

**CYNGOR SIR POWYS COUNTY COUNCIL.**

**Pensions and Investment Committee  
19<sup>th</sup> December 2013**

**REPORT BY:** Strategic Director of Resources

**SUBJECT:** Local Government Pension Scheme Regulations 2013

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**REPORT FOR:** Information

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- 1 On 19<sup>th</sup> September 2013 the Department for Communities and Local Government issued the Local Government Pension Scheme Regulations 2013 [SI 2013/2356] which come into force on 1<sup>st</sup> April 2014.
- 2 These regulations set out the scheme design covering benefits, membership and contributions for the new LGPS 2014. The principal areas to note are:
  - The new scheme is a career average revalued earnings (“CARE”) scheme rather than a final salary scheme
  - Pensions accrue at the rate of 1/49<sup>th</sup> of pensionable pay
  - Pensions will be revalued annually at the rate determined by HM Treasury as being the annual change in the Consumer Prices Index
  - There are no automatic lump sums; members’ may exchange pension for lump sum at the rate of 12:1, subject to HMRC limits
  - Each scheme member will have an individual ‘normal pension age’ (ie the age from which they may voluntarily draw unreduced benefits) which will be equal to a member’s State Pension Age
  - Introduces a new retirement benefit option that allows a scheme member who is aged at least 55 to retire voluntarily and have immediate access to pension rights without needing the consent of their scheme employer. In such cases, scheme benefits will be paid on a fully cost-neutral basis, unless the employer elects to waive all or some of the actuarial reductions that will apply
  - Introduces a ‘half-rate’ scheme (to be known as the 50:50 Option) which enables a scheme member to opt to pay contributions at half their normal rate and as a consequence to accrue benefits at 1/98<sup>th</sup> per year rather than 1/49<sup>th</sup>.

- Names Powys County Council as an 'administering authority' (also referred to in these regulations as a 'Scheme Manager') for which it is required to:

maintain a pension fund  
be responsible for managing and administering the LGPS

establish a 'pensions board' which will be responsible for assisting Powys County Council in securing compliance with the requirements of the LGPS (including matters of governance) and anything imposed on the Council in relation to the LGPS by the Pensions Regulator [Note that the 'pensions board' may or may not be the Pensions & Investment Committee – further clarification and guidance is awaited on this matter]

- Makes no reference to pensions for Councillors

3 Matters are in hand to ensure that the Pension Fund's systems, procedures and processes; documentation, literature and scheme communications, are compliant with these new scheme requirements. Moreover, training for Pensions staff and for participating employers is being organised. In addition, a major scheme member communications exercise is planned for Spring 2014, to include a county-wide roadshow.

4 Committee is asked to note the contents of this report.

<b>Recommendation:</b>		<b>Reason for Recommendation:</b>	
To note the contents of the report.		As per report	
<b>Person(s) To Action Decision:</b>			
<b>Date By When Decision To Be Actioned:</b>			
<b>Relevant Policy (ies):</b>	N/A		
<b>Within Policy:</b>	N/A	<b>Within Budget:</b>	N/A
Contact Officer Name:	Tel:	Fax:	Email:
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<b>Relevant Portfolio Member(s):</b>	Councillor Tony Thomas
<b>Relevant Local Member(s):</b>	