



Belfast City Council

Report to:	Strategic Policy and Resources Committee
Subject:	Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations (NI) 2008 Local Government Pension Scheme (Administration) Regulations (NI) 2008 Local Government Pension Scheme (Transitional Provisions) Regulations (NI) 2008
Date:	24 October 2008
Reporting Officer:	Trevor Salmon, Director of Corporate Services, extension 6083
Purpose	
<p>The purpose of this report is to inform members on the current consultation exercise in respect of the proposed new regulations, which is due to close on 31 October 2008, and to consider a suggested response.</p>	
Relevant Background Information	
<p>Belfast City Council welcomes the opportunity to comment on the above proposed regulations. It is a fact that people are living longer and consequently former employees are drawing benefits for longer periods than before. The proposed changes to local government staff pensions and regulations are therefore both needed and necessary. There must be a modern scheme that is affordable, viable, and fit for the 21st century.</p>	
Key Issues	
<p>The key aspect of the proposed regulations is to make sure that the pension scheme is sustainable in the long term, provides a good deal for Council ratepayers, and makes sure that local government continues to be an attractive place to work for both current and future employees. Notwithstanding, there are some issues that the Department of the Environment might wish to consider before making the regulations.</p> <ul style="list-style-type: none">• There are three sets of regulations out for consultation requiring cross referencing for some elements of the proposals. It would be preferable to produce one set of regulations for ease of management and understanding.• Seven new contribution rates are being introduced for employees and this will result in a significant administration burden for employers, scheme administrators as well as presenting some inequities. It would be preferable to determine one common contribution rate for all participants calculated on an average rate, which is understood to be circa 6.3%. Additionally, some discretions are provided for employers to exercise and it is considered this may well result in wide variations within schemes given the number of employers. This is not viewed as desirable and may well lead to future difficulties for employers.	

- New ill-health arrangements are proposed introducing a 3-tier system. It is believed these proposals are unworkable as has been demonstrated in England. It would appear to be perverse to introduce any such new arrangements given they will not work.
- Revisions to amend the application of Flexible Retirement arrangements so that part of a member's benefits can be paid require clarification before they can be implemented.
- Proposals to revise the age at which benefits can be accessed from 50 to 55 is unhelpful at this time given it will limit scope for managing the transition of a small number of employees through the RPA process. It would be preferable if this could be deferred to facilitate RPA transition work. It may be that the relevant Compensation Regulations could be modified to mitigate the negative impact of this age revision.

Recommendations

Members are asked to note and agree the information set out in this report which will be submitted in due course to the Department of the Environment.