

Item 17 Appendix 2 - LGPS Regulatory Update

Local Government Pension Scheme (Amendment) Regulation 2018

These amendments became operational from 14 May 2018 but some corrective regulations have been backdated due to fact that the LGPS 2014 Scheme was brought forward by a year and therefore pre dated the Public Service Pensions Act 2013, which was the overriding legislation for all Public Service Pension Schemes.

Many of the amendments have been made to bring the LGPS in line with this Primary Legislation was brought in after the LGPS 2014 became operative in 2014.

The main changes affect the following:

All Deferred Scheme Members are able to receive payment of their benefits from age 55, subject to an actuarial reduction. This provision is already part of the current regulations and the amendment allows leavers under earlier LGPS Regulations to have the similar choices. An unintentional consequence has occurred on some deferred members who left prior to 1 April 1998, MHCLG are to issue an intention statement for Funds to determine how this will be administered whilst awaiting rectification via the regulations.

AVC provision was intended to be changed under the 2014 Scheme but drafting anomalies in the regulations meant that this could not be carried out. The amendments ensure that the regulations regarding AVCs are the same regardless of the date taken out.

Scheme Employers who leave the Fund have to make up any funding deficit on exit but when there is a surplus no action was made to refund this. The Amendments introduce the provision to make an Exit Payment to the outgoing employer.

Confirmation that Admission Agreements can be backdated has been included.

Administering Authorities no longer have to put admission agreements up for public inspection or report them to The Secretary of State but they do have to publish a list of the bodies included in admission agreements to which it is party within 12 months [i.e. by 13 May 2019] It is understood that what is included in the Annual Report will be sufficient but enquiries are being made with CIPFA to incorporate any further information needed within their 'Preparing an Annual Report' document, which carries the weight of statutory guidance.

Items that were in the draft but not brought forward:

Fair Deal: another consultation is expected by year end

AVC Drawdown: although expected as a another separate consultation, it has been decided that the subject is administratively too complex and will not therefore be brought forward

Aggregation Not brought forward in regulations which means that such cases will continue to remain difficult to administer

Disclosure

All Active members will be notified of the amendments initially in a newsletter but in more detail when the annual benefit statements are issued in August

All deferred members will be notified with their benefits statements due shortly and those affected by the unintentional occurrence will be notified individually following guidance from MHCLG.

Notification of the changes is being sent through to Employers with specific emphasis on operational changes for AVC and Outsourcing Contracts
Employers will need to consider reviewing their discretionary policies to incorporate the changes.

Pension Staff have had initial session on the changes and further updates will be given when guidance on some issues is received