

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE		
MEETING DATE:	9 December 2016	AGENDA ITEM NUMBER	12
TITLE:	LGPS: Regulatory update		
WARD:	ALL		
AN OPEN PUBLIC ITEM			
List of attachments to this report: Appendix 1 – List of current developments affecting or expected to affect Scheme Administration Appendix 2 – Exit Payments – Current Position Nov 2016			

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 any proposed regulatory matters that could affect scheme administration. This includes any responses to consultations that have been made.
- 1.2 It also updates the position on HM Treasury position on the three consultations on Exit Payments within the public sector.
- 1.3 Appendix 1 sets out a list of current areas that are or will potentially affect administration as reported to the Pension Board

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 current position regarding HM Treasury consultations and pending commencement dates**

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 Following the consultation on the draft for these amendments as reported at the previous committee the actual regulations were expected by the end of December 2016. As a result of comments made on the consultation there is concern as to whether the regulations relating to "Fair Deal" are adequate and it is expected that this part will be separated pending further discussions.
- 4.2 . There are some lesser concerns relating to the Freedom and Choice changes for Additional Voluntary Contribution contracts and further discussion are to be held in early 2017 with the amendment regulations released by end of March 2017. A major concern in this area is the almost complete lack of resources now available within DCLG.

5 Treasury Consultations on Exit Payments

- 5.1 As reported in September, the introduction of these provisions has been delayed
- 5.2 The current situation is as follows:
 - 1) Recovery Regulations are expected to be laid before Parliament by the end of December 2016, and if that happens, the effective date is expected to be in early 2017.
 - 2) Exit pay cap: current understanding is that the Government intend to undertake another consultation governing the exit payment cap and this will be released in early 2017. The cap will come into force soon after the consultation but it is unlikely to be before March/April 2017 as the regulations must be passed by both Houses of Parliament. The current understanding is that the Government do not intend to backdate the implementation date [i.e. they will apply from a future date onwards.]
 - 3) The third consultation aimed at making "public sector exit compensation terms 'fairer, more modern and more consistent'" ended in February 2016 and the Government responded at the end of September 2016. Although it plans to continue to proceed with these reforms, individual department have been asked to put forward proposals for reforms that fit within certain public sector-wide guidelines.

- 5.3 The Scheme Advisory Board sub-committee has set up a working group in connection with this which met on 28th November 2016. Whilst discussing this it became a concern that there could be many different options available which could prove difficult to communicate to members. There was also concern expressed as to the limits set out and what had already been breached by one of the other public sector bodies. LGA to clarify this point with HM Treasury and get back to Group

A more detailed account on exit payments is attached as Appendix 2.

6 RISK MANAGEMENT

- 6.1 No specific issues to consider.

7 EQUALITIES

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

8 CONSULTATION

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

9 ISSUES TO CONSIDER IN REACHING THE DECISION

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

10 ADVICE SOUGHT

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