

PENSION FUND COMMITTEE – 4 DECEMBER 2009

DEPARTMENT OF COMMUNITIES AND LOCAL GOVERNMENT CONSULTATION PAPER – LEARNING AND SKILLS COUNCIL STAFF

Report by Assistant Chief Executive and Chief Finance Officer

Introduction

1. On 18 September 2009 the Department for Communities and Local Government (CLG) issued a consultation paper and draft Statutory Instrument to Local Authorities setting out proposals to amend the regulations to comply with Fair Deal for staff transferring from the Learning and Skills Council (LSC) to Local Education Authorities on 1 April 2010. This report covers the main elements of the proposal, and seeks the Committee's views of any issues it wishes to cover in a response to the Government. The Government has asked for response by 18 December 2009.
2. The second part of the consultation exercise is to manage the transfer of assets and liabilities in administering authorities affected by the merger of Probation Boards to Probation Trusts. This does not affect the Oxfordshire Pension Fund. Although future arrangements could have some effect on rechargeable compensatory payments but further details are needed.

Background

3. The Apprenticeships, Skills, Children and Learning Bill contains provision to dissolve the LSC. If and when this bill receives Royal Assent, the dissolution of the LSC will result in approximately 950 staff, nationwide, transferring employment from the LSC to Local Education Authorities. As a result staff would not be able to retain membership of the Civil Service Pension Scheme but would become eligible to join the Local Government Pension Scheme (LGPS).
4. Learning and Skills Council staff are currently members of the Civil Service Pension Scheme (PCSPS). As such many members retain a normal retirement date of age 60, when full unreduced benefits are payable and some eligible members can receive certain benefits from age 50. However, the normal retirement date within the LGPS is age 65 and the earliest date at which all members will receive certain benefits will be age 55 from April 2010.
5. Other transferring staff are members of the PCSPS stakeholder pension. It has not yet been established how broad comparability would be best achieved for staff within this group.

Consultation Proposals

6. The Fair Deal requirements assess the broad comparability of pension schemes including the dates at which benefits are payable. Since many of the

transferring LSC staff are entitled to payment of benefits at an earlier date than available within the LGPS, CLG is proposing to amend LGPS regulations to retain the age 60 retirement date and age 50 for payment of certain benefits for this group of staff.

7. Given the regulatory changes since 2008 have all focussed on increasing and standardising the retirement ages within the LGPS to a normal retirement of age 65 (with age 55 being the earliest date at which certain benefits are payable) it would seem contradictory and a backwards step to amend the regulations for such a small group of members. Particularly since the driver has been the standardisation and simplification of the regulations.
8. Of the 950 staff nationwide this will apply to 8 people within Oxfordshire.
9. One alternative to the proposed regulation changes is to give transferring staff an actuarially increased transfer value in to the LGPS to take account of the increased ages at which benefits are payable.
10. A second option, if the proposal to increased retirement ages is unacceptable, is for CLG to consider whether the administration of this small group should be undertaken by one of the larger administering authorities (which would require Oxfordshire to set up payments of contributions to this authority) rather than have small numbers of staff scattered across all administering authorities. This option would also require a separate set of scheme paperwork to be prepared for this small group of staff.
11. Although not included in the consultation paper there are two further options available to CLG. One is for amendments to be made to the PCSPS Regulations to allow these members to remain within the scheme following the reorganisation.
12. Alternatively admission to the Teachers' Pension Scheme (TPA) could be sought since the work of these staff could be deemed to be more in line with that of members of the TPA.

RECOMMENDATION

13. **The Committee is RECOMMENDED to note the report and to consider what response, if any, it wishes to send to the Government in respect of this consultation.**

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Assistant Chief Executive and Chief Finance Officer

Background papers: CLG Consultation Letter & Draft SI

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