



25 March 2014

Agenda Item:7

REPORT OF THE SERVICE DIRECTOR – HR AND CUSTOMER SERVICE

LOCAL GOVERNMENT PENSION SCHEME

Preparing for LGPS 2014

1. Purpose of the Report

- 1.1. The purpose of this report is to inform the Nottinghamshire Pension Fund Committee preparations that have been made for the implementation of the new LGPS 2014 scheme.

2. Information and Advice

- 2.1 In the summer of 2012 it was announced that the new LGPS would be in place by 1st April 2014 and that it would be a career average scheme based on a 1/49th accrual rate, and that following a process of communication and consultation with interested parties, the new scheme regulations would be in place by 31/3/2013.
- 2.3 The LGPS2014 employer consultation papers were forwarded to all our scheme employers on behalf of the Local Government Association (LGA) in June 2012. At that time trade unions also consulted their membership regarding the pensions reforms.
- 2.4 In October 2012 the Local Government Association announced that the proposals for the pension's reform had been overwhelmingly approved by all parties. This was followed by a ministerial statement confirming acceptance of the reforms and conveying that the new regulations would be in place for the end of the financial year.
- 2.5 In order to help with understanding and communication the LGA created a dedicated website for use by members, employers and administrators which contains all the latest information on the reforms. This can be found at www.lgps2014.org.
- 2.6 The new pension regulations were finally delivered much later than promised and were not laid before parliament until 19th September 2013. The LGPS (Transitional Provisions and Savings) Regulations 2014 that provide for the

continuation of savings from the existing scheme, have been provided in draft form and they have only been available to administrators, to assist planning and preparation, since January 2014.

- 2.8 At the point of writing this report, none of the necessary GAD guidance referred to in the new regulations has been provided, and the pension's administrators are still awaiting guidance on the issue of the continuation of a scheme for new Councillors membership which has not been included in the draft transitional regulations.

Preparations to date

- 2.9 Notwithstanding that lateness of the regulations and GAD guidance, software providers for both pensions and payroll systems have been working on the scheme changes, and changes will be made in line with the current guidance. Further guidance has also been provided detailing changes that are necessary to payrolls and what additional reporting is required.
- 2.10 The Nottinghamshire pensions office has provided access to information to the new scheme reforms on its own website at www.nottspf.org.uk as well as providing information on the reforms in its last two Nest Egg publications issued in Feb 2013 and Feb (28th) 2014.
- 2.11 At the Pensions AGM in October 2013 a presentation on the 2014 scheme changes was provided to scheme employers.
- 2.12 In order to inform County employees a message has been put on the County Council payslips for Feb 2014 providing information on how to access the dedicated website for the Igps2014.
- 2.13 The Annual Benefit Illustrations, provided to active members across the Fund, in January 2014 provided notification of the implementation of scheme changes from April 2014.
- 2.14 The Nottinghamshire pension's administration system has now been provided with a new software release from the current supplier Heywood, for the 2014 changes, which will go into the test system on the 3rd March and is scheduled to go into the live system on 20th March. There are though a few known exclusions at present which the suppliers are currently working on and will deliver as soon as possible.
- 2.15 In preparing the Pensions Administration Team for the new regulations Terry Edwards, Senior Pensions Advisor at the LGA, undertook a 1 day training course on the scheme changes from April 2014.
- 2.16 To prepare scheme employers for the changes, information has been forwarded periodically over the last year to direct employers to the national

website and to specifically in the run up for the 2014 changes, a number of scheme briefings have been arranged by the Pensions Client Liaison Team in March.

Additional Considerations

- 2.17 Since 1997 the Local Government Pension Scheme Regulations have required the administering authority and employing authorities to formulate, publish and keep under review policy statements in relation to the exercise of a number of discretions under the LGPS. The LGPS 2014 has continued these requirements. Scheme employers will be required to review their discretions and inform the administering authority accordingly. Information has subsequently been sent to all scheme employers detailing the discretions and how they may obtain training in respect of the formulation of which, through the Local Government Association.
- 2.18 Consideration has been given to the possibility of GAD not issuing the new GAD guidance in time for the start of the LGPS 2014 on the 1st April 2014. It was expected that the guidance would have been released last year. The Pensions Office has contacted CLG but they are unable to provide any confirmation as to when the guidance will be issued. They are aware that this is causing anxiety for administrators. It is widely agreed by administrators that specific work, such as transfers in to the LGPS could be affected as the methodology under the new scheme has changed as a transfer in will buy additional pension rather than a service credit of membership which would be linked to final pay on retirement. If guidance is not issued administrators would be unable to process work until such time as the guidance is issued.

3. Statutory and Policy Implications

- 3.1 This report has been compiled after consideration of implications in respect of finance, equal opportunities, human resources, crime and disorder, human rights, the safeguarding of children, sustainability and the environment and those using the service and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

Human Resources Implications

RECOMMENDATION

- 1) That the report is noted for information

MARJORIE TOWARD
SERVICE DIRECTOR – HR AND CUSTOMER SERVICE

For any enquiries about this report please contact:

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Constitutional Comments ()

The proposal in this report is within the remit of the Pensions Committee.

Financial Comments ()

Background Papers

Further information on the 2014 regulations can be found on the Nottinghamshire Administration Website at www.nottspf.org.uk

Electoral Division(s) and Member(s) Affected

All