

Bath & North East Somerset Council

MEETING:	AVON PENSION FUND COMMITTEE	
MEETING DATE:	22 September 2017	AGENDA ITEM NUMBER
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 – Copy of Letter from DCLG on considerations for certain Partner's Pensions

Appendix 3 - Copy of APF cover letter and draft response on SAB consultation on Academies Objectives

Appendix 4 - Copy of APF draft response on SAB consultation on Cross Pooling Information Forum

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 An updated list is included in Appendix 1

2 RECOMMENDATIONS

That the Committee:

2.1 Notes the current position regarding the developments that could affect the administration of the Fund.

2.2 Notes and agrees the consultation responses made in respect of Academies and Cross Pooling

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 Update

- 4.1 No further progress on the amendment regulations
- 4.2 There will be further consultations on both of Fair deal (expected Oct /Nov 2017) ; and AVC Drawdown
- 4.3 The other regulatory amendments in the draft are being considered on a topic by topic basis and DCLG will try to move these forward as appropriate
- 4.4 A letter is to be sent to the Scheme Advisory Board from The South West Pension Group setting out the extreme pressures imposed in administering the LGPS which continue because of the lack of progress in enacting key regulation changes.

5 Treasury Consultations on Exit Payments in the Public Sector

- 5.1 .Further consultations are due to come out in Oct/Nov 2017 for the first two (re-employment and the £95k cap). No further details on the proposed broader 3rd area.

6 Supreme Court decision Northern Ireland case

- 6.1 This was reported at previous committees where a member of the LGPS for Northern Ireland died in December 2009 and when his Partner claimed a survivor's pension was refused on the grounds that the member had not completed a form nominating her partner as a Co habiting partner.
- 6.2 Following the full legal process the Supreme Court decided that the form was not a required element and that the Partner's pension should be paid from 2009.
- 6.3 At the June Committee it was reported that DCLG were currently looking into whether the LGPS needs to consider previous cases for the period April 2008 – March 2014
- 6.4 On 17 August 2017 DCLG issued a letter setting out the details LGPS Funds should consider for such cases. APF will be carrying out checks to ensure all areas have been covered. Copy of DCLG letter is attached as Appendix 2

7 Supreme Court case – Walker v Innospec

- 7.1 In July, the Supreme Court handed down a judgment which has potential implications for pension schemes who offer differing survivors' pension benefits depending on whether their relationship with the originating member was a civil partnership, same sex marriage or opposite sex marriage.
- 7.2 The Equality Act 2010 contains an exception which made it legal for pension schemes to discriminate in the survivor benefits it offered, saying that pension schemes did not have to provide civil partners with pension benefits relating to

membership accrued prior to the introduction of civil partnerships in December 2005. The Supreme Court found that this exception was incompatible with EU law.

7.3 The case relates to a member (Mr. Walker) whose pension scheme, making use of the exception in the Equality Act 2010, would have only provided his civil partner with a survivor's pension based on his membership from 5 December 2005 upon his death. By contrast if Mr. Walker had been married to a woman, a survivor's benefit payable based on his entire membership would have been payable on his death.

7.4 Following the judgment, we understand that Government lawyers are considering the possible impacts the ruling will have on the survivor pension rights offered by public service pension schemes, including the LGPS.

8 SAB Consultation on Academies Objectives

8.1 The scheme advisory board for the LGPS (SAB) has commenced a consultation on the development of options for academies. The consultation is open to all interested parties and is open until 29 September 2017.

8.2 The proposed draft objectives that the SAB are seeking views upon are as follows:

- Protect the benefits of scheme members through continued access to the LGPS
- Ring fence local taxpayers and other scheme employers from the liabilities of the academy trust sector
- Improve the efficiency and effectiveness of administrative practices
- Increase the accuracy and reliability of data

8.3 However, in achieving the objectives, the SAB do not believe the changes should:

- significantly alter cashflow at the fund level
- significantly alter assets at the pool level

8.4 A copy of the draft response on behalf of APF is attached as Appendix 3

9 Cross Pool Information Forum

9.1 The SAB have also commenced a consultation on the development of a national Cross Pool Information Forum (CPF) for the LGPS in England and Wales.

9.2 The SAB propose that the CPF is established to receive, share and disseminate information on the pooling of LGPS assets as well as provide a platform to exchange best practice and items of cross pool interest. However, it should not have decision making powers, nor should its discussions be technical in nature. It is proposed that the CPF would consist of up to three members from each pool, nominated by the member administering authorities of each pool.

9.3 Views from LGPS pension committee chairs are being sought on the proposals and the consultation closes on 29 September 2017. APF draft response is included as Appendix 4

10 RISK MANAGEMENT

10.1 No specific issues to consider.

11 EQUALITIES

11.1 None as this report is primarily for information only.

12 CONSULTATION

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

13 ISSUES TO CONSIDER IN REACHING THE DECISION

13.1 The issues to consider are contained in the report.

14 ADVICE SOUGHT

14.1 The Council's Monitoring Officer (Divisional Director – Legal & Democratic Services) and Section 151 Officer (Strategic Director or Resources) have had the opportunity to input to this report and have cleared it for publication.

Contact person	Alan South Technical Manager (Tel: 01225 395283) <i>[Geoff Cleak Pension manager 01225 395277]</i> <i>Liz Woodyard Invstment Manager 01225 5306</i>
Background papers	<i>Regulations and accompanying notes;</i> <i>DCLG Consultation May 2016</i> <i>LGPS Regulations 2013</i> <i>Exit Payment Consultations</i> <i>LGA Bulletin 160 and 161</i>
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