

**FLINTSHIRE COUNTY COUNCIL**

**REPORT TO:** **CLWYD PENSION FUND COMMITTEE**

**DATE:** **26<sup>th</sup> NOVEMBER 2015**

**REPORT BY:** **CLWYD PENSION FUND MANAGER**

**SUBJECT:** **LGPS CURRENT ISSUES UPDATE**

**1.00 PURPOSE OF REPORT**

1.01 The purpose of this report is to ensure that the Members of the Committee as far as possible remain aware of the National and Local issues facing the management and operation of the Local Government Pension Scheme.

**2.00 BACKGROUND**

2.01 Mercer's rolling "current issues" documents focus on the Regulations and other matters and form the background of this report for the Committee meeting.

2.02 Any items that the Fund Actuary, a Pension Fund officer, or a member of the Advisory Panel believe is of key significance will be highlighted in section 3 of this report.

2.03 In addition to the "current issues" document tabled for the September Committee meeting, also attached is an Employer facing "current issues" document that was produced for the recent Annual Joint Consultative Forum.

**3.00 CONSIDERATIONS**

3.01 It is recommended that all Members familiarise themselves with all the current issues listed in both documents.

3.02 Key items to be noted in current issues and employer facing papers are:

- HM Treasury's decision to implement a Public Sector exit payments cap on redundancy pay-offs (a decision will be needed by the Welsh Government under its devolved powers in order to implement in Wales). This is to **include** payments related to early access to an unreduced pension - a benefit available to members of the LGPS who are above aged 55 at the time.
- The Government has invited LGPS administering authorities to work together and pool assets in order to reduce costs.
- CPI for year to September was negative, affecting LGPS and other UK public service and state pension benefits.
- The 2015 Summer Budget included some far reaching changes:
  - Annual Allowance will reduce from 6 April 2016 for high earners

- Pension Input Periods to change from 6 April 2016. The LGPS will see a transition from the current Input Period (1 April - 31 March) to tax years.
- A Green Paper consultation was issued in order to seek views on whether there is a case for reforming the pension tax relief system, or keep the current one. An announcement is expected in the Autumn Statement.
- The Association of British Insurers provide the first insight of behaviours of pension savers following the introduction of the new Freedoms.
- The LGPS Cost Management process likely to need work and agreement from Administering Authorities, potentially with cost implications given the level of detail requested.
- A New Fair Deal consultation is expected to emerge, likely to run for three months.
- The Pensions Ombudsman accepts an LGPS member's complaint over early retirement access. The case serves as a reminder to all funds and employers to ensure that up-to-date discretionary policies are in place.

3.03 The Fund Actuary, Advisory Panel members and pension fund officers will be present to answer any questions that Members may have.

3.04 Some of the resultant actions for the Fund will be noted in other reports.

#### **4.00 RECOMMENDATIONS**

4.01 That Committee Members note the report.

#### **5.00 FINANCIAL IMPLICATIONS**

5.01 None directly as a result of this report.

#### **6.00 ANTIPOVERTY IMPACT**

6.01 None directly as a result of this report.

#### **7.00 ENVIRONMENTAL IMPACT**

7.01 None directly as a result of this report.

#### **8.00 EQUALITIES IMPACT**

8.01 None directly as a result of this report.

#### **9.00 PERSONNEL IMPLICATIONS**

9.01 None directly as a result of this report

#### **10.00 CONSULTATION REQUIRED**

10.01 None directly as a result of this report.

## **11.00 CONSULTATION UNDERTAKEN**

11.01 None directly as a result of this report.

## **12.00 APPENDICES**

12.01 LGPS Current Issues.

12.02 Employer Facing Document.

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## **LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985**

Background Papers: Attached documents from Mercer

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