

WIRRAL COUNCIL

PENSIONS COMMITTEE

17 NOVEMBER 2009

REPORT OF THE DIRECTOR OF FINANCE

LGPS REFORM UPDATE

1. EXECUTIVE SUMMARY

- 1.1. This report informs Members of developments and outstanding issues following the introduction of the revised New Look LGPS on 1 April 2008 by the Department for Communities and Local Government (DCLG).

2. BACKGROUND

- 2.1 The Pensions Committee last considered progress in implementing the new regulations as part of the reform of the LGPS, on 22 September 2009 (Minute 40 refers).

2.2. Ill Health Retirement Regulations

- 2.2.1. Although the analysis by the Government Actuary's Department of the results of the ill-health retirement data submitted by Pension Funds in June 2009 was scheduled to be completed by August 2009 the findings are still awaited. No further progress has been reported by the Ill Health Regulations Working Group established by the DCLG to advise on further changes required to the regulations.

2.3. Affordability and Sustainability Consultation

- 2.3.1. Merseyside Pension Fund (MPF) submitted a response agreed by the Pensions Committee on 22 September 2009 to the DCLG 25 June 2009 consultation on measures designed to avoid unnecessarily large increases in employer contribution rates at the forthcoming 31 March 2010 actuarial valuation. The details of the results of the consultation and the Government response are still awaited.

- 2.3.2. DCLG announced that a further separate consultation was to take place on the possible need for a more fundamental review of the future benefits package and financing of the LGPS. This document is still awaited.

2.4. Amendment of Accounts and Audit Regulations 2003

2.4.1. DCLG has issued a summary of responses received to its recent consultation on amending the Accounts and Audit Regulations and a DCLG response dated October 2009. Having considered the responses it has been decided in respect of pension costs to require only disclosure of the value of the employers' pension contribution for senior staff for the financial year.

2.5. Draft LGPS (Amendment) Regulations 2010

2.5.1 On 18 September 2009 DCLG issued draft amendment regulations for consultation on measures intended to comply with the Fair Deal for Staff Pensions for a small number of staff transferring from the Learning and Skills Council to Local Authorities on 1 April 2010 and dealing with the impact of the merger of a number of Probation Boards into Probation Trusts.

2.5.2. It has not yet been confirmed how many if any, Learning and Skills Council staff will be transferred to employers in MPF. The measures dealing with mergers of Probation Boards are not expected to affect MPF. A technical response will be submitted to DCLG by the closing date of 18 December 2009.

2.6. Pension Fund Annual Report & Accounts Guidance

2.6.1 I had regard to the informal advice note issued by DCLG in July 2009 in drafting the Annual Report and Accounts for 2008/2009. DCLG has not issued a final version of the statutory guidance for formal consultation within the promised timescale.

2.7. Pensions Administration Strategy Plan

2.7.1. A draft Pensions Administration Strategy to formalise administrative arrangements and service standards between the Pension Fund and participating employers which has been circulated to scheme employers and trade unions is the subject of a separate report to this meeting of the Committee.

2.8. Cost Sharing Mechanism - LGPS (Amendment) Regulations 2009

2.8.1. MPF provided the actuarial data by 30 June 2009 to the Secretary of State to enable the creation of a national model fund in connection with future cost sharing. No information has been issued by DCLG on the results of the work undertaken or any progress in agreeing the methodology to be used.

2.9. 85 Year Rule Protection

2.9.1. The final decision on the possible extension of full "85 year Rule" protection to those members who would satisfy the requirements by 31 March 2020 rather than 31 March 2016 is still awaited from DCLG.

2.10. **Councillors Pensions**

- 2.10.1 The 2008 LGPS Regulations do not include councillors' pensions and provision remains subject to the 1997 Regulations. Although DCLG has confirmed that it intends to carry out consultation later this year on proposals for future pension arrangements for elected members nothing further has been announced to date.

3. **FINANCIAL IMPLICATIONS**

- 3.1 There are none directly arising from this report.
- 3.2 A number of the issues referred to in this report may well have implications on future funding, including cost sharing, the final costs of "85 Year Rule" protection depending on whether full protection is extended to 2020 and changes to yields from employee contributions.

4. **STAFFING IMPLICATIONS**

- 4.1. There are none directly arising from this report.

5. **EQUAL OPPORTUNITY IMPLICATIONS**

- 5.1. There are none arising from this report.

6. **COMMUNITY SAFETY IMPLICATIONS**

- 6.1. There are none arising from this report.

7. **HUMAN RIGHTS IMPLICATIONS**

- 7.1. There are none arising from this report.

8. **LOCAL AGENDA 21 IMPLICATIONS**

- 8.1. There are none arising from this report.

9. **PLANNING IMPLICATIONS**

- 9.1. There are none arising from this report.

10. **MEMBER SUPPORT IMPLICATIONS**

- 10.1. There are none arising from this report.

11. **BACKGROUND PAPERS**

- 11.1. Various DCLG letters and the summary of responses to amending the Accounts and Audit Regulations 2003.

12. **RECOMMENDATION**

- 12.1. That Members note the report.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/269/09