

WIRRAL COUNCIL

PENSIONS COMMITTEE

6 APRIL 2009

REPORT OF THE DIRECTOR OF FINANCE

LGPS REFORM UPDATE

1. EXECUTIVE SUMMARY

- 1.1. This report informs Members of progress with the production of regulations and other guidance by the Department for Communities and Local Government (DCLG) following the introduction of the revised LGPS on 1 April 2008.

2. BACKGROUND

- 2.1 The Pensions Committee last considered progress in implementing the new regulations as part of the reform of the LGPS, on 14 January 2009 (Minute 67 refers).
- 2.2 As agreed MPF submitted a response to the DCLG on a number of technical issues in connection with the draft LGPS (Miscellaneous) Regulations 2009 and a copy of the response is attached at appendix 1.

Ill Health Retirement Regulations

- 2.3 The Ill Health Monitoring Group set up by the DCLG had requested data on the experience of the new ill health regulations in practice from employers and administering authorities. The results obtained nationally have however been unsatisfactory and inconclusive and so a further attempt at obtaining consistent data will take place during April 2009.

Government Actuary's Department (GAD) Guidance

- 2.4 Further guidance is still awaited from the DCLG and the GAD on dealing with certain cash equivalent transfers and pensions sharing on divorce cases.
- 2.5. Final guidance on dealing with the tax implications for high earners and the HM Revenue & Customs protections available to such scheme members is still awaited. MPF has taken steps to remind eligible members of the 6 April 2009 deadline to apply for protection available under the Finance Act 2004.

3. OTHER OUTSTANDING MATTERS

Pensions Administration Strategy Plan

- 3.1. The expected guidance from DCLG on drawing up a Pensions Administration Strategy Plan to formalise administrative arrangements and service standards between the Pension Fund and participating employers has still not yet been published. It is intended that MPF will nevertheless consult with stakeholders on developing a Strategy Plan during the current year.

Cost Sharing Mechanism

- 3.2. Members considered at the 14 January 2009 meeting of the Pensions Committee the draft regulations dealing with establishing a framework for Cost Sharing which were circulated for consultation by the DCLG on 27 November 2008.
- 3.3. A copy of the response dated 20 January 2009 to the consultation submitted to DCLG is attached at Appendix 2.
- 3.4. It appears that despite widespread concerns raised about the proposed timetable for submission of data for cost sharing purposes that the DCLG is not willing to reconsider its proposals. The Department has circulated a letter dated 11 February 2009 on LGPS Data Quality to all local authorities (Appendix 3 attached), reminding them of the need to improve the quality of data flows between employers and administering authorities in order to comply with its published cost sharing timetable.
- 3.5. Meetings of the LGPS Policy Review Group are still continuing, to discuss various issues including agreement on the details of how the cost sharing mechanism will operate.

85 Year Rule Protection

- 3.6. 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.

Councillors Pensions

- 3.7. The new regulations currently still do not deal with arrangements for councillors' pensions and provision remains subject to the 1997 Regulations. The DCLG has confirmed that it intends to carry out consultation later this year on proposals for future pension arrangements for elected members

4. ADMITTED BODY STATUS REVIEW

- 4.1. Following the informal consultation exercise undertaken in April 2008 the DCLG published a report on 2 October 2008 setting out its key findings from the consultation.

4.2 Although guidance on dealing with admission matters has been issued final proposals are still to be formulated by DCLG which should be the subject of a future statutory consultation in advance of changes to the regulations.

5. FINANCIAL IMPLICATIONS

5.1 There are none directly arising from this report.

5.2 A number of the outstanding issues referred to in this report may well have implications on future funding, including future ill health costs, the final costs of “85 Year Rule” protection depending on whether full protection is extended to 2020 and actual yields from employee contributions.

6. STAFFING IMPLICATIONS

6.1. There are none directly arising from this report.

7. EQUAL OPPORTUNITY IMPLICATIONS

7.1. There are none arising from this report.

8. COMMUNITY SAFETY IMPLICATIONS

8.1. There are none arising from this report.

9. HUMAN RIGHTS IMPLICATIONS

9.1. There are none arising from this report.

10. LOCAL AGENDA 21 IMPLICATIONS

10.1. There are none arising from this report.

11. PLANNING IMPLICATIONS

11.1. There are none arising from this report.

12. MEMBER SUPPORT IMPLICATIONS

12.1. There are none arising from this report.

13. BACKGROUND PAPERS

13.1. DCLG letters dated 6 and 11 February 2009.

14. **RECOMMENDATION**

14.1 That Members note the report.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/55/09