

**Local Government Pensions Committee  
Technical Group**

**Minutes of the meeting held on 11 December 2015 at  
the offices of PWC, 1 Embankment Place, London  
WC2N 6RH**

**LGPC Technical Group**

**11 December 2015**

**Present**

|                      |                  |
|----------------------|------------------|
| M Hopwood (Chairman) | North East       |
| G Chapman            | North East       |
| K Gerrard            | South Wales      |
| L Miller             | South Wales      |
| L Savage             | South East       |
| J Smith              | South East       |
| G McLellan           | East Midlands    |
| I Howe               | East Midlands    |
| Z Kee                | Northern Ireland |
| E Savage             | Scotland         |
| G Chapman            | North East       |
| J Caiazzo            | Shrewsbury       |
| L Downer             | Southern         |
| R Claxton            | London           |
| R Smyth              | London           |
| A South              | South West       |
| K Scotford           | Secretary        |
| D Goodwin            | Secretary        |

**In Attendance**

|              |                        |
|--------------|------------------------|
| P Kateley    | Heywood                |
| D Friend     | Civica                 |
| J Davies     | PriceWaterhouseCoopers |
| C Carruthers | Capita                 |
| A Allen      | Barnett Waddingham     |
| I Colvin     | Hymans Robertson       |
| K Linge      | SPPA                   |
| D Kanaris    | AON Hewitt Limited     |
| N Thomas     | Mercer                 |

**LGA**

T Edwards  
J Wiberg

**DCLG**

L Jones

**1. Apologies**

|              |                    |
|--------------|--------------------|
| Amanda Hyde  | Shrewsbury         |
| Craig Martin | Environment Agency |
| Anne Cheffey | South West         |

**2. LGPC Update**

See attached update – Appendix A

**3. Align PIPs**

The attached paper on whether to align the scheme year end with the PIP at 5/4 was discussed. If the LGPS Regulations are amended to align the scheme year end with the Annual Allowance (AA) would value the “correct” increase in value as it does now. If we maintain 31/3 there will be winners and losers compared to the present method of calculation (as shown in the attached paper) due to the inter-relationship between the timing of revaluation of the CARE pot and the revaluation, for AA purposes of the closing value to become the opening value for the next PIP.

Any AA statements issued should be based on pre 14 benefits (pre 15 benefits in Scotland and NI) calculated on final pay for the year ending 5/4 and on post 14 CARE pension as at 5/4 (post 15 CARE pension in Scotland and NI). That is what TP and NHS are doing.

The unanimous decision of the Technical Group was that the LGPS should retain the scheme year at 31/3 and, for those who are over or near to the AA figure, manually calculate the AA by getting the correct pay figures from the employer to calculate the correct CARE amount for 1/4/15 to 31/3/16 (negative uplift) and 1/4/16 to 5/4/16 (no uplift) and final pay for 6/4/15 to 5/4/16.

The Scheme pays date will have to change to 5/4. Terry will take this away to request that DCLG make the necessary changes in the Regulations.

In a year when Treasury Order Revaluation is negative, the Closing Value is not decreased for the purposes of calculating the Opening Value for the next PIP i.e. the Closing Value is revalued by 0% rather than a negative percentage such as -0.1%.

There will be a need to split CARE pay on the system at 5/4 so two lines in April.

#### **4. Tell us once**

Covered in Appendix A

#### **5. Contracting Out and State Pension changes 2016**

See attached updates – Appendix B, C and D

#### **6. Appointment of Deputy Chairman**

Bob Claxton is the current deputy chairman and, consequent upon his retirement, is leaving Technical Group. Volunteers to fill the vacancy of deputy chairman have been requested. Kevin Gerrard has volunteered and it was agreed that he would take over as Deputy Chairman from the next meeting.

#### **7. Terms of Reference**

Deferred to next meeting

#### **8. Minutes from last meeting**

Everyone agreed that the minutes were accurate.

#### **9. Matters arising**

Page 3 F - No further news on ill health changes. Lynda Jones to review from DCLG

Page 4 5c – Public sector exit cap, is winding its way through parliament, much of the detail still to be determined but there are Regulations out. Regulations don't cover practical side, time line is expected Summer / Autumn 2016 but no protections – will be effective immediately. Councils can disapply the cap but there will be guidance issued on the use of that power and what the government would deem as exceptional circumstances.

Page 4 6 - Contracted Out – Covered in appendices B-D

## **10. AOB**

### **a) AVCs with GMPs**

Where a member with a pre 2014 contract wants to buy a top up pension, there was a choice for dependants pension, post 14 there is no choice, it is automatically built in. As part of harmonisation of AVC terms, we should make recommendations that members with post 14 contracts should be given the choice. Regulations and GAD guidance will need to be revised to give members the choice.

### **b) Civil Partnership / Same Sex Marriage**

Changing a CP into a SSM will mean that the SSM will be backdated to the date of the CP.

### **c) Club transfers with CARE benefits**

Conflicting advice as to whether these should be stockpiled or done on the current guidance. The GAD guidance doesn't have any factors for CARE. People are using the existing GAD guidance (which included tables based on an NRD of 65) for transfers of final salary benefits. However, although the club memo contains guidance on CARE transfers, that guidance is linked to a range of NRD tables. Those tables have not been incorporated into pensions administration software and so, if administering authorities wished to use them, the calculations would need to be undertaken manually. However, the advice is to stockpile where there is a CARE element until updated GAD guidance is received.

### **d) Bob retired from the Technical Group. Thanks were given for all Bobs contributions and entertainment!**

## **11. Date and Venue of next meeting**

18<sup>th</sup> March 2016 at the offices of Mercers