

PE83. LGPS (SCOTLAND) 2015

The Committee considered a report by the Chief Finance Officer summarising the major changes to the Local Government Pension Scheme, the common framework and implications of the Public Service Pensions Act 2013 with effect from 1 April 2015, and detailing the latest developments since the Panel's meeting in November 2013 in the implementation of the new scheme.

These changes included:-

- The scheme benefits based on the Career Average (CARE) rather than the Final Salary;
- The alignment of the Scheme Retirement Age with the State Pension Age as this increased from age 65 to 68; and
- The introduction of new governance arrangements.

The Public Service Pensions Act 2013 aimed to establish a common framework for public sector pensions in the UK and to ensure that the schemes were sustainable in the long term.

The report confirmed that negotiations in relation to the Local Government Pensions Scheme (LGPS) were the responsibility of the Scottish Local Government Pension Advisory Group (SLOGPAG), consisting of COSLA, Scottish Government and Trades Union representatives.

The finalised Heads of Agreement was published by the Scottish Public Pensions Agency (SPPA) in early January 2014 and was circulated to all Falkirk Fund employers for publicising to scheme members.

Consultation thereafter took place on the implementation of the new scheme as undernoted:-

- Draft Scheme Regulations - This 6 week consultation exercise, from 6 January to 16 February 2014, was designed to establish whether the regulations were generally fit for purpose and conformed to the terms of the Act and the Heads of Agreement. A joint response was submitted by Pensions Managers of the Scottish Funds;
- Governance Arrangements - This 6 week consultation exercise, from 23 December 2013 to 3 February 2014, aimed to stimulate debate relating to the various governance issues associated with the 2013 Act. The response, agreed by the Conveners of the Pensions Panel and Committee, was consistent with those submitted by the LGPS Fund Conveners' and the National Pension Fund Officers Groups. The key governance roles for the public service schemes included the Responsible Authority, the Scheme Manager, the Pension Board and the Scheme Advisory Board; and
- Pension Regulator's Draft Code of Practice - The Act extended the Pension Regulator's (TPR) role to provide regulatory oversight of public service pension schemes. To this end, a draft Code of Practice was issued for consultation on 10 December 2013. This reference document,

for Scheme Managers and Pensions Boards, provided guidance on the Schemes appropriate management in key areas:- knowledge and understanding, conflicts of interest, management of risk, scheme administration and resolving member disputes.

The other pertinent responsibilities included communicating with scheme members, staff and employer training on the scheme's provisions and meeting ensuring the Regulator's Standards were met.

Decision

The Committee noted the latest developments in relation to the establishing of LGPS (Scotland) 2015.