

ITEM NO: 13(b)

Report To: Pension Fund Management Panel

Date: 5 March 2010

Reporting Officer: Peter Morris, Executive Director of Pensions

Subject : **DRAFT LOCAL GOVERNMENT PENSION SCHEME (MISCELLANEOUS) REGULATIONS 2010**

Report Summary: The report notes that the Department for Communities and Local Government (DCLG) has issued for consultation proposals to make numerous, mostly minor, amendments to the statutory rules of the pension scheme to correct errors and inconsistencies, improve clarity as well as introducing new provisions. The Director of Pensions intends to provide comments to DCLG on the proposals on behalf of the Fund.

Recommendation: The Panel is recommended to note the report.

Financial Implications:
(Authorised by the Borough Treasurer) Whilst the proposals do not appear to materially affect the long-term costs or benefits of the scheme for either members or employers, significant effort will be required in the short term both at administering authority and employer level to communicate and apply the suggested changes.

Legal Implications:
(Authorised by the Solicitor to the Fund) The LGPS is a statutory scheme. DCLG propose further amendments to the relevant statutory provisions.

Risk Management: Failure to comply with administering authority obligations in relation to pension scheme risks financial penalties for maladministration as well as harming the reputation of the Fund.

ACCESS TO INFORMATION: **NON-CONFIDENTIAL**

This report does not contain information which warrants its consideration in the absence of the Press or members of the public.

Background Papers: 1. Letter from DCLG dated 24 December 2009

This document may be obtained from David Phillips at the Pensions Office, Concord Suite, Droylsden who can be contacted by phone: 0161-301-7249 or e-mail: david.phillips@gmpf.org.uk

1. INTRODUCTION

- 1.1. A new look Local Government Pension Scheme came into effect from 1 April 2008. The main statutory instruments which set out the terms of the new scheme are the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (known as the “Benefits Regulations”) and the Local Government Pension Scheme (Administration) Regulations 2008 known as the “Administration Regulations”. The original versions of these instruments are regarded by practitioners as being poorly drafted. CLG have made amending regulations to improve them, including, for example, a rewrite of the main provisions relating to ill-health retirement. CLG issued a letter on 24 December 2009 seeking views on proposals to make a number of further changes. The letter explains that “The amendments are necessary to make some corrections and cross-references, to clarify detailed aspects of the Scheme’s extant provisions, to restore minor omitted aspects of the 1997 scheme, to provide clearer definitions and to introduce some new provisions”.

2. EXAMPLES OF PROPOSED CHANGES

- 2.1 To give a flavour of the areas for improvement proposed to in the Benefits and Administration Regulations as currently drafted, it may be helpful to pick out three suggested amendments included in the latest consultation, all relating to ill-health retirement.
- 2.2. Currently regulation 20 of the Benefits Regulations refers to decisions or actions required from both an “employing authority” and an “authority”. Read as a whole, it seems clear that any references in the regulation to “an authority” or “the authority” must be to the previously mentioned employing authority rather than to an administering authority. Nevertheless, CLG propose adding the word “employing” at one point in the regulation to improve clarity.
- 2.3. The regulations currently provide for a temporary pension to be paid in certain cases where a member is expected to be capable of obtaining gainful employment within 3 years of leaving. However, no statutory provision is made for that pension to come back into payment after it has been suspended. CLG now propose to remedy this omission by bringing such members into line with deferred pensioners by allowing them to ask for benefits to recommence at or after age 60, subject to actuarial reduction in some cases if payment restarts before age 65.
- 2.4. The Benefits Regulations suggest that a deferred member whose pension is brought into payment on ill-health grounds can receive payment immediately from the date of application. However, the Administration Regulations state that benefits are payable from the date when the member became permanently incapable (which could be earlier than the date of application). CLG are proposing to resolve this inconsistency by amending the Administration Regulations to bring them into line with the Benefits Regulations.

3. RESPONDING TO THE PROPOSALS

- 3.1 The Director of Pensions will make appropriate comments on the proposals, indicating support or otherwise. Similarly, comments will be provided when draft amending regulations are eventually issued for consultation.

4. RECOMMENDATION

- 4.1 The Panel is recommended to note the report.