



meeting **PENSIONS COMMITTEE**

date **19 APRIL 2004**

agenda item number

REPORT OF THE DIRECTOR OF RESOURCES

LOCAL GOVERNMENT PENSION SCHEME AMENDMENT REGULATIONS 2004

1 PURPOSE

- 1.1 To inform the Committee of the statutory amendments being made to the Local Government Pension Scheme Regulations which come into force on 1 April 2004 and on 1 June 2004.

2 BACKGROUND

- 2.1 Within the context of the ongoing Stocktake of the Local Government Pension Scheme, Ministers announced on 23 July 2003 a phased Strategy to amend the Scheme provisions. The 2004 regulations take forward phase 1 of that programme.
- 2.2 Draft regulations were circulated for comment between 30 September and 1 December 2003. The Government received 87 written responses, including one from the Nottinghamshire County Council Pensions Committee. We are assured that all the responses have been carefully considered in finalising the amendments.
- 2.3 The regulations take forward a number of the recommendations made in response to the second Stocktake discussion paper on regulatory simplification, which was circulated to interested parties in October 2002, and are designed to introduce a number of amendments to simplify aspects of the current LGPS regulatory framework.

3 PRINCIPAL AMENDMENTS

- 3.1 The Internal Dispute Resolution Procedure has been amended to place responsibility for stage 2 of the process at administering authority level

rather than with the Secretary of State. The amendment has been introduced to encourage local authority employers, in the first instance, to deal directly with disputes at the appropriate level, to filter out easily resolved complaints and misunderstandings and to leave the latter stages of the process for more difficult and contentious cases. Guidance material on the new arrangements is to be published early in April. This will give Scheme employers and other interested parties sufficient time to prepare, plan and implement the new procedures which come into force on 1 June 2004.

- 3.2 The minimum membership period giving rise to entitlement to LGPS benefits has been reduced from 2 years to 3 months. Individuals who opt out of scheme membership within three months of joining will be entitled to a refund of contributions from the pension fund. All members with more than 3 months membership, or those who have a transfer value credited to them, will become entitled to LGPS benefits.
- 3.3 All active and deferred Pension Fund members are to be provided with a Benefit Statement within 12 months of 1st April 2004.
- 3.4 Administering authorities are to prepare, publish and maintain a Funding Strategy Statement and actuaries are to take the strategy into account when setting the employers' contribution rates within the valuation process.

4 RECOMMENDATION

- 4.1 That Committee notes this report.

A L DEAKIN
Director of Resources

Background papers available for inspection

Local Government Pension Scheme (Amendment) Regulations 2004
Covering letter from the Office of the Deputy Prime Minister