultation on the LGPS 2014 scheme issued in March 2013.

This part of the consultation mainly deals with setting out the protections for benefits accrued up to 31st March 2014. There are a number of very technical issues and our concerns are highlighted in Annex 1.

One particular major concern is Regulation 25 which could have very serious financial effects on employers. We strongly suggest that references to pre 2014 scheme benefits retaining the final salary must include a distinct separation for pay definitions.

To allow the new pay definition in the 2014 scheme to be used for calculating existing benefits would potentially increase costs for any employer whose staff work a substantial amount of non-contractual overtime. The earlier and new schemes must continue to operate in accordance with the pay definition set out in each of the relevant scheme regulations and not be transposed from one to the other.

One of the most difficult parts of responding is in understanding the intentions of the regulations in conjunction with the notes provided. The notes in some areas are vague as to what they are trying to achieve requiring more clarification to assess whether a regulation is fit for purpose.

As stated in a previous response it is imperative that the regulations are not open to different interpretations. These transitional regulations will be the definitive account of the current scheme benefits and protections going forward and clarity must exist for all stakeholders to be able to understand what benefit entitlements exist going forward.

Also with the different consultations and discussions the timetable of events has become unclear. It would be very useful if regular updates on what is happening and when things are being scheduled could be released.

The regulations were due for April 2013 and are now delayed with different aspects still due to be released in June 2013. What is the timetable between now, April 2014 and beyond? Administering authorities are working on their own plans for implementation and need to be kept regularly informed of the up to date position.

As some of these transition regulations will require decisions before 1 April 2013 [purchase of additional benefits] and will need Government Actuary guidance and factors what arrangements are there to ensure that these do not arrive at the last minute as did the changes to ARCs this year.

Yours sincerely

Alan South
Technical Manager
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Annex 1