

Mark Crutchley

From: Mike Woodall
Sent: 05 December 2005 10:36
To: Brian Bailey; WMPF Service Management Team
Subject: FW:

From: Elaine English [mailto:Elaine.English@lg-employers.gov.uk]
Sent: 02 December 2005 16:58
To: Unlisted-recipients
Subject:

Dear colleagues

The Minister for Local Government, Phil Woolas, today set out in a written statement the outcome of the recent discussions on the Local Government Pension Scheme that the Government has held with local authority employers and trades unions through the Tripartite Committee. A copy of the statement is attached. The key elements are:

* the 85 year rule (under which members can voluntarily retire on or after age 60 with unreduced benefits if their combined age and scheme membership, both in whole years, equals at least 85 years) is to be removed from the scheme in respect of benefits accruing on or after 1 October 2006 in order to comply with European age discrimination legislation. The 85 year rule also discriminates against women, as fewer women satisfy the rule

* benefits accrued up to 30 September 2006 will be fully protected

* additional transitional protections, which can be objectively justified, are to be put in place for those closest to retirement but the precise terms of these are to be considered in discussions with local authority employers and the trades unions over the coming months and in parallel with ongoing discussions over the next six months on a new-look LGPS which it is planned should come into effect from April 2008

* the cost of the delay in the removal of the 85 year rule (following the revocation of its removal last year) is to be met with no additional call on central or local government budgets. This will be achieved through the tax simplification measures contained in the Finance Act 2004 which allow members drawing their benefits on or after 6 April 2006 to take up to 25% of the value of their benefits as a tax free lump sum, thereby reducing pension funds' long-term pension liabilities in respect of those members who opt to take a more lump sum

* additional flexibilities will be introduced into the scheme linked to the tax simplification measures contained in the Finance Act 2004

* draft regulations covering the above will be issued shortly

* it is intended that a discussion paper on a new look LGPS should be issued in the Summer of 2006, leading to draft regulations in the Autumn of 2006 and final regulations in April 2007. This would

provide a 12 month window for system developments, communication, etc before the new Scheme came into effect from April 2008.

Commenting on the announcement, Chairman of the Local Government Association, Sir Sandy Bruce-Lockhart, said :

“The changes announced by Mr Prescott today are both needed and necessary.

The key aspect of this decision is that the changes to the pension scheme do not cost the council taxpayer any more money while at the same time making sure that local government continues to be an attractive place to work in.

The Local Government Association has been pressing for these changes for the last 12 months.

In the long run, the current pensions scheme for council staff, particularly the '85 year rule' was not economically viable for council taxpayers and employers and not fair to many employees.”

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