

23 February 2010

To: addressees below

Dear Colleague,

Local Government Pension Scheme - an update on the draft Regulations relating to two machinery of government changes – the dissolution of the Learning and Skills Council, and merger of Probation Boards to form Probation Trusts

Part 1 – Learning and Skills Council

Draft proposals to amend the Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 and the Local Government Pension Scheme (Administration) Regulations 2008 to comply with Fair Deal for Staff Pensions, and deal with other LGPS issues, for staff transferring from the Learning and Skills Council to Local Authorities on 1 April 2010.

1. You have already been consulted on a draft statutory instrument dealing with Fair Deal for Staff Pensions¹ requirements which would apply when staff of the Learning and Skills Council (LSC) transfer to Local Authorities under provisions in the Apprenticeships, Skills, Children and Learning Act 2009. Draft regulations were circulated for comment on 18 September 2009.
2. I attach the latest working draft of the Local Government Pension Scheme (Amendment) Regulations 2010 and bring to your attention changes made taking on board comments made during the consultation. This letter is not seeking comments on the Regulations but is intending to provide assurances to the interested parties that steps are being taken to take forward the amendments needed to permit the smooth transfer across occupational pension schemes.
3. In addition to the protections for a retirement age of 60 (age 50 for certain benefits) for those who retain entitlement under Fair Deal for Staff Pensions, there are new measures as follows:

¹ A note on Fair Deal for Staff Pensions can be found at http://www.hm-treasury.gov.uk/d/pensions_bta_guidance_290604.pdf

- Transferring LSC employees will pay an increased employee contribution rate when they join the LGPS. They are to be given a non pensionable pay uplift to meet this additional cost as part of the requirements of Fair Deal for Staff Pensions. The LGPS regulations define what is meant by non pensionable pay but the pay uplift for these transferring staff is not currently included in the list. **Draft Regulation 3** amends Benefits Regulations 4 (2) to add this payment to the list of definitions of non pensionable pay for this group of transferring employees.
- **Draft Regulation 4** adds the PCSPS service for those eligible transferring LSC staff to be included towards the three month qualifying period for retirement benefits.
- **Draft Regulation 7** has been further amended to clarify the PCSPS schemes to be included in this regulation.
- Transferring staff who opt to transfer their PCSPS service to the LGPS will have their accrued membership transferred on bulk transfer terms. Bulk transfers-in are not provided for in the LGPS regulations and there will be provision for this and **draft Regulation 11** will be finalised when discussions about the terms have concluded.
- There are other consequential amendments relating to the LSC transfer.

Part 2 – Probation Boards and Probation Trusts

Draft proposals to amend the Local Government Pension Scheme (Administration) Regulations 2008, to manage the transfer of assets and liabilities between administering authorities affected by the merger of Probation Boards to Probation Trusts taking place from 1 April 2010.

4. Comments received do not impact on the draft Regulations relating to the setting up of Probation Trusts and no further amendments have been made. Comments received were concerned with the process which is being addressed separately.

Amendment to Benefit Regulations 19 – to include 31 March 2010

5. Draft Regulation 9 does not form part of the measures dealing with the machinery of government changes but makes a minor but important correcting amendment to regulation 19 (early leavers: inefficiency and redundancy), to clarify that the age change from 50 to 55 only applies from 1 April, as intended, and not 31 March as currently stated.

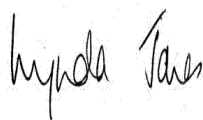
The draft Regulations

6. In respect of both main elements of the draft Regulations, please note that there could be some minor and technical drafting amendments necessary before the regulations are finalised and agreed by Ministers but it is unlikely that the substance will be altered.

Timetable

7. LGPS practitioners and affected individuals can be assured that all steps are being taken to ensure the draft Regulations will be finalised and, if Ministers agree, the Statutory Instrument can be made and laid as soon as possible before 1 April 2010.
8. In the event, that there is a delay with this formal procedure, the Regulations will have effect from the date the relevant transfers occur which is 1 April 2010.

Yours sincerely,



**Lynda Jones,
Head of Branch 3
Workforce, Pay and Pensions
Communities and Local Government**



This letter is addressed to:

<p>Learning and Skills Council Department for Children, Schools and Families Ministry of Justice National Offender Management Service Government Actuary's Department Probation Boards and Trusts</p> <p>All LGPS Administering Authorities</p> <p>The Chief Executive of:</p> <p>County Councils (England) District Councils (England) Metropolitan Borough Councils (England) Unitary Councils (England) County and County Borough Councils in Wales</p> <p>London Borough Councils Tameside Metropolitan Borough Council Wirral Metropolitan Borough Council City of Bradford Metropolitan District Council</p> <p>South Tyneside Metropolitan Borough Council</p> <p>Wolverhampton City Council London Pension Fund Authority Environment Agency National Probation Service for England and Wales</p> <p>Town Clerk, City of London Corporation Clerk, South Yorkshire PTA Clerk, West Midlands PTA</p> <p>The Secretaries of:</p> <p>Local Government Association LGPC Local Government Employers' organisation (LGE)</p> <p>PPMA SOLACE ALACE CIPFA ALAMA UCEA NALC SLCC</p>	<p>The Secretaries of:</p> <p>Society of County Treasurers Society of District Council Treasurers Society of Welsh Treasurers Society of Metropolitan Treasurers Society of London Treasurers</p> <p>Association of Consulting Actuaries Northern Ireland Public Service Alliance Homes and Communities Agency</p> <p>Trades Union Congress UNISON GMB/MPO UCATT Aspect Unite NAPO Association of Educational Psychologists CYWU ACM</p> <p>Audit Commission</p>
--	--