

PENSION FUND COMMITTEE – 6 DECEMBER 2013

THE LGPS REGULATION UPDATE

Report by the Chief Financial Officer

Introduction

1. The Committee previously received reports in March 2012, December 2012, June 2013 and September 2013 regarding the 2014 Local Government Pension Scheme (LGPS). This report is to further update the Committee on the progress of the implementation of the 2014 Local Government Pension Scheme (LGPS) and the Regulations which have been issued to date.
2. This report also looks at the changes which need to be made to Administering Authority policies as a result.

LGPS 2014

3. The LGPS Regulations 2013 were made on 12 September 2013 and laid before Parliament on 19 September 2013. These regulations will come into force on 01 April 2014 when they will be deemed to have been made under the Public Service Pensions Act 2013.
4. Transitional Regulations which will set out how scheme members transfer from the 2008 scheme to the 2014 scheme, along with details of how any proposed protections of rights and entitlement will work, were due to be issued in September, but have not been issued at the time of writing this report.
5. The Government Actuary's Department (GAD) has yet to publish the factors to support the full working of the regulations. Also the final employee contribution banding is unlikely to be confirmed until nearer April 2014.
6. The above, combined with continuing national discussions about what will be included in the pension guarantees for members is limiting what Pension Services can do to prepare for the new look scheme, including what can be sent out to tell scheme employers and scheme members how they will be affected by these changes.

Administering Authority Policies

7. With the introduction of new Regulations it is necessary to review the policy decisions which must be made by the Administering Authority. The Local Government Association is currently updating the summary of the policy

discretions within the Regulations. This document details the decisions which might need to be made and where responsibility for making that decision lies.

8. Many of the decisions attributable to the Administering Authority appear to have been delegated to an operational level. Whilst this is supported by custom and practice this is not necessarily supported by the paperwork in place. Once a revised summary of discretions is published a review will be carried out.
9. The Committee is also responsible for publishing the policies listed below. These are reviewed annually (last reviewed in September 2013) and, in the event of any changes, must be issued between one and three months prior to the implementation date, depending upon the nature of the changes.
 - Funding Strategy Statement
 - Governance Compliance Statement
 - Abatement Policy
 - Communication Policy
 - Early Release of Benefits (in instances where Scheme Employer is defunct)
10. Other policies reviewed in September, but not made under these Regulations are:
 - Statement of Investment Principles (made under LGPS (Management & Investment of Funds) Regulations 2006
 - The Scheme of Delegation which is written in line with the Council's Constitution and dealt with elsewhere on this agenda.
11. The 2013 Scheme Regulations do not currently require any changes to be made to the above policies other than updating of references to the Regulation number.

RECOMMENDATION

12. **The Committee is RECOMMENDED to note the report.**

Lorna Baxter
Chief Finance Officer

Background papers: None
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November 2013