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Your Ref:

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Please ask for: Peter Mawdsley

Date: 7 December 2009

Dear Siobhan,

Proposed amendments to the Local Government Pension Regulations re staff transferring from the Learning and Skills Council to Local Education Authorities and transfer of assets on merger of Probation Boards to Probation Trusts

I refer to your letter dated 18 September 2009 in which you invited comments on the changes proposed.

The Fund welcomes the opportunity to comment and the response below is submitted on behalf of Wirral Council in its role as administering authority of the Merseyside Pension Fund.

From an administrative perspective, the creation of special categories of members within the Fund (e.g. to allow for the provision of special retirement terms) is not welcome, especially since we understand the numbers of members involved will be very small.

Such terms will require not only changes in the short-term, but also maintenance over the longer term until the last of the transferring members exits the Fund. The increased administrative burden we believe is disproportionate compared to the magnitude of the transfer. We would prefer to see the members admitted on the standard LGPS benefit structure, and any past service granted as a result of the transfer also to be based on standard LGPS terms.

We understand that, separate from the regulatory changes, it has been suggested that the transferring members should be granted a "non pensionable" pay element as compensation for the increased member contributions in the LGPS compared with the PCSPS. Such a non-pensionable payment does not sit well either with the current LGPS Regulations or current payroll practices with employers, so changes in both these areas might be necessary.

If such a change were made then this would further increase the administrative burden on employers in terms of distinguishing between the pensionable and non-pensionable elements for a small number of members.



There is even a risk that, by default, any non-pensionable element might become treated as pensionable over time (particularly given the number of members involved) thus resulting in a windfall gain to the member in respect of the transferred service, and consequently resulting in additional pension costs to employers. We would therefore prefer the current regulatory position on pensionable pay being maintained.

If the preferred option outlined above is not feasible we would suggest that it would be more sensible and appropriate either to:

permit the staff transferred to retain rights to remain in Civil Service Pension Scheme whilst the relevant employment continues, or

If it is unavoidable to transfer these staff to membership of the LGPS it would be more sensible for the administration of their protected pension rights to be carried out by a single lead local authority fund who has already dealt with similar occurrences and have staff familiar with the rules of these Civil Service schemes and systems designed to deal with them rather than to increase costs and scatter responsibility for a relatively small number of cases in total throughout the country. This option would have a disadvantage of requiring the small number of employers affected to submit contributions and returns etc to a separate Fund from that used for the rest of their employees.

If you require any further information or assistance please do not hesitate to contact me.

Yours sincerely

Deputy Head of Pension Fund