



Office of the
Deputy Prime Minister

Creating sustainable communities

Addressees Overleaf

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Dear Colleague

Local Government Pension Scheme in England and Wales Local Government Pension Scheme (Amendment) Regulations 2005

I enclose for your attention a copy of the Local Government Pension Scheme (Amendment) Regulations 2005 made under powers contained in section 7 and section 12 of the Superannuation Act 1972. The regulations were laid before Parliament on 13 July and come into force on 3 August 2005. They have retrospective effect from 1 April 2005.

A statutory consultation exercise took place between 1 April and 31 May on draft amending regulations. A total of 489 responses were received from LGPS interests in England and Wales and these have been considered as part of the amendment process.

The purpose of regulations 2-5 is to return the Scheme to the position which existed as at 31 March 2005, immediately before the Local Government Pension Scheme (Amendment)(No 2) Regulations 2004 (the "No 2 regulations") came into effect. Some minor changes affecting regulations 31(7), 80(5) and 93(2)(aa) introduced by the No 2 Regulations, are still retained and a change is also made to regulation 55 of the LGPS Regulations 1997 (the principal regulations).

These amendments, now made to the principal regulations, will permit further evidential studies to be carried out, by the Autumn, to provide more detail of the cost implications of phasing out the 85 year rule from the Scheme. This work is continuing under the auspices of the LGPS tri-partite committee, and will enable Ministers to satisfy their statutory obligation to ensure that the Scheme's solvency is maintained and prudently managed, whilst remaining affordable and sustainable for all stakeholders.

Regulation 8 of these regulations allows administering authorities to consider whether and what adjustment needs to be made to the rates and adjustments certificate issued by fund actuaries as a result of the 2004 valuation. The regulation provides powers to carry out a fund valuation as at 31 March 2004, based on data previously provided for the 2004

valuation exercise, but rolled forward as appropriate. This regulation also requires work involved in preparing any changes to the rates and adjustment certificate to be reported to the Secretary of State by no later than 30 September 2005. Administering authorities in reviewing their existing Funding Strategy Statements will be best placed to consider the interactions between that process and any fresh valuation exercise they choose to carry out.

Ministers will consider in the Autumn the results of valuation exercises, and the findings of other studies being undertaken, as a means of informing the basis of any further regulatory amendments needed to protect the long term stewardship of the Scheme and, in particular, its on-going solvency. Consultations on these further regulations will take place in time for them to take effect from 1 April 2006. In addition, the information will be of significance in establishing a sound basis for local authorities budget setting processes and the Settlement for 2006/07, as well as informing discussions about the longer term modernisation of the Scheme.

Any queries arising from the introduction of these regulations should be directed to Emma Nutt ODPM, Zone 2/E7, Ashdown House, 123 Victoria Street, London, SW1E 6DE, or 020 7944 6014, or emma.nutt@odpm.gsi.gov.uk

Yours sincerely,

T B J Crossley

Addressed to:

The Chief Executive of:

- County Councils (England)
- District Councils (England)
- Metropolitan Borough Councils (England)
- Unitary Councils (England)
- County and County Borough Councils in Wales
- London Borough Councils
- South Yorkshire Pension Authority
- Tameside Metropolitan Borough Council
- Wirral Metropolitan Borough Council
- Bradford Metropolitan City Council
- South Tyneside Metropolitan Borough Council
- Wolverhampton Metropolitan Borough Council
- London Pension Fund Authority
- Environment Agency.

National Probation Service for England and Wales

Town Clerk, City of London Corporation
Clerk, South Yorkshire PTA
Clerk, West Midlands PTA

Police Authorities in England and Wales
Fire and Rescue Authorities in England and Wales
Local Government Association

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New Towns Pension Fund

ALAMA

Audit Commission

UCEA

Fire and Rescue Authorities

Police Authorities

Association of Consulting Actuaries

Society of County Treasurers

Association of District Treasurers

Society of Welsh Treasurers

Society of Chief Personnel Officers

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