

Purpose and summary

To provide Board with an update on key scheme issues, including progress on the introduction of a new LGPS.

Key issues

- LPFA's Consultation response to Government proposals on increases to pension contributions has been included at **(Annex 3)**.
- The Heads of Agreement for new LGPS announced following discussions between the Government, Employers and Unions has been set out at **Annexes 1 and 2**

Recommendation

Board are asked to:

- [1] **Note the update on the latest discussions around the introduction of a new LGPS.**

Compliance checks

Governance issues:

Proposed changes and scheme developments are monitored by Performance and Administration Committee

Equalities impact:

Any changes to the LGPS should ensure the scheme is fair to all stakeholders.

Financial implications:

The introduction of a new LGPS will be a key priority for the LPFA over the next 2 years to help ensure the future financial viability of the Scheme.

Social, environmental, health and ethical issues:

Strategic Objective 4 incorporates ESG issues in terms of investment and operation.

Legal implications:

Changes to the LGPS will present the LPFA with potentially complex legal issues. It is therefore important that a comprehensive planning process is put in place.

Communication issues:

Significant issues around communication for all stakeholders in the Scheme to ensure accurate and effective information is provided.

Risk implications:

Relevant legislation will need to be implemented correctly, in a timely fashion and communicated well. There will be a risk to LPFA's ability to carry out an effective and efficient administration service to its stakeholders and agency clients if sufficient resources are not in place to achieve this.

Other relevant / supporting documentation:

Annex 1 – Heads of agreement ministerial statement

Annex 2 – Principles Document

Annex 3 – LPFA response on new scheme consultation

Freedom of Information Act 2000 ~ LPFA Publication Scheme

This document appears in the Publication Scheme under:

PUBLIC

What are our priorities and how we are doing

1) Proposed amendments to LGPS – Current Situation

- i. On 15th December a proposed way forward to reform the LGPS was agreed. This followed discussions between the Chief Secretary to the Treasury, Danny Alexander, the Secretary of State for Local Government, Eric Pickles, the Chairman of the Local Government Association, Sir Merrick Cockell and representatives of the TUC, GMB and Unison. The agreement means that the local government trade unions and the LGA, with the Department for Communities and Local Government, will commence detailed negotiations in the New Year.
- ii. Copies of the Ministerial Statement (**Annex 1**) and the principles document
- iii. (**Annex 2**) agreed between employers and unions are attached. In particular it should be noted that the proposal is there should be no alterations to the Scheme or rates of contribution payable by scheme members pending the outcome of discussions, with the aim that new regulations are in force by March 2013 and the new scheme operational by April 2014.
- iv. A copy of LPFA's response to the initial consultation document issued in October is also attached (**Annex 3**) and confirms that from our perspective one of the key aims of any scheme change is to ensure we are able to retain effective numbers of active scheme members. Should there be a significant decrease in membership there are real risks to the viability of the pension fund as a whole and implications for our current funding strategy.
- v. In light of the changes proposed and the relatively short timescale over which they are likely to be implemented the 'New LGPS Scheme' project is being amended and updated to reflect the current situation.