

Report of the Director of West Yorkshire Pension Fund to the meeting of Joint Advisory Group to be held on 26 July 2018

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Subject: Local Government Pension Scheme 2014

Summary statement:

This report updates the Joint Advisory Group on changes to the Local Government Pension Scheme (LGPS) 2014 made by the Local Government Pension Scheme (Amendment) Regulations 2018.

Recommendation:

It is recommended the Members note the amendments to the Local Government Pension Scheme

Rodney Barton
Director

Portfolio:

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Overview & Scrutiny Area:

N/A

1 BACKGROUND

- 1.1 The career average Local Government Pension Scheme (LGPS) was introduced on 1 April 2014
- 1.2 On 27 May 2016 Ministry for Housing, Communities and Local Government (“MHCLG”) (then Department for Communities and Local Government) issued a consultation, which provided for:
- The implementation of the reformed Fair Deal for Staff Pensions Provisions into the LGPS Regulations;
 - The Introduction of additional ways in which a scheme member can access their Additional Voluntary Contribution ‘pots’, as part of the Government’s ‘Freedom and Choice in Pensions’ policy; and
 - Technical amendments to provide clarifications that have been requested by Practitioners and to improve the operation of the regulations.

2 THE LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT) REGULATIONS 2018

- 2.1 On 19 April 2018 the Local Government Pension Scheme (Amendment) Regulations 2018 (“the Amendment Regulations) were laid before Parliament and came into force on 14 May 2018. The Regulations can be found at:

<http://lgpslibrary.org/assets/si/ew/SI2018-493.pdf>

- 2.2 In addition to making the technical amendments previously consulted on the main changes made by the Amendment Regulations were:
- For members who left the Local Government Pension Scheme before 1 April 2014 to elect to receive payment of their deferred benefits from age 55, with reductions, without having to obtain the consent of their former employer.
 - Changes to options available to member with a pre 2014 Additional Voluntary Contribution “pot”.
 - The requirement to refund any surplus on a Scheme employer ceasing its participation in the Local Government Pension Scheme.
- 2.3 The proposed changes included in the consultation that were not taken forward in the Amendment Regulations were:
- Fair Deal – in its response to the consultation MHCLG confirmed that they will not be introducing Fair Deal into the LGPS at this time. However, they state they still remain committed to introducing Fair Deal into the LGPS and intend to commence a consultation on new proposals for achieving this by the end of the year.
 - Additional Voluntary Contributions – the Uncrystallised Funds Pension

Lump Sum (UFPLS) option will not be introduced directly into the LGPS Regulations due to the substantial administrative complexities that would be created.

- Aggregation – the proposal to end the automatic aggregation of pension accounts where a member with a deferred benefit becomes active again is not being taken forward. MHCLG concluded that introducing these changes would not be consistent with Schedule 7 of the Public Service Pensions Act 2013.