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30 June 2006

## **LOCAL GOVERNMENT PENSION SCHEME IN ENGLAND AND WALES OPTIONS FOR DISCUSSION**

With the agreement of Ministers, I enclose a consultation document which sets out a number of costed options to assist in the development of a new-look Local Government Pension Scheme for introduction in April 2008.

Your views on the document's options and responses to the specific questions posed in Annexes 2 and 3 are now invited and they should be with the Department **NO LATER THAN 29 SEPTEMBER 2006**. They should be sent either to [LGpensions@communities.gsi.gov.uk](mailto:LGpensions@communities.gsi.gov.uk) or in writing to: Nicola Rochester, Local Government and Firefighters' Pension Schemes Division, Zone 2/F8, Ashdown House, 123 Victoria Street, London, SW1E 6DE. Requests for further information or clarification should be directed to Myfanwy Taylor, at the address above or at [myfanwy.taylor@communities.gsi.gov.uk](mailto:myfanwy.taylor@communities.gsi.gov.uk).

### **Background**

Ministers have previously indicated their intention to come forward, at this time, with costed options for a new-look LGPS and to seek the views of interested parties. Their intention is then to circulate draft amending regulations later in the year for the necessary statutory consultation exercise on specific proposals for a new-look Local Government Pension Scheme to apply in England and Wales from 1 April 2008.

The programme timetable for these stages is as follows: -

- |     |   |                                   |
|-----|---|-----------------------------------|
| i   | Costed options consultation   | 30 June 2006 to 29 September 2006 |
| ii  | Statutory consultation exercise on specific new-look LGPS proposals | November 2006 to February 2007    |
| iii | Make and lay new-look Scheme regulations                            | April 2007                        |
| iv  | New-look Scheme to be in force                                      | April 2008                        |

The programme of reform now going forward has been well-documented; it should be viewed challengingly and positively. This is a critical time for the Scheme. There is little scope for delay if the key dates in 2007 and 2008 are to be achieved. **Consultees are encouraged, therefore, to engage quickly in this exercise given the timetable outlined above.**

## Policy Context and Options

The Government's policy towards the LGPS in England and Wales is now well established. It is to support the provision of good quality, index-linked, pensions for workers in and around local government. However, affordability, viability, and fairness to tax payers, all remain key ingredients of Scheme stewardship, as is the need for equality-proofing. These elements will continue throughout the current exercise and the remaining stages of the reform programme. Your contribution to the debate at this stage can assist directly in this important process.

This is a real opportunity to help ensure that the Scheme can go forward on an affordable and sustainable basis; the need to balance fairness for Scheme members and taxpayers is central to the whole LGPS modernisation and reform exercise. The role of Scheme employers and providers is critical also because they underpin the viability of the Scheme and so ensure its stability. Any change, let alone improvement, carries with it a future cost. The social, economic and financial context within which the Scheme operates is changing rapidly. So too is the nature of local government, and its workforce. The Government's plans for state pension and other reforms are now published and provide a backdrop to the LGPS reforms.

In preparing this exercise, the Department involved a number of key stakeholder interests who have been regularly consulted on a wide range of options, costed by the Government Actuary's Department (GAD) over recent months. We are grateful for their helpful contributions which have assisted in the narrowing down from the extensive number of original benefit package permutations and which has led ultimately to the options now set out in the enclosed consultation document. In parallel, a number of LGPS administering authorities have also been developing new ways forward.

Four options are set out to on which to seek your views, invite analysis and comments. **None are being recommended.** There are no fixed proposals; there is no front runner. This is a genuine opportunity for **all** Scheme interests to engage in an important stage in the introduction of a new-look LGPS to meet the needs of the workforce, employers and other relevant objectives. It is hoped that LGPS administering authorities will see the advantage, with actuarial assistance, of costing the options, or variations, to reflect local circumstances, including the position of a range of local employers. This should add data and depth to their actual responses and directly assist in the final choice of a new scheme.

To accompany this informal consultation exercise, open seminars for all Scheme interests, especially the major employers, have been arranged to take place in London in July. Details are set out at Annex A. The Department is also happy to be involved in any other arrangements which consultees or their advisers decide to organise. Please contact Nicola Rochester using the contact information above, or by telephone 020 7944 6016, if you wish to take this offer up.



**T B J CROSSLEY**

## LOCAL GOVERNMENT PENSION SCHEME

### NEW LOOK SCHEME WORKSHOPS

A series of workshops has been arranged by DCLG to engage LGPS interested parties (employers, providers, trades unions and members) in the objectives and scope of the proposed new-look Scheme design process. Essentially it will be a two way exercise in participation with an extended Q&A session.

The details are set out below

Thursday	13 July	Ashdown House Victoria	9:30 am – 1pm
Friday	21 July	Ashdown House Victoria	9:30 am – 1pm
Friday	28 July	Ashdown House Victoria	9:30 am – 1pm

If you would like to attend one of these events, do please contact either Nicola Rochester on 020 7944 6016 or via email [nicola.rochester@communities.gsi.gov.uk](mailto:nicola.rochester@communities.gsi.gov.uk), or Diana Abelson on 020 7944 5971 or via e-mail [diana.abelson@communities.gsi.gov.uk](mailto:diana.abelson@communities.gsi.gov.uk) as soon as possible indicating your preferred date. Places are limited and will be allocated on a first come first served basis. Additional events can be arranged if there is sufficient interest.

Enquiries should be made to either Nicola Rochester or Diana Abelson

**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.

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

Fire and Rescue Authorities in England and Wales  
Police Authorities in England and Wales  
Employers' Organisation  
SOLACE  
CIPFA  
ALAMA  
UCEA  
Police Authorities  
Society of County Treasurers  
Society of Metropolitan Treasurers  
National Probation Service for England and Wales  
Northern Ireland Public Service Alliance

Trades Union Congress  
UNISON  
TGWU  
GMB  
UCATT  
NAPO  
AMICUS

Other Government Departments  
GAD  
DoE (NI)  
SPPA

Local Government Association (LGA)  
LGPC  
SOCPO  
ALACE  
New Towns Pension Fund  
Audit Commission  
Fire and Rescue Authorities  
Association of Consulting Actuaries  
Society of District Council Treasurers  
Society of London Treasurers  
Society of Welsh Treasurers  
Society of Chief Personnel Officers

AEP  
FBU  
Aspect  
Managerial & Professional Officers  
Fire Officers' Association  
CYWU