



meeting **PENSIONS ADMIN SUB COMMITTEE**

date **7TH JULY 2005**

agenda item number

REPORT OF THE DIRECTOR OF RESOURCES

LOCAL GOVERNMENT PENSION SCHEME (Amendment) (no 2) REGULATIONS 2004

DRAFT REVOCATION REGULATIONS

1. Purpose

- 1.1 To inform the Pensions Admin Sub Committee that,
- 1.1.1 Draft revocation regulations, designed to revoke the Amendment Regulations, have been consulted upon and an outcome is awaited
 - 1.1.2 The current 'interim' situation is causing administrative problems and impacting upon the quality of service provided
 - 1.1.3 While revocation is the likely outcome, it is not expected until after the Parliamentary summer recess

2. Information and Advice

- 2.1 The principal proposals of the April 2005 legislation notified to the Pensions Committee on 21st May 2004 were as follows;
- That the earliest age at which Scheme benefits can be paid, other than on grounds of ill-health, is increased from 50 to 55 years
 - That the 85 year rule is withdrawn from the Scheme.
- 2.2 Despite a robust response from the Pensions Committee, the legislation as proposed was laid before Parliament in December 2004 and preparations for the change were advanced in the Nottinghamshire Pensions Section within the Employee Services Centre.
- 2.3 From the middle of February 2005 however, the Deputy Prime Minister, the Employers Organisation and the Unions considered the overall impact of the legislation and on 18th March 2005, The Deputy Prime Minister, John Prescott MP, stated an intention to revoke at the earliest Parliamentary opportunity, the Local Government Pension Scheme

(Amendment) (No.2) Regulations 2004 with retrospective effect subject to statutory consultation.

- 2.5 The consultation exercise has taken place; the closing date for responses was 31st May 2005. The views of the Pensions Committee as previously stated were put forward. A copy of the submission is attached at Appendix A.
- 2.6 The results and outcome have not yet been announced leaving Local Government Pension Scheme administrators particularly and employers generally across the country in an unclear position.

3. Implications

- 3.1 The extant regulations are the Amendment Regulations until such time as they are revoked. It is understood that this will not happen before the Parliamentary summer recess which lasts from July 21st To October 10th 2005.
- 3.2 As time goes by, there are increasing numbers of cases (eg transfers-in, deferred beneficiaries, early retirements etc) that would be treated differently if the extant regulations had been revoked.
- 3.3 Further to discussions with the Employers' Organisation and colleagues in the East Midlands Pensions Officers Group, Nottinghamshire Pension Fund has continued to work in anticipation of revocation. There are clear benefits to this for the organisation and the customers particularly in terms of managing transfers-in of which there have been 200 cases since 1.4.2005.
- 3.4 However, the longer the situation goes unresolved, the more administrative problem areas will occur. The Government's advice is to stockpile cases. This is not administratively desirable or, in the case of transfers-in, legal as the Local Government Pension Scheme Regulations provide that the transferee should be notified of the transfer value within two months.
- 3.5 Whilst it is understood that revocation is still the most likely option, a statement is expected from the ODPM before the recess that should demonstrate the Government's current thinking further to the latest consultation exercise.

4. Recommendation

- 4.1 That the Pensions Administration Sub-Committee notes this information.

A DEAKIN
Director of Resources

Personnel Implications

None.

Equal Opportunities Implications

There are no equal opportunities implications arising from the recommendation in the report.

Crime and Disorder Implications

None.