

Mr V Kiddell
Workforce, Pay and Pensions
DCLG
SE Quarter Fry Building
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Dear Mr Kiddell

Local Government Pension Scheme (LGPS) Amendment Regulations

Thank you for the opportunity to respond to the DCLG's consultation inviting comments on changes to the LGPS regulations.

I respond on behalf of the Dorset County Pension Fund (DCPF).

Fair Deal in the LGPS

The DCPF are supportive of the general proposals contained in the consultation document to provide for an individual's continued access to the LGPS when they are compulsorily transferred from their public sector employment.

However the rationale for including non-public sector organisations who participate in the LGPS as a 'community' admission body via an admission agreement is inconsistent. Police and Crime Commissioners have been excluded from Fair Deal protection on the basis that they are not a best value authority, surely this should also apply to those bodies with a 'community' admission agreement? Requiring these bodies to ensure continued access to the LGPS may restrict their flexibility as private organisations, may increase financial pressures and increase the risk of such bodies entering liquidation which would result in them becoming an exiting employer. If this occurred there would be a pensions deficit crystallising event which the Fund may not be able to recover.

Early Payment of Pensions for members aged 55 and older

The DCPF are supportive of draft regulation 24 and would like to see this option extended to members of the LGPS who left prior to 1 April 2008. This would be consistent with HM Government's Freedom and Choice reforms. The payments would be cost neutral as full actuarial reductions would apply and it may also help to prevent these members from transferring out their pension rights resulting in less generous pension benefits being paid. The 1995 and 1997 regulations would need amending and there is precedent of revoked regulations being amended in the past e.g. Regulation 17(9) of the Transitional regulations 2014 substituted the definition of 'eligible child' from the 2013 regulations into each of the 1974, 1986, 1995, 1997 and 2007 (Benefits) Regulations.

Extension of Underpin Protections

The DCPF do not support the proposal in draft regulation 25 that would potentially require LGPS funds to provide underpin protection to certain members who have transferred in pension rights from other public service pension schemes. The reasons for the non-support are as follows:

- The members to whom this would apply are being forwardly protected for a type of LGPS membership they never accrued.
- It is being retrospectively imposed on Funds years after the reformed scheme's protections and design have been costed and implemented.
- Public Sector transfer club protections are in place so why is further protection required?
- The protection will have cost implications for the scheme which makes it likely that the scheme will breach the cost control measures.
- Very few members will benefit from this as in most cases the LGPS career average benefits structure provides a higher pension than the final salary section.
- Identifying the individuals who would be affected by this protection would have to be resourced both in terms of systems and manpower. Pension Teams are already stretched to their limits and this would be an additional burden for very little practical benefit to those affected.
- Was it the intention of the proposal to provide the individuals affected with higher protection than they would have had if they had re-joined their former public service pension scheme? The underpin protection would give individuals the better of final salary or CARE, the protection within other public service pension schemes is limited to continued access to a final salary pension scheme.

The DCPF hope that this response will be helpful in deciding the way forward with the proposed amendments.

Yours sincerely

Anne Weldon
Pensions Benefits Manager