



Pensions Committee

25 June 2014

Report title	LGPS 2014	
Originating service	Pension Services	
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Report to be/has been considered by		

Recommendations for noting:

The Committee is asked to note:

1. The activity and progress to date of the implementation of the LGPS 2014 following the finalisation of the regulations in March 2014.

1.0 Purpose

- 1.1 The purpose of the report is to provide Committee with an update on the progress to date of the implementation of the LGPS 2014.

2.0 Background

- 2.1 Following the informal consultation in the summer of 2012 on the proposals for the design of the new Scheme, the Department of Communities and Local Government (DCLG) undertook a series of consultations on the scheme regulations.
- 2.2 The LGPS Regulations 2013 were then subsequently made on 12 September 2013 and laid before Parliament on 19 September 2013.
- 2.3 The Transitional Regulations which set out how scheme members transfer from the 2008 scheme to the 2014 scheme, along with details of how any proposed protections of rights and entitlement will work were then not finalised until 10 March 2014.
- 2.4 These regulations both came into force on 01 April 2014 and have been made under the Public Service Pensions Act 2013.

3.0 Progress

- 3.1 Since the finalisation of the Transitional Regulations in March, the Fund has been working closely with our software provider to specify and develop the changes required to the pension administration system UPM. Due to the delays with the regulations, the Fund have been unable to fully specify the changes required to administer all aspects of the new scheme.
- 3.2 The Fund are trying to minimise the impact on our members to ensure they get accurate information as promptly as possible, however these delays have required the Fund to manage post 1 April work manually. This is a more time consuming approach and therefore some delays may be experienced.
- 3.3 A higher than normal workload in terms of post 1 April 2014 retirements has been received and the Fund are currently working through these as a priority.
- 3.4 Work is well underway with developing and testing the 2014 changes and it is anticipated that the Fund will be in a position to move the initial calculations into the live pension administration system environment by the end of June/early July. This will automate the retirement and early leaver processes and enable employers and members to run retirement quotes on the web portal.
- 3.5 The Government Actuary's Department (GAD) published a number of the guidance documents for the new scheme on 31 March 2014; this included guidance for the

purchase of additional pension and incoming and outgoing transfers. However, there is still some guidance to be published which will support the full working of the regulations.

- 3.6 Employers are regularly being updated through the monthly 'Employer Briefing Note', Employer Peer Group and briefings are written when appropriate.
- 3.7 As part of disclosure regulations, the Fund has written to the membership to inform them about the key changes to the scheme. In April, as part of their annual Club Together mailing, an update of the LGPS 2014 scheme was issued to approximately 80,000 pensioners; and in May, the Fund wrote to approximately 70,000 deferred members as part of their annual benefit statement. Finally, a brief guide to the 2014 scheme was issued to over 92,000 active members during the week commencing 27 May, informing them of the changes to the scheme, information for existing members of the scheme and contribution flexibility.

4.0 Financial implications

- 4.1 The project has been managed from within existing Fund resources and budget; however, there are wider financial implications in terms of the consequences for members. Therefore, manual measures have been put in place to ensure that members transitioning into retirement are receiving an accurate calculation of their benefits based on all tranches of the scheme. In addition, the Fund is currently unable to provide via the online portal an accurate estimate of their retirement benefits built up post 31 March 2014.
- 4.2 With the system still being developed there are further implications for employers, as the facility to calculate any strain costs for the payment of benefits early has not been updated. An interim solution has been agreed with the Fund's actuary for the calculation of early retirement costs and is currently being implemented.
- 4.3 Additional costs will be incurred by the Fund and this will be absorbed within the current year budget approved by Committee in March 2014.

5.0 Legal implications

- 5.1 The report contains no direct legal implications for the Authority, however if delays continue with the implementation of the system there is the potential for challenges from members and the Fund may not meet required regulatory standards i.e. disclosure regulations.

6.0 Equalities implications

- 6.1 This report has no direct equal opportunities implications.

7.0 Environmental implications

- 7.1 This report contains no direct environmental implications.

8.0 Human resources implications

- 8.1 As the Fund continue to make the required changes to the administration system, core staff involved in the project will be required for a longer period than first anticipated. The manual work a rounds for administering the new scheme are resource intensive for operational staff which limits capacity to drive forward other key priorities for the Fund and with the potential to create future backlogs of work.
- 8.2 Furthermore, there will be an ongoing change in processes and procedures to ensure that the required legislation is delivered and built into working practices. Cascading information on the new scheme to all scheme members, managers and employers will continue to be essential, and will need to be delivered in a concise and timely manner.

9.0 Corporate Landlord implications

- 9.1 The report contains no direct corporate landlord implications.

10.0 Schedule of background papers

- 10.1 There are no preceding background papers.