

Philip Perry
LGPS 2014 Consultation
Department for Communities & Local
Government
Zone 5/G6 Eland House
Brassenden Place
London. SW1E 5DU

Date: 2nd August 2013

e-mail: Debbie.sharp@
shropshire.gov.uk

My ref
PEN/DS

Your ref
Pen/DS

Tel (01743)
252192

Fax (01743)

Please ask for
Debbie Sharp

Dear Philip,

LGPS 2014 Consultation

This letter sets out a response from Shropshire Council acting as administering authority to the Shropshire County Pension Fund, to the third consultation issued in June 2013. This response, as with the response earlier this year, is submitted on behalf of the Shropshire County Pension Fund Pension Committee and the scheme Administrator. They have not been consulted (which would be usual) as the six week consultation period has not allowed. The response will be shared with them.

It is noted that you state that only some comments from earlier consultations have been considered and taken on board in drawing up these draft regulations. But that others are no longer relevant because of the significant and wide ranging amendments proposed by the Local Government Association/trade Unions Project team and the board. When considering both sets of representations at the end of this consultation please ensure the thorough comments made by the LGA are given priority in your considerations.

Annex A, Comments on the Draft Regulations, Part 1 and 2(scheme administration):

- Reg 9 – Contributions – Previous comment still stands - Actual pay for variable time employees may not be known at commencement for accurate assessment of correct bandings, this still needs to be addressed or guidance issued for employers for consistency.
- Regulation 10 – Previous comments still stand - Temporary reduction in contributions (50/50 option) - states that an employing authority of any member shall provide "...information about the effects on that member's likely benefits consequent to that election". This would mean an illustration be provided by the employing authority to each member each time an election is made? It would be more practical to do this at each annual benefit statement. Guidance needs to be provided to ensure that this is dealt with consistently across the whole LGPS. This should cover precisely what an employer would need to provide.
- Reg 16 & 17 – Previous comment still stands - LGA has commented in detail on these regulation and we support those comments.
- Reg 21 – This regulation does seem to still raise problems for employers. We support the changes suggested by LGA.

- Reg 22 – 29 – Pension Accounts – Need to ensure rules on aggregation are clear when finalised.
- **Part 2 Administration**
- Reg 53 – This seems to give the pensions board responsibility for for more than Governance alone and we don't think that is the intention.
- Reg 57 – We would ask that the Secretary of State does give guidance on preparing and publishing the annual report. Also the date to be published could be earlier especially as the final audit date is 30th September.
- Reg 58 – Would recommend rewording to state the latest guidance rather than as drafted as the regulations would need to be updated each time new guidance is published.
- Reg 62 – The issues raised by the Actuary profession regarding valuations and certificates should be taken on board.
- Reg 63 – This regulation seems to be very wide. It would be preferable to have clearer guidance.
- Reg 64 – We question why regulation 38 of the current Admin regulations has not been included in the draft. Also a little more flexibility to allow arrangements to be agreed with employers on cessation rather than just an exit payment would be preferable for concerned including the Government.
- Reg 69 – (6) – We would require paragraphs 1 – 5 to also apply to our Council as Scheme employer and request paragraph 6 be deleted.
- Reg 70 + 71 – no comment.
- Reg 72 – 95 – As in reg 69 we would suggest amendment to recognise the separation of the role of administering authority from that of the employer especially in reg 80 for example.
- Reg 96 – 103 – transfers – The issues surrounding the inconsistencies of the Public sectors changing from different dates make club transfers very complex. We would support suggestions made by LGA regarding the way forward in this area.

Annex A - List of Chapter 2 Questions

Q1. Is the Department right in saying that the take up of additional survivor benefits is extremely low? [Regulation 16]

A. Yes with regards to our Fund.

Q2. Should there be enhancement in this way given that there would be no equivalent protection for a member who remained in part-time work rather than taking ill-health retirement? [Regulation 39]

- A. There should be enhancement but only if the reduction in hours or grade, or a move to a job with less responsibility, occurred within a period of 3 years continuous membership prior to the ill health retirement or death in service. HM Treasury have stipulated that protections should only be for temporary and unexpected reductions in pay and recommend a 3 year period. This is inline with the 3 year limit tier 3 ill health benefits.

Q3. Comments are requested as to whether this regulation should be retained or if it would be sufficient to rely on the overriding legislation. [Regulation 51]

- A. This regulation should be retained.

Q4. Is there a need to provide for separate admission agreement funds to be established in the new Scheme? [Regulation 54]

- A. Yes and could also be extended for any types of Scheme employer (not just admission bodies). This would allow us ring-fence liabilities to the employers within the relevant Fund so that any deficits left on cessation could be spread across employers participating in that separate Fund, rather than all fund employers.

Q5. Is the list of statement items shown at regulation 69(3) complete? If not, could you please describe what needs to be included. [Regulation 69]

- A. The list provided by the LGA seems far more comprehensive regarding the information requirements necessary to administer the 2014 Scheme and would recommend you adopt their suggestion.

Q6. Should we include provision for interest to be paid on the late payment by scheme employers? If so, what period would constitute “late”? [Regulation 70]

- A. Yes, this ability should be retained and regulation 71 defines “late”.

Q7. Should the new regulations set out what Fund should pay in the case where the administering authority has more than one Fund? [Regulation 88]

- A. Do not understand question.

Q8. Do you think the current forfeiture provisions which have been carried forward into these draft regulations work well, or would you prefer it all to be dealt with by the courts with the removal of the role of the Secretary of State? [Regulation 91]

- A. They have been adequate for our needs. Larger Funds may have a differing opinion.

Annex B, comments on outstanding Policy issues:

Assumed Pensionable Pay

We do not believe there are any other cases that currently merit an extension of the list of circumstances under regulation 21(2) in which APP should be applied.

Former scheme employers

These draft regulations provide that the administering authority is to make a decision on a discretion that could have been taken by a former employer that has ceased to be a Scheme employer thos authority is happy with this.

Employers' contributions to be no less than employees' contributions

We agree that the contribution rate paid by employers must always be at least that set by the fund actuary and that the total employer rate (future and past service) should never be less than the total yield set for employees.

Adjustment of pension accounts

As previously stated we would support increasing the flexibility available, by including an enabling power to adjust an account owing to any non-specific reasonable circumstances. The Pension Account should have the ability to collect further contributions for any adjustment that carries a cost to the Fund.

I hope you find the above comments useful.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Debbie Sharp', with a stylized flourish at the end.

Debbie Sharp
Pensions Manager