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Date / Dyddiad: 11th July 2016

Dear Sirs

LOCAL GOVERNMENT PENSION SCHEME (AMENDMENT)
REGULATIONS 2016
CONSULTATION RESPONSE

I refer to the consultation documents issued on 20th May and hereby submit the formal response of the Powys Pension Fund, as set out below.

The 'Fair Deal' Proposals

The simplification that these proposals set out – removal of the 'broadly comparable' option and the creation of a specific and explicit category of LGPS member, a protected transferee, is welcomed and supported.

However, clarity is needed in relation to the position of local authorities in Wales. The Welsh Authorities Staff Transfers (Pensions) Direction 2012 [the equivalent of the 2007 Direction that covers English local authorities and English and Welsh police authorities] sets out the current level of pension protection for employees of Welsh county and county borough councils where the provision of services are contracted out, and staff transferred.

It is unclear if it is intended that the proposed amendment to the LGPS would override, and indeed negate the need for, a specific Direction from the Wales Assembly Government; or, as local government is a devolved matter, whether a further Direction would be required from WAG before this amendment could be applied by Welsh local authorities.

It is also noted that a "protected transferee" will include not just employees of core LGPS employers, such as local authorities, but also employees of the majority of other LGPS employers, including existing admission bodies. These non-local authorities are currently not covered by the 2012 Welsh

Direction. Indeed many are not covered by New Fair Deal or the Best Value Direction either.

Similarly, any sub-contracting by an employer of a protected transferee will trigger the new provisions. Employees of certain LGPS employers which are outside the scope of New Fair Deal (including higher and further education institutions and Police and Crime Commissioners) will not be covered by the new provisions, as they are currently drafted.

Draft Regulation 6 – Temporary Reduction in Contributions

Supported.

Draft Regulation 7 – Contributions During Absence

Supported.

Draft Regulations 8 and 9 – Additional Voluntary Contributions

Supported.

Draft Regulation 10 – Assumed Pensionable Pay

Supported.

Draft Regulation 11 – Pension Accounts

Supported.

Draft Regulation 12 – Retirement Benefits

Supported.

Draft Regulation 13 – Election for Lump Sum Instead of Pension

Supported.

Draft Regulation 14 – Survivor Benefits

Supported.

Draft Regulation 15 – Special Circumstances Where Revised Actuarial Valuations and Certificates Must Be Obtained

Supported in principle with the following caveat.

This amendment needs to be capable of being limited or disapplied in respect of arrangements already entered into by administering authorities and Scheme employers prior to the commencement date. This is because LGPS

stakeholders will have entered into funding arrangements agreed on the basis of the Scheme regulations extant at the time of the agreement.

An example would be where it has been determined to fund accrued liabilities of employees transferred to a third party under a service contract, where the third party has become an admitted body to the LGPS or is a designation body, by a notional transfer of pension fund assets to the third party in respect of pre-transfer accruals so that from the start of the service contract the third party inherits no fund deficit. In such an arrangement were the third party suddenly and unexpectedly to find that it has no active members (where 'closed' admission agreements are used this is perfectly possible), the third party would have a right to an exit credit even though this was never intended as, at the date of transfer, as the Scheme regulations did not provide for it.

Draft Regulation 16 – Employer's Further Payments

Supported.

Draft Regulations 17 and 18 – Rights to Payments Out of the Pension Fund, and Inward Transfers of Pension Rights

Supported.

Draft Regulation 19 – Effect of Acceptance of a Transfer Value

Supported.

Draft Regulation 20 - Interpretation

Supported.

Draft Regulation 21 – Scheme Employers

Supported.

Draft Regulation 22 – Pension Funds

Supported.

Draft Regulation 24 – Membership Before 1st April 2014

Supported.

Paragraph 23 – Possible Removal of the Need for Employer's Consent for Members Wishing to Access LGPS Benefits Accrued Before 2008, on Attainment of Age 55

Supported in principle.

Paragraph 24 – Proposed Amendment to Regulation 3

Supported.

Draft Regulation 25 - Transfers

Supported.

Draft Regulation 26 – Interfund Adjustments etc.

Supported.

Draft Regulations 27 - Contributions

Supported.

Draft Regulation 28 – Additional Contributions

Supported.

Draft Regulation 29 – Rule of 85

Supported.

Draft Regulation 30 – Transitional Provisions

Supported.

Finally, I can confirm that the Powys Pension Fund is content for this response to be published as part of the wider consultation process.

yours faithfully

County Councillor A G Thomas
Chair, Powys Pension Fund