



meeting            **PENSIONS ADMIN SUB COMMITTEE**

date                **12<sup>th</sup> SEPTEMBER 2005**

agenda item number

## REPORT OF THE DIRECTOR OF RESOURCES

### LOCAL GOVERNMENT PENSION SCHEME (Amendment) REGULATIONS 2005

#### 1. Purpose

- 1.1 To inform the Pensions Admin Sub Committee that, 'revocation regulations', entitled Local Government Pension Scheme (Amendment) Regulations 2005, came into force on 3<sup>rd</sup> August 2005.
- 1.2 To inform the Pensions Admin Sub Committee of the effects of the Local Government Pension Scheme (Amendment) Regulations 2005.

#### 2. Information and Advice

- 2.1 The principal proposals of the April 2005 legislation notified to the Pensions Committee on 21<sup>st</sup> 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  - That the 85 year rule is withdrawn from the Scheme.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 18<sup>th</sup> 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 31<sup>st</sup> May 2005. The views of the Pensions Committee as previously stated were put forward.
- 2.6 The Local Government Pension Scheme (Amendment) (No.2) Regulations 2004 were revoked by the Local Government Pension Scheme (Amendment) Regulations 2005 on 3<sup>rd</sup> August 2005 with retrospective effect back to 1<sup>st</sup> April 2005.

### 3. Implications

- 3.1 The extant regulations now are the same as they were on 31<sup>st</sup> March 2005 although there are minor adjustments to ensure that no individual LGPS member lost out as a result of recent events
- 3.2 The minimum pension age of 50 years and the 85 year rule have been retrospectively restored
- 3.3 The actions taken by the Pensions Office at the NCC Employee Services Centre to administer the scheme through the period of uncertainty are now proven to have been prudent and appropriate
- 3.4 There is a likelihood that Fund liabilities in respect of active members may arise because revocation was not anticipated when assumptions were made for the purposes of the 2004 valuation of the Pension Funds.
- 3.5 The Director of Resources intends, therefore, to obtain from the Fund's actuary, a revision of the employers' contribution rates and adjustments certificate issued with the 2004 valuation of the Pension Funds.
- 3.6 The Tripartite Committee, set up by the Deputy Prime Minister, will consider what measures need to be put in place from 2006 onwards to ensure that the LGPS remains affordable and sustainable in the long term.

### 4. Recommendation

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

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**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.

Legal Comments