



Local Government Pensions Committee
Secretary, Jeff Houston

LGPC Bulletin 111 – January 2014

This month's Bulletin contains a number of general items of information.

Please contact Mary Lambe with any comments on the content of this Bulletin or with suggestions for other items that might be included in future Bulletins. [LGPC contacts](#) can be found at the end of this Bulletin.

This month's [Bits and Pieces](#) includes information on [LGPC Circulars](#).

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LGPS 2014

LGPS 2013 Regulations and Timeline Regulations

The [Local Government Pension Scheme Regulations \(LGPS\) 2013](http://www.lgpsregs.org) are available online at www.lgpsregs.org. This website will be the home of all scheme regulations, Secretary of State guidance, guidance from the Shadow Scheme Advisory Board (and in time the Scheme Advisory Board) and guides provided by the Local Government Pension Committee (LGPC) secretariat for administering authorities and employers for the new scheme from April 2014. In time the LGPS (Transitional Provisions and Savings) Regulations 2014 will also be added to this website (once they have been made and laid before Parliament).

The [timeline regulations website](#) will continue to exist; this website will retain all scheme regulations, Government Actuary's Department (GAD) guidance as well as other relevant statutory instruments for the LGPS in England and Wales up to 31 March 2014 (including any changes to the pre 1 April 2014 Regulations that are promulgated after 31 March 2014). The intention is to retain this website to allow users to refer to earlier schemes regulations. In addition the timeline regulations website will continue to be updated for LGPS Scotland scheme regulations and guidance given that scheme reform does not take place for that scheme until April 2015.

Two recent Statutory Instruments have been made and laid. The first SI 2014/44, [LGPS \(Miscellaneous Amendments\) Regulations 2014](#) (made 14 January and laid 17 January 2014) comes into force 10 February 2014. The second SSI 2014/23 [LGPS \(Miscellaneous Amendments\)\(Scotland\) Regulations 2014](#) (made 22 January and laid 24 January 2014) comes into force 3 March 2014. Both these amending Statutory Instrument provide that employees with a contract of less than 3 months are to be enrolled into the LGPS on the member's automatic enrolment date, or on the first day of the payment period following an election to join the scheme or an extension of the contract to be for three months or more, as well as some other minor amendments. [Timeline regulations](#) will be updated to reflect these changes in due course.

Payroll, HR and Administrator Guides

In January updates were made to the online versions of both the Payroll and HR guides on www.lgpsregs.org. In addition a tracked change version of both guides is also available on this website.

Guides for administrators in respect of the following topics have been made available on www.lgpsregs.org:

- The 85 year rule,
- Aggregation,
- Annual Benefit Statements,
- Discretions,
- Revaluation,
- Survivors Benefits and,
- Transfers in.

Some of these papers have been updated since first published and historic versions alongside new versions with tracked changes are available.

Employee Communications

A video covering protections for existing members of the LGPS from April 2014 is now available on www.lgps2014.org. The video entitled 'Paying into the LGPS before April 2014' is available as an audio version and with subtitles. The Welsh version is being finalised and will be available early February.

A leaflet covering protections for existing members of the LGPS from April 2014, also entitled 'Paying into the LGPS before April 2014', is available at <http://www.local.gov.uk/web/lgaworkforcepensions/lgps2014comms>.

Updates have also been made to information on protections on the member website www.lgps2014.org.

LGPS 2015

Heads of Agreement

[Bulletin 109](#) included details of the publication of the draft Heads of Agreement for the new LGPS (Scotland) career average scheme from April 2015. In December 2013 the Heads of Agreement was released and is available on [SPPA's website](#).

Consultation on draft Regulations

A [consultation](#) commenced on the 6 January 2014 on the draft LGPS (Scotland) Regulations 2014, setting out details of the new LGPS in Scotland from 1 April 2015. The closing date for comments is 14 February 2014 and responses should be sent via email to lccgovpensionsreform@scotland.gsi.gov.uk or alternatively by post to:
LGPS Consultation (Draft LGPS (Scotland) Regulations 2014)
SPPA Policy
7 Tweedside Park
Tweedbank
Galashiels
TD1 3TE

To view the consultation documents visit the [SPPA website](#).

Communications

A [leaflet](#) covering the key changes in the LGPS (Scotland) from 1 April 2015 was published in January 2014. Further communication items as well as a website to communicate the changes are expected in the run up to 1 April 2015.

News and Updates

Shadow Scheme Advisory Board: Report on Call for Evidence

On 22 January 2014 the Shadow Scheme Advisory Board (SSAB) released its report on the responses to the Government's Call for Evidence on the future structure of the LGPS including a set of seven recommendations for the next steps to be taken.

The SSAB's report views the Call for Evidence as an important step in the evolution of the LGPS in England and Wales, highlighting that structural reform to the Scheme will have far-reaching and long-lasting consequences. To read the report entitled 'The LGPS Shadow Scheme Advisory Board analysis and recommendations' visit the [Board's website](#).

Pensions Ombudsman Decision

In October 2013 the deputy Pensions Ombudsman (PO) made a determination in the case of Mr D Kelly, Merseyside Pension Fund (MPF) and Sefton Council (PO - 678). The case centred on Mr Kelly's complaint that the Fund and Employer had incorrectly refused to award him an ill-health retirement pension from the LGPS, with the deputy PO upholding the complaint. To view the determination, visit the [PO's website](#).

The decision of the deputy PO outlined that it was not possible to use two independent registered medical practitioners (IRMP) from the same occupational health provider in the same case (in a stage one or stage two Internal Dispute Resolution Procedure (IDRP)) as in their view they "cannot be considered as independent".

This decision has potentially far-reaching consequences for the LGPS. DCLG understands the implications of the decision and is considering whether an amendment is needed to the LGPS Regulations to remove any possible ambiguity which led to the deputy PO's determination. Any amendment would be subject to the usual DCLG statutory consultation.

Scheme Pays

The LGPC secretariat has been informed of a query from a Kent Pension Fund to the Department for Communities and Local Government (DCLG) regarding the [GAD guidance for Annual Allowance Scheme Pays Offset](#) (issued 6 September 2012). The initial query stemmed from GAD guidance on the same topic for the Firefighters Pension Scheme (issued December 2012) but as both pieces of guidance reflected the same position the query was extended to include the LGPS.

In paragraph 2.21 of the above guidance for the LGPS it states:

2.21 When the member retires, the total pension is initially calculated ignoring the pension offset. The pension is then reduced to allow for the pension offset. The offset should be revalued from the Relevant Date up to the April immediately before the date of retirement in line with the Pensions Increase Act (currently reflecting changes in CPI). If the pension is not drawn at age 65 then the pension offset will need to be adjusted. The offset should be increased by a full years PI in the year immediately following retirement (this may not be the same increase that applies to the members pension).

The query arose from the understanding that the scheme pays debit is increased regardless of age, date and reason for leaving where Pension Increase (PI) has occurred between the implementation date and date of retirement with a further full adjustment happening in the first year following retirement. However, where the member has no PI entitlement (e.g. because, for example, they are under age 55 and they were a protected member in Scotland who was made redundant on or after age 50 and before age 55, or they are retiring in the last few days of March / first few days of April) then no PI would apply to the member's pension, but it could apply to the debit, albeit that the increase to the debit is not applied until the member attains age 55 - see below.

In answering the questions as to whether PI should be added to all debits between implementation and retirement (even where PI is not payable to the debited member) as well as clarifying whether the reference to 'up to' in the GAD guidance is 31 March or the day before the next PI date DCLG confirmed that:

"Yes, the debit should be revalued from the implementation date up to the April immediately before the date of retirement in line with the Pensions Increase Act (currently reflecting changes in CPI),

even if the member is under 55 at retirement. By 'up to the April immediately before the date of retirement' we mean including all pension increase orders that apply before the date of retirement, including that in the April immediately before the date of retirement. For example, for a retirement on 5 Feb 2013, the last effective review order would be that which applied at 9 April 2012.

Following retirement, the debit should be increased by a full year's PI in the year immediately following retirement (this may not be the same increase that applies to the member's pension). That is, at the first pension increase date following retirement, the full PI should be applied to the debit (only a proportion of the full year's increase might apply to the member's pension). However the member's pension in payment should only be changed to reflect this increase if it satisfies a qualifying condition under the Pension Increase Act. That is, if increases to the member's pension in payment are not applied before age 55, then the increases to the debit following retirement are also not applied before age 55."

Automatic Enrolment Statistics

The Pensions Regulator (tPR) released updated statistics on the number of employers subject to automatic enrolment duties over the next four years. This includes the expectation that around 30,000 medium sized employers (50 - 250 workers) will reach their staging date between April 2014 and the end of this year. To view the statistics visit [tPR's website](#).

Bits and Pieces

Circulars

[Circular 275](#) was published at the end of January and included information on planned training events on the topic of 'Employer Discretions and Policies' as well as an outline plan for training provided by the LGPC for 2014.

The 'Employer Discretions and Policies' workshops being delivered in March and April 2014 will include updated content in line with the requirements of the new LGPS scheme from April 2014. It is hoped that the training will assist employers in complying with their legal duty to have policies in place no later than 30 June 2014. For further information on dates, locations etc. please read [Circular 275](#).

Legislation

England and Wales

SI 2014/44 The Local Government Pension Scheme (Miscellaneous Amendments) Regulations 2014

Scotland

SI 2014/23 The Local Government Pension Scheme (Miscellaneous Amendments) (Scotland) Regulations 2014

Useful Links

[LGA Pensions page](#)

[LGPS members' website](#)

[LGPS 2014 members' website](#)

[LGPS Advisory Board website](#)

[LGPS 2014 Regulations and Guidance website](#)

[LGPS Discretions](#) lists all the potential discretions available within the LGPS in England and Wales, and Scotland.

[Qualifying Recognised Overseas Pension Schemes](#) approved by HMRC and who agreed to have their details published.

[The Timeline Regulations](#)

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