

Essex Pension Fund Board	EPB/02/14
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Local Government Pension Scheme (LGPS) Reform

Report by the Director for Essex Pension Fund and Head of Essex Pension Fund

Enquiries to Kevin McDonald 01245 431301, Ext: 21301 and Jody Evans 01245 431700, Ext 21700

1. Purpose of the Report

To update the Board on developments regarding:

- 1.1 potential structural reforms of the Local Government Pension Scheme;
- 1.2 required scheme Regulations; and
- 1.3 governance arrangements

2. Recommendations

It is recommended that the Board note:

- 2.1 the report
- 2.2 the letter (attached) written by Cllr Bass, Chairman of the Essex Pension Board to Local Government Minister Brandon Lewis M.P.

3. Potential Structural Reform

- 3.1 A consultation on potential options for the future structure of the LGPS is expected to commence at some stage in either the first quarter or first half of 2014.
- 3.2 A verbal update will be given at the meeting.

4. Required Scheme Administration Regulations

- 4.1 At the time of writing the transitional regulations are still outstanding. This continued delay has resulted in an increased residual score (from amber to red) of risk A1 which covers the delivery of a high quality service to beneficiaries, potential beneficiaries and employers.
- 4.2 Whilst officers are making the necessary contingency arrangements, this delay does affect the timely implementation of updates to the current software system, which in turn will place a high level of reliance on manual calculations. This requires the diversion of resources from other areas with less priority. It will impact scorecard measures principally within section 4.1 (the delivery of a high quality service).

5. New Governance Regulations

- 5.1 Following on from the last Board meeting, Board members attended a training session on Governance on 22 January 2014. This session covered the Pension Regulator's consultation on its draft Codes of Practice and Regulatory Strategy under the requirements of the Public Service Pensions Act 2013.
- 5.2 It was noted that whilst draft Governance regulations for the LGPS were expected by March/April 2014 the Fund's key requirement was sufficient clarity in time to plan and implement the necessary arrangements.

6. Letter to the Minister for Local Government

- 6.1 As a consequence of concerns arising from delays in the transitional regulations, potential delays in clarity surrounding new governance requirements and also uncertainty surrounding intentions of the pooling of Academies, Cllr Bass, Chairman of the Essex Pension Fund wrote to Local Government Minister Brandon Lewis M.P. at the start of February 2014. A copy of the letter is attached to this report.

7. Link to Essex Pension Fund Objectives

7.1 Maintaining awareness of current issues with regard to LGPS reform will assist the Board in achieving the following Fund objectives:

- Ensure the Pension Fund is managed and its services delivered by people who have the appropriate knowledge and expertise
- Act with integrity and be accountable to our stakeholders for our decisions, ensuring they are robust and well based
- To ensure the Fund is properly managed

8. Risk Implications

8.1 Failure to maintain an awareness of current issues with regard to LGPS reform and respond to consultations would mean that the Fund's views were not taken into account when changes are proposed.

8.2 Failure to administer scheme in line with Regulations.

9. Communication Implications

9.1 When consultations on structural reform and revised governance requirements commence, responses will be produced for the Board to consider.

10. Finance and Resources Implications

None

11. Background Papers

11.1 Fund response to new governance arrangements discussion paper 2 September 2013

11.2 Fund response to the Call for Evidence, September 2013