

# Bath & North East Somerset Council

MEETING:	<b>AVON PENSION FUND COMMITTEE</b>	
MEETING DATE:	<b>24 June 2016</b>	AGENDA ITEM NUMBER <b>17</b>
TITLE:	<b>LGPS: Regulatory update</b>	
WARD:	<b>ALL</b>	

## AN OPEN PUBLIC ITEM

List of attachments to this report:

Appendix 1 –List of forthcoming regulatory changes that will affect administration

Appendix 2a DCLG Consultation on Draft LGPS Amendments (Summary)

Appendix 2b –:DCLG Consultations – Fair Deal Proposals

Appendix 3 - Response Letter Consultation on Recovery of Public Sector Exit Payments

## 1 THE ISSUES

- 1.1 The purpose of this report is to update the Committee on the latest position concerning the Local Government Pension Scheme [LGPS] and proposed regulatory matters that affect scheme administration. This includes any responses to consultations that have been made.
- 1.2 It is also to obtain approval from the committee where a discretionary policy is required under the regulations
- 1.3 A list of current issues that will affect administration is set out in Appendix 1
- 1.4 As previously reported HM Treasury consulted on Exit Payments within the public sector. A response was sent on behalf of Avon Pension Fund
- 1.5 The Committee are also required to approve a discretionary policy under the regulations.

## 2 RECOMMENDATIONS

**That the Committee:**

- 2.1 Notes the current position regarding the potential changes that would affect the administration of the Fund.**
- 2.2 Notes the information regarding HM Treasury consultations**
- 2.3 Approves the discretionary policy set out for transfer requests made after the 12 month of scheme entry as follows**

**The decision to be delegated to specified officers who must consider**

**Whether it would be detrimental to the Avon Pension Fund**

**Whether the delay was the result of actions or non actions of the scheme employer or administering authority**

### **3 FINANCIAL IMPLICATIONS**

- 3.1 The administrative and management costs incurred by Avon Pension Fund are recovered from the employing bodies through the employer's contribution rates
- 3.2 Some of the issues being proposed is intended to reduce costs on certain payments employers make on early retirements
- 3.3 Any other specific areas will be reported as required.

### **4 LGPS 2014: Further Regulations Amendments**

- 4.1 As reported in March there were a number of issues that we were awaiting the Communities and Local Government [DCLG] to issue a consultation to the draft regulations and this has subsequently been released on 27 May 2016
- 4.2 These draft regulations amend the main LGPS regulations to provide clarifications that have been requested by practitioners and improve the operation of the regulations. These also include the changes intended to incorporate Freedom and Choice within some elements of the LGPS. A summary is included in Appendix 2a
- 4.3 They also introduce the Fair Deal for Staff Pensions, for employees, in the Local Government Pension Scheme, who are compulsorily transferred to another service provider in response to the Treasury 'Fair Deal for Staff Pensions' policy issued in October 2013. This part of the consultation is included as Appendix 2b
- 4.4 A response will be submitted on these provisions put forward.
- 4.5 On 29 April 2016, GAD issued about 20 sets of revised guidance / factors with immediate effect which will cause some temporary administrative problems whilst the software provider updates the system

### **5 Treasury Consultations on Exit Payments**

- 5.1 In March details were given on the current position on the three consultations regarding changes to public sector exit payments on leaving employment early issued by HM Treasury

Consultation on a Public Sector Exit Payment Cap

Consultation on a Recovery of Public Sector Exit Payments

Consultation on reforms to public sector exit payments

- 5.2 The current position on these is shown in the table in Appendix 1:

The response on behalf of Avon Pension Fund to the third consultation is attached as Appendix 3

### **6 Additional Discretionary Policy**

- 6.1 Under the previous regulations a request from a scheme member to transfer previous pension rights into the Fund had to be made within 12 months of joining the Fund. This period could be extended by the scheme employer.

- 6.2 Regulation 100(6) of the current regulations provides that the 12 month period can be extended “as the Scheme employer and administering authority may allow”.
- 6.3 There may be genuine reasons why a transfer request was delayed and in some cases it may be as a result of some action or non-action by the scheme employer or administering authority. In such cases there may be a valid case to exercise a discretion to extend the period.
- 6.4 However there are occasions where a scheme member will make such a request after a substantial period because there may be a potential redundancy and the member would then get these transferred benefits paid immediately. The ultimate cost of this could be high and would initially be a cost to the scheme employer. However there may be some occasion whereby an employer is unable to continue due to financial difficulties and here there could be a potential cost put on the Fund if a transfer was allowed to someone being made redundant. The administering authority would need to consider the full implications of any such discretion made.
- 6.5 It is therefore recommended that any discretion in respect of Regulation 100(6) be delegated to specified officers as set out for other discretions at the June 2015 Committee and that when considering the decision the following is taken into account

Whether it would be detrimental to the Avon Pension Fund

Whether the delay was the result of actions or non actions of the scheme employer or administering authority

## **7 RISK MANAGEMENT**

- 7.1 No specific issues to consider.

## **8 EQUALITIES**

- 8.1 None as this report is primarily for information only.

## **9 CONSULTATION**

- 9.1 This report is primarily for information and therefore consultation is not necessary.

## **10 ISSUES TO CONSIDER IN REACHING THE DECISION**

- 10.1 The issues to consider are contained in the report.

## 11 ADVICE SOUGHT

11.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Divisional Director - Business Support) have had the opportunity to input to this report and have cleared it for publication.

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<b>Background papers</b>	<i>Regulations and accompanying notes; DCLG Consultation May 2016 LGPS Regulations 2013</i>
<b>Please contact the report author if you need to access this report in an alternative format</b>	