

**REPORT OF THE SERVICE DIRECTOR FOR CUSTOMERS, GOVERNANCE
AND EMPLOYEES****THE LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT)
REGULATIONS 2018****Purpose of the Report**

1. To inform members of the recent publication of the Local Government Pension Scheme (Amendment) Regulations 2018, and the potential implications on the administration of the pension Fund.

Information

2. The LGPS (Amendment) Regulations 2018 came into force in May 2018. The majority of the amendment regulations are to correct complex issues with the current regulations, and have little or no operational impact.
3. Assumed Pensionable Pay - Scheme employers may now use longer averaging periods where they deem appropriate. This provision assists scheme employers in addressing inequities where members assumed pensionable pay in the normal averaging period of 3 months does not fairly reflect their pensionable earnings.
4. Scheme Employer surpluses on termination – makes provision for employers to receive credit for surplus assets in a fund upon ceasing to be a scheme employer. This provision addresses the inequity of the previous position whereby the fund may recover deficits but not return surpluses.
5. Backdating of new admission agreements (w.e.f 1/4/2014) – clarifies that a new admission agreement may be backdated. The Nottinghamshire Fund have been allowing backdating to address difficulties resultant from delays in processing admission agreements. This provision provides reassurance that Nottinghamshire have been acting appropriately in this area.
6. Earliest voluntary retirement age for pre 1/4/2014 leaver deferred beneficiaries. – these regulations move the earliest voluntary retirement age, for this category of member, from 60 to 55, to bring the provisions into line with post 31/3/2014 leavers. It has been identified that the fund has approximately 9,500 members between the ages of 54 and 60 who left with deferred benefits prior to 1/4/2014. The Pensions Office will be

posting notices on its website to inform members of the change and will include such notation on its annual deferred benefit statements to members. A pension's software update to administration system is expected at the end of August to allow the processing of such cases. The pension administration team is expecting a significant number of enquiries for estimates following the issue of the deferred benefit statements, but will not know the true impact on resources until such time. To date 20 deferred members have contacted the Pensions Office requesting an estimate of benefits.

7. Pre 1/4/2014 & post 31/3/2014 in house AVC contracts – changes have been made to align the rules for both contributions and payments. The provisions now allow deferred members the option to purchase an LGPS annuity with their AVC fund. The additional work resultant from these cases is expected to be low.

Implications

8. The implications to the Pension Fund are:-

- a. There will be more queries into the Pension Office mainly in relation to the deferred benefit changes as deferred members request estimates of benefit and subsequent release of their Pension Benefits.
- b. The early taking of benefits will have some financial impact however; they should be cost neutral as there is an actuarial reduction.
- c. The pension fund will need to ensure the appropriate communications are implemented as well as being able to respond to the increased number of queries appropriately. This is being discussed across other funds on how to manage this work to ensure consistency.

Other Options Considered

9. There are no other options than operating these regulations.

Reason/s for Recommendation/s

10. This report has been compiled to inform Pensions Committee of a change in the Scheme's regulations.

Statutory and Policy Implications

11. This report has been compiled after consideration of implications in respect of crime and disorder, data protection and information governance finance, human resources, human rights, the NHS Constitution (public health services), the public sector equality duty, safeguarding of children and adults at risk, service users, smarter working, sustainability and the environment and where such implications are material they are described below. Appropriate consultation has been undertaken and advice sought on these issues as required.

RECOMMENDATION/S

It is recommended that:

- 1) The Pensions Committee approves any actions needed to be taken by the Pension Fund to comply with the changes in the regulations.

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For any enquiries about this report please contact:

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Constitutional Comments (KK 26/06/2018)

12. The proposals in this report are within the remit of the Nottinghamshire Pension Fund Committee.

Financial Comments (KP 04/07/2018)

13. There are no financial implications identified within the report

Background Papers and Published Documents

Except for previously published documents, which will be available elsewhere, the documents listed here will be available for inspection in accordance with Section 100D of the Local Government Act 1972.

None

Electoral Division(s) and Member(s) Affected

All