

CYNGOR SIR POWYS COUNTY COUNCIL.

**Pensions and Investment Committee
7th February 2013**

REPORT BY: Strategic Director of Finance & Infrastructure

SUBJECT: Public Service Pensions Bill

REPORT FOR: Information

- 1 On 13th September 2012 HM Treasury (HMT) published the draft Public Service Pensions Bill. In summary the Bill:
 - Replaces current enabling legislation for public service pension schemes (The Superannuation Act 1972)
 - Reshapes governance arrangements
 - Introduces wide ranging HMT control
 - Defines the link between State Pension Age and Normal Retirement Age
 - Extends the oversight of the Pensions Regulator to public service schemes
 - Sets out protections for current scheme members.

- 2 The Bill contains reference to a number of new definitions including:
 - Section 1 Scheme – A new public service pension scheme e.g. LGPS 2014
 - Responsible Authority – the person who makes the regulations e.g. DCLG for the LGPS
 - Scheme Manager – the person responsible for administering the scheme e.g. the administering authorities for the LGPS
 - Relevant Authority – the LGPS Scheme Manager
 - Scheme Board – responsible for assisting the Scheme Manager in relation to compliance.

- 3 The Bill also extends much greater control to HMT for public service pension schemes including:
 - A requirement for HMT consent for regulation changes
 - HMT to determine the types of schemes to be allowed in regulations
 - HMT to determine revaluation based on changes in prices or earnings
 - HMT to determine the timing, data and method of scheme valuations
 - HMT to direct the settling of the employer cost cap
 - HMT to set the parameters and target cost for the cap

- HMT to set a procedure by agreement or otherwise of achieving the target cost
 - HMT to be able to require the publication of or provision to itself of scheme information.
- 4 There are a number of protections set out in the Bill including:
- Link to Final Salary – sets conditions for retention of a link for old scheme service
 - Service between old and new schemes must be continuous and with a scheme employer
 - Link may be protected by transfer between old schemes if member is in new scheme and service is continuous
 - Gaps less than 5 years are to be counted as continuous unless any one gap is more than 5 years.
- 5 It appears that there are a number of issues which will need to be addressed as the Bill progresses though both Houses of Parliament, not least its likely impact on the governance arrangements of LGPS Funds. Both second and third readings of the Bill and the Committee stage have taken place and it is currently working through the House of Lords.
- 6 Committee is asked to note the contents of this report and also that a further paper will be prepared on completion of the Bill's passage through Parliament.

Recommendation:		Reason for Recommendation:	
To note that a further paper will be prepared in due course.		As per report	
Person(s) To Action Decision:			
Date By When Decision To Be Actioned:			
Relevant Policy (ies):	N/A		
Within Policy:	N/A	Within Budget:	N/A
Contact Officer Name:	Tel:	Fax:	Email:
Joe Rollin	08708 510264	01597 826290	joe.rollin@powys.gov.uk

Relevant Portfolio Member(s):	Councillor Dai Davies
Relevant Local Member(s):	