

Local Government Pensions Committee  
Secretary, Jeff Houston

## **LGPC Bulletin 123 – February 2015**

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

Please contact Mary Lambe with any comments on the contents 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.

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## LGPS England and Wales

### 2015/16 LGPS England and Wales Contribution Rates

In [Bulletin 122](#) the LGPC Secretariat indicated that we anticipated that the Shadow Scheme Advisory Board (SSAB) would make recommendations to DCLG (following its meeting on the 6 February 2015) that the approach to uprate LGPS employee contribution bands as laid out in regulations should be followed from April 2015.

A letter from the SSAB to DCLG was issued and DCLG have now responded (see [appendix 1](#)). In that response DCLG have confirmed that they agree that the approach set out in regulations should apply from April 2015. Therefore the employee contribution bandings will be increased in line with the provisions of regulation 9(4) and 9(5) of the LGPS 2013 Regulations by 1.2% (Consumer Prices Index at 30 September 2014) rounded down to the nearest £100.

For information the contribution table (with effect from 1 April 2015) is detailed below. Please do note however that this is subject to the laying of the Pension Increase (Review) Order which is expected to be laid in March 2015:

Contribution Table 2015/16			
Band	Actual pensionable pay for an employment	Contribution rate for that employment	
		Main section	50/50 section
1	Up to £13,600	5.5%	2.75%
2	£13,601 to £21,200	5.8%	2.9%
3	£21,201 to £34,400	6.5%	3.25%
4	£34,401 to £43,500	6.8%	3.4%
5	£43,501 to £60,700	8.5%	4.25%
6	£60,701 to £86,000	9.9%	4.95%
7	£86,001 to £101,200	10.5%	5.25%
8	£101,201 to £151,800	11.4%	5.7%
9	£151,801 or more	12.5%	6.25%

### LGPS Aggregation - Relevant Date for Interfund Adjustments

In [Bulletin 122](#) the LGPC Secretariat put forward a view as to how best administering authorities could progress with interfund adjustments pending clarification from the Government Actuary's Department (GAD) on what the relevant date for the purposes of an Inter-Fund Adjustment (IFA) should be.

Following discussions with GAD the LGPC Secretariat is seeking to obtain DCLG's agreement that the following position should apply in respect of the relevant date for an IFA:

*Where the benefits for a member with a deferred refund are automatically aggregated, the relevant date for the IFA is the date the member re-joined the scheme (or the day following the cessation of the concurrent employment that resulted in the deferred refund).*

*The relevant date for the IFA for a member with deferred benefits to whom regulation 10(6) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 **does not** apply is the day after the last date on which the member could elect for benefits not to be aggregated (i.e. the end of the 12 month period), or, if sooner, the earlier of:*

- a) the date of cessation of active membership with the employer with whom the deferred membership is to be aggregated; and*
- b) the date on which the member confirms in writing that he/she does not wish to retain separate benefits/elects for the aggregation to proceed.*

*The relevant date for a member with deferred benefits to whom regulation 10(6) of the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 **does** apply is the date of the election that triggers the transfer.*

*If the IFA is not within 3 months of the relevant date, the IFA should be recalculated as at the date of payment (which would take account of any change in age and PI / revaluation that had occurred between the relevant date and the date of payment).*

Once we have DCLG's agreement on the above position we will make all LGPS Pension Funds aware via email.

In addition in [Bulletin 122](#) we stated:

*Should DCLG incorporate both suggested changes noted in the LGPS consultation response to the draft LGPS (Amendment) Regulations 2015 then the query about the correct relevant date to use no longer exist. The relevant date would be the date the member joined the LGPS where an Inter-Fund Adjustment take place within the first 12 months of the member re-joining the LGPS (or ceasing a concurrent employment) and where the Inter-Fund Adjustment takes place after 12 months from the date the member re-joined the LGPS (or 12 months from ceasing a concurrent employment) the date the CETV is received.*

On further consideration the above paragraph is incorrect. If the LGPS Regulations in England and Wales revert back to a position of no automatic aggregation of deferred benefits and GAD were to follow the wording of paragraph 2.2.3 of the [GAD IFA guidance for the for the 2008 Scheme](#) the relevant date would be the date of election to aggregate (or the date of re-joining in the case of a deferred refund). Paragraph 2.3 of the same GAD guidance also provided that "If the amount calculated is paid within three months of the effective date, then no interest is payable. If payment is delayed, then interest should be paid at the same rate as specified under Regulation 44(4) of the Administration Regulations." We wait to see what DCLG's decision is with respect to reverting from the current position of automatic aggregation for deferred benefits and from there how payments made more than 3 months after the relevant date would be dealt with.

### **Annual Benefit Statements**

The ABS template for statements from 31 March 2015 onwards was shared with both the sub-group tasked with its development as well as the full Communications Working

Group during week beginning 23 February 2015 with a view to getting this finalised and issued in early March. Work is underway to complete the design brief and the guidance notes to accompany the ABS.

## Shadow Scheme Advisory Board (SSAB) England and Wales

### SSAB February Update

The SSAB issued an update in February on work being undertaken by the Board. The update covers the Board's recent guidance on the creation and operation of Local Pension Boards and template terms of reference. It also details the publication of the second counsel's opinion that the SSAB has sought since it was established in summer 2013 (which was published during January), and the release of two briefing notes on the cost control process, one drafted for administering authorities and the other for the benefit of Scheme members and employers. On the work of the SSAB's deficit management project, the chair Joanne Segars sent a letter to all pension funds in January outlining recent progress as well as the plan to take this forward in 2015. Furthermore attention is now firmly on the establishment of the statutory Scheme Advisory Board and the funding arrangements needed to accompany this new Board. To read the February update visit the [SSAB's website](#).

## LGPS Scotland

### LGPS (Governance) (Scotland) Regulations 2015

The LGPS (Governance) (Scotland) Regulations 2015 [SSI 2015/60] were made on the 17 February 2015 and laid before the Scottish Parliament on the 19 February 2015. These regulations come into force on the 1 April 2015 and provide for the establishment of the Scheme Advisory Board for the LGPS in Scotland and a Pension Board for each of the 11 administering authorities in Scotland. In addition the Scottish Public Pensions Agency (SPPA) issued [circular number 3/2015](#) announcing these regulations on 24 February 2015.

### 2015/16 LGPS Scotland Contribution Rates

SPPA issued [version 9 of the guidance](#) on the operation of the tiered contribution rate system for the LGPS in Scotland on 24 February 2015. Changes made to the guidance include updates to table 1 in annex C (tiered contribution pay rates) and table 2 in annex C (look up table for 2015/16). These changes reflect that the tables have been amended to show the salary bands uprated by the Consumer Prices Index (CPI) increase for 2015/16 (subject to the final Pensions Increase (Review) Order being made in March 2015). This updated information which is an appendix to the Payroll and HR Guides in Scotland will be added to the LGPS Regulations website shortly.

### Scottish Minister Guidance for LGPS 2015

On 27 February 2015 SPPA issued the following 13 documents of actuarial guidance required for the new LGPS 2015 scheme:

- Additional Pension,
- AVC's Conversion to Additional Pension,
- Early Retirement Factors,
- Flexible Retirement,
- Interfund Transfers,
- Late Retirement,

- Lifetime Allowance - Maximum Benefits,
- Pension Credits,
- Pension Debits,
- Trivial Commutation,
- Scheme Pays (including two sets of guidance one for pre 1 April 2015 elections and one for elections on or after 1 April 2015), and
- Cash Commutation.

The above guidance is all available on the [SSPA website](#) and on the [LGPS Regulations website](#).

SPPA have also indicated that GAD are working on a revised version of the 'Individual Transfers' guidance that incorporates the draft Club memorandum that will deal with Club transfers of CARE benefits and that this guidance will follow shortly.

## Freedom and Choice

### Transfers from LGPS to Defined Contribution Schemes - Update

Elections made prior to 6 April 2015

In [Bulletin 122](#) the LGPC Secretariat stated:

*The LGPC Secretariat has received calls from administering authorities saying that they are starting to receive numerous requests from scheme members and from financial advisers asking for CETV quotes if the member were to opt out of the Scheme and transfer their accrued rights before April (presumably because this would avoid the need for the member to obtain independent financial advice under Freedom and Choice).*

We went on to say in [Bulletin 122](#) that:

*So, it seems to the LGPC Secretariat that an administering authority has to provide a CETV quote (for post 5/4/88 membership), guaranteed for three months, but based on the assumption that the member terminates pensionable service on a particular date. However, the administering authority has three months from the date of the request to provide the CETV quote. If the administering authority makes use of this provision and delays providing the quote until April they may then, under the Freedom and Choice provisions, be able to require that before a CETV is paid, the member must produce evidence to the administering authority that they have taken proper financial advice and have decided to transfer. If the member does not terminate pensionable service (by opting out) on the date used for the CETV quotation the LGPC Secretariat cannot see how the original quote can then apply or be guaranteed for three months because the assumption on which the quote was given has not been met.*

However, having now obtained the draft legislation from the HM Treasury the potential to delay the provision of a CETV quote until on or after 6 April (where the member had already made the request for a CETV quotation prior to that date) and in doing so require the member to seek independent financial advice will not be possible. This is because the draft Pension Schemes Act (Transitional Provisions and Appropriate Independent Advice) Regulations 2015 disapply the requirement to take such advice if the CETV quote request was made before 6 April 2015. Therefore the administering authority has 3 months from the date the CETV request was received to supply that information and if

the CETV quote request was made prior to 6 April 2015 the member would not be required to take independent financial advice before they decide to transfer (provided they make an election to proceed within the 3 month guarantee period and, if they were an active member when they made the CETV quote request, they opt out of the LGPS on the date assumed in the CETV quotation).

### Legislation, Guidance and Information relating to Freedom and Choice

As part of the Pension Schemes Bill 2015 members of funded public service pension schemes (such as the LGPS) will continue to be allowed to transfer out to Defined Contribution (DC) schemes from 6 April 2015. However, the government will be introducing a number of safeguards for transfers from funded public service pension schemes.

The following legislation, all yet to be enacted or laid before Parliament, will create the framework in which the LGPS will be required to adhere to from April 2015 (subject of course to the legislation being promulgated in the coming weeks). Firstly, there is the Pension Schemes Bill, currently making its way through Parliament and most recently going through ping pong on 24 February 2015. This will become the Pension Schemes Act 2015 (once enacted) and will require members who are transferring their 'safeguarded benefits' to flexible benefits to take appropriate independent advice (where the CETV of the member's benefits in the scheme is £30,000 or more). 'Safeguarded benefits' are defined as those which are not money purchase or cash balance benefits and flexible benefits as those which are part of a DC scheme which are flexible. The Act will also include a ban on transfers from unfunded public service pension schemes as well as setting out the circumstances in which reductions in transfers from funded public service schemes may be introduced.

HM Treasury has made the following draft regulations available as provided for in the Pension Schemes Bill:

- Occupational Pension Schemes (Transfer Values) (Amendment) Regulations 2015
- The Occupational and Personal Pension Schemes (Disclosure of Information) (Amendment) Regulations 2015
- The Occupational Pension Schemes (Consequential and Miscellaneous Amendments) Regulations 2015.
- Funded Public Service Pension Schemes (Reduction of Cash Equivalents) Regulations 2015
- The Pension Schemes Act (Transitional Provisions and Appropriate Independent Advice) Regulations 2015

Once the Pensions Schemes Bill is enacted the expectation is that the final versions of these five Statutory Instruments will be made and laid before Parliament. They will all come into force on 6 April 2015.

In addition, the Pensions Regulator (TPR) has issued a consultation on draft guidance on DB to DC transfers and conversions. The closing date for responses to that consultation is 17 March 2015. Please see [TPR's website](#) for more information. It is also anticipated

that Department for Work and Pensions (DWP) or TPR will shortly make available some further guidance on the disclosure regulations

Whilst it doesn't directly impact on the LGPS it's also worth noting that the Pension Wise website is now available from <https://www.pensionwise.gov.uk>. Further news of the phone-based and face to face service will emerge over the next few weeks. This service is only to provide guidance on what an individual can do with a defined contribution pension.

The LGPC Secretariat is currently working through all of the above draft legislation in order to prepare a paper for LGPS administering authorities. Administering authorities will appreciate that it is difficult to provide definitive information on this topic whilst we work with draft legislation. As soon as we have prepared the information outlined above we will email Pension Managers across the LGPS.

### **Freedom and Choice and AVCs**

No decisions have yet been taken on how freedom and choice will be catered for in the LGPS (England and Wales) in relation to AVCs. For example, the following options could apply:

- Pre April 2014 arrangements would have a maximum contribution of 50% of pay, and the ability to draw 100% of the arrangement as a tax free lump sum (subject to HMRC limits)
- Post March 2014 arrangements drawn before April 2015 would have a maximum contribution of 100% of pay and the ability to draw 25% of the arrangement as a tax free lump sum
- Post March 2014 arrangement drawn after March 2015 would have a maximum contribution of 100% of pay and the ability to draw 100% of the arrangement as a lump sum of which 25% would be tax free and 75% taxed at the member's marginal rate.

The LGA is seeking to meet with officials from HM Treasury, DCLG and in-house AVC providers to seek urgent clarification on the position regarding AVCs from 6 April 2015.

It should be noted that the wording of the Pension Schemes Bill 2015 may allow members to transfer an accrued AVC pot out of the scheme without having to also transfer the main LGPS benefits (and vice versa). The LGPC Secretariat is currently considering the wording of the Bill in relation to this.

### **Other News and Updates**

#### **Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge) (Amendment) Order 2015**

The LGPC Secretariat issued an email to all LGPS Pension Managers on the 13 February 2015 regarding the Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge (Amendment) Order 2015 [SI 2015/80] which came into force on 28 January 2015.

That email indicated that, for the purposes of the Annual Allowance calculation where benefits are transferred into the LGPS during a Pension Input Period the value of the pension (and lump sum, if any) derived from the transfer credit is subtracted from PE and LSE respectively for the purposes of assessing the Pension Input Amount in that Pension

Input Period. However, the above Statutory Instrument [SI 2015/80] has amended this and provides that, for transfers that occur on or after 28 January 2015, only the value of the pension (and lump sum, if any) derived from the transfer credit which is “solely attributable” to the transfer value received can be subtracted from PE and LSE for the purposes of assessing the Pension Input Amount in the Pension Input Period in which the CETV is received.

This has a significant impact on Club transfers as the value of the pension purchased by a Club transfer is not “solely attributable” to the transfer value received. This is because, for example, the final salary element of a transfer in from a Club scheme would purchase pre 1 April 2014 final salary membership (or pre 1 April 2015 final salary membership in Scotland and Northern Ireland), assuming there had not been a 5 year break\*, and (assuming there had not been a 5 year break between leaving the sending scheme and joining the receiving scheme\*) the LGPS would ‘pay’ for the impact of any increase in salary (i.e. between the final pensionable pay on leaving the former Scheme and the pensionable pay on joining the LGPS). This means that when a member moves between final salary schemes within the Club and the transfer in is treated as a Club transfer, administering authorities will, if the transfer payment is received on or after 28 January 2015, need to ensure the value of increase in the annual pension payable due to the salary increase is taken into account in PE and (if appropriate) LSE.

In broad terms, when a Club transfer is received, in working out the amount of pension (and lump sum, if any) to be purchased, an actuarial adjustment is made to reflect differences between the sending and receiving schemes. This adjustment is not an enhancement and hence the policy intent is that this should not produce a Pension Input Amount. Separate to any actuarial adjustment to reflect differences between the schemes (e.g. differences in Normal Pension Age), members will benefit from an increase in the value of pension due to any increase in the pensionable pay on joining the LGPS compared to the pensionable pay upon which the sending scheme had calculated the Club transfer value. The policy intent is that this increase in the value of their pension should be reflected in the person’s Pension Input Amount, in the same way that it would be for individuals experiencing an increase in final pensionable salary without changing schemes. This effectively means that the salary growth following the transfer is taken into account in the Pension Input Period in which the Club transfer is received.

A document is currently being prepared (and agreed with HMRC) for use by Club schemes which sets out a method to ensure the appropriate increase in value is calculated. Once the document has been finalised the LGPC Secretariat will issue a copy to administering authorities (and to pension’s administration software suppliers).

In the meantime, administering authorities might:

- a) in the case of members wishing to commence, or who have already commenced, the investigation of a transfer from a Club scheme, inform the member that the value of benefits bought in the LGPS by such a Club transfer which is not solely attributable to the amount of transfer value received will be taken into account for Annual Allowance purposes. Some members might therefore wish to temporarily defer making a formal election to proceed with a Club transfer until the administering authority is able to let them know what the impact on their Annual Allowance might be; and

- b) in the case of members for whom a Club transfer is received on or after 28 January 2015, keep a note of these so that, when the guidance referred to above is published, the administering authority can work out what amount has to be included in PE and LSE that is not “solely attributable” to the amount of transfer value received.

\*Notes: it is understood that if the member has had more than a 5 year break between leaving the sending scheme (A) and joining the receiving scheme (C), but in between time, had been an active member of another public service pension scheme (B) and there had been no break in active membership of public service pension schemes of more than 5 years between (A) and (B) and between (B) and (C), the transfer would be a **non-Club** transfer, but would purchase pre 1 April 2014 final salary membership in (C) (or pre 1 April 2015 final salary membership in Scotland or Northern Ireland).

The information above would continue to apply even if the LGPS were to move to the Outer Club (as the Outer Club would still be catering for the transfer of final salary benefits). Details on the LGPS’s position in the Inner or Outer Club have yet to be agreed.

### Short Service Refunds

The Pensions Act 2014 (Commencement No. 4) Order 2015 [SI 2015/134] has now been made. Article 2(3) of that SI brings into force, as from 1 October 2015, amendments made by section 36 of the Pensions Act 2014 to section 71 of the Pension Schemes Act 1993. This means that, from that date, a member of an occupational pension scheme with entitlement to **only** money purchase benefits has a right to a short service benefit if they have at least 30 days qualifying service. A short service refund will only be payable if the member leaves within 30 days of joining the scheme. It should be noted, however, that this change does not apply if any period of relevant service in the DC scheme began before 1 October 2015 (regardless of whether or not it also ended before that date).

If an LGPS Fund accepts a transfer in from a DC Scheme post 30 September 2015 it will be necessary to ask the sending scheme whether a refund ban applies to that transfer (for the purposes of regulation 3(7)(d) of the LGPS Regulations 2013 and regulation 3(6)(d) of the LGPS (Scotland) Relations 2014).

### Compliance and enforcement policy for public service pension schemes

On 5 February 2015 TPR published its draft compliance and enforcement policy for public service pension schemes. The policy can be found on the [TPR website](#). It is open for consultation until the 5 March 2015 and sets out details of how TPR intend to regulate public service pension schemes and what those being regulated by them can expect. TPR have indicated in the consultation document that they are keen to hear from anyone to whom legal requirements apply (for example scheme managers).

### Monthly automatic enrolment declaration of compliance report

TPR has published its February report on automatic enrolment which sets out information based on data submitted by employers. According to the report, 44,053 employers completed their declaration of compliance between July 2012 and the end of January 2015. The full report can be found on the [TPR website](#).

### DWP publishes policy paper on automatic pension transfers

The DWP has published a policy paper which sets out proposals for a framework for the automatic transfer of people's pension pots when they change jobs. The proposed new

system, which aims to stop workers losing their small pension pots as they move from job to job, will start in autumn 2016. More information can be found on the [Government's website](#). DWP have already confirmed that pension pots will automatically follow the member only between 'pure' money purchase benefits.

### **Public service pensions increase 2015 published**

Public service pensions which have been in payment for a year will be increased by 1.2% from 6 April 2015 in line with the September-to-September increase in the Consumer Prices Index. HM Treasury has issued a covering note and multiplier tables to help scheme administrators correctly apply the annual increase to public service pensions. These can be found on the [Government's website](#).

### **HMRC Pensions Liberation Newsletter**

HM Revenue & Customs (HMRC) has published a pension liberation newsletter, outlining the action it has taken against pension scams and the current work it is carrying out with the pensions industry and other Government departments to reduce the opportunity for savers to lose their savings through liberation schemes. The newsletter can be found on the [Government's website](#).

### **HMRC Countdown Bulletin Number 6**

HMRC's February bulletin provides information about the Pensions Conferences that HMRC is planning to hold in April and May of this year. The bulletin can be found on the [Government's website](#).

### **HMRC pension schemes newsletters**

Newsletters 66 and 67, providing updates and guidance on pension schemes can be found on the [Government's website](#).

### **ONS Annual Survey of Hours and Earnings 2014**

The Office for National Statistics (ONS) has published its 2014 Annual Survey of Hours and Earnings. The survey has revealed that the proportion of employees belonging to workplace pension schemes increased to 59% in 2014, with 87% of public sector workers and 49% of private sector workers in a scheme. The survey can be found on the [ONS website](#).

### **Websites maintained by the LGPC Secretariat**

The LGPC Secretariat are undertaking work to either archive or move the LGPS information on our 'old' website ([www.local.gov.uk/web/lgaworkforcepensions/home](http://www.local.gov.uk/web/lgaworkforcepensions/home)) to the [LGPS Regulations website](#). The 'old' website page will act as a 'forwarding' page; by clicking on the relevant item on that page, users will seamlessly be redirected to the [LGPS Regulations website](#). The 'old' Timeline Regulations and Bulletins will be held on the [LGPS Regulations website](#). Circulars will, in future, only be issued to advertise training; all other information will be contained in Bulletins. The training Circulars will form part of the online booking facility which will continue to be available from the old website from the [Training and Events webpage](#). Historical Circulars (2014 and earlier) are to be archived and will not be moved to the [LGPS Regulations website](#) (apart from the part-timer Circulars and spreadsheets). Once this work has been completed an update will be provided in a future Bulletin.

Thought is currently also being given to reorganising the layout of [LGPS Regulations website](#) in order to cater for the extra amount of information it is due to hold (including all the information for the LGPS in Scotland).

Work is still ongoing to produce a single national single website for scheme members (and to close down [www.lgps.org.uk](http://www.lgps.org.uk) and [www.lgps2014.org/](http://www.lgps2014.org/)).

### **NI Database for multiple death grants**

The National Insurance (NI) database has now been loaded onto the servers provided by South Yorkshire Pension Authority (SYPA) ('the host authority') and is in the initial stages of testing. So far tests have successfully loaded two files simultaneously and loaded a large file (200,000 members) in under 6 minutes. NI searches against a 400,000 record database are currently taking less than 2 seconds. The LGPC anticipate that the database will be ready to go live in the summer.

Initial estimated costs will be around £100 per Pension Fund per annum in the long term with perhaps double that for the first year.

Once live, Pension Funds will provide an upload of some basic info (including the NI number and contact details within the administering authority) to SYPA on a periodic basis e.g. monthly or more frequently if they wish. When someone dies in service the administering authority will enter the first 8 alpha/numeric of the NI number and all matches will be displayed. This allows Pension Funds to speak to each other / e-mail each other where there is a match in order to avoid overpaying a death grant. The system could also be used / developed for other purposes e.g. to check whether a person has other rights in the scheme when considering making a trivial commutation payment; to check whether a pensioner is accruing benefits in another Pension Fund (for those Pension Funds that still abate pre 2014 LGPS pensions and for all Pension Funds where a pensioner is in receipt of CAY); to check whether a member has rights in another Pension Fund before processing a refund; to check whether a person has 'orphan' AVCs in another Pension Fund before paying pension benefits; for scheme members to enter their NI number to trace which Pension Fund(s) is /are currently holding benefits for them.

Progress on the development will be shared with Pension Funds in future Bulletins.

### **Tell Us Once (TUO)**

The discussions with DWP over TUO are ongoing. DWP are currently working on the design and planning stage. The LGPC Secretariat expects to receive an update from DWP week commencing 9 March 2015. The earliest anticipated date for TUO being rolled out to Public Service Pension Schemes is the summer 2015.

### **Public Sector Transfer Club**

The revised Club Memorandum, operative from 1 April 2015, and the Cabinet Office paper on the Annual Allowance and Club transfers are now both available on the [Cabinet Office website](#). The documents will be added to the [LGPS Regulations website](#) shortly.

## **Legislation**

### **United Kingdom**

SI	Reference Title
2015/80	Finance Act 2004 (Registered Pension Schemes and Annual Allowance Charge (Amendment) Order 2015
2015/134	The Pensions Act 2014 (Commencement No. 4) Order 2015

## Scotland

SSI

2015/60

Reference Title

LGPS (Governance) (Scotland) Regulations 2015

## Useful Links

[LGA Pensions page](#)

[LGPS members' website](#)

[LGPS 2014 members' website](#)

[LGPS 2015 members' website](#)

[LGPS Advisory Board website](#)

[LGPS Regulations and Guidance website](#)

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

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

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

[The Timeline Regulations](#)

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## Distribution sheet

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Pension managers (outsourced) and administering authority client managers  
Local Government Pensions Committee  
Trade unions  
CLG  
COSLA  
SPPA  
Regional Directors  
Private clients

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**Appendix 1 - Response from DCLG 'Employee Contribution Bands and Rates' to the SSAB Secretariat**

## APPENDIX 1



Department for  
Communities and  
Local Government

Jeff Houston  
Secretary to the Shadow Scheme Advisory Board  
Local Government House  
Smith Square  
London  
SW1P 3HZ

Our Ref:

Your Ref:

23 February 2015

Dear Jeff,

### **EMPLOYEE CONTRIBUTION BANDS AND RATES**

Thank you for your letter of 6 February about proposed changes to the 2013 Scheme regulations to maintain an employee contribution yield of 6.5%. I have seen the data and advice commissioned from GAD and agree with the Shadow Board's recommendation that for 2015/16, the employee contribution bands and rates should remain as they are in the 2013 Regulations until 1 April 2015 when they will be increased by applying the CPI escalator as set out in Regulations 9(4) and (5) of the 2013 Regulations..

You also recommended that we should amend the 2013 Regulations to provide that changes made to bands and rates are not based on the sole criterion of CPI indexation. I would not rule this out as a possibility and suggest that we discuss this in more detail later in the year. If such a change is justified and Ministers are minded to make this change, we would of course need to consult and obtain Treasury consent before amending the 2013 Regulations.

Although the CPI escalator for 2015/16 has yet to be published, on advice from GAD, I am happy for you to publish the table shown in your letter to give software providers and other interested parties an early warning of what the new tariff table will look like from 1 April. However, any communication should make clear that the table is provisional and subject to the publication of the 2015/16 Revaluation Order.

Yours sincerely,

**Chris Megainey**