

15 July 2005

Important Information about the Local Government Pension Scheme Local Government Pension Scheme (Amendment) Regulations 2005

As you may be aware, amendments were made to the Local Government Pension Scheme with effect from 1 April 2005. Amongst other things, the amendments increased the normal retirement age for many members and increased the minimum age at which benefits could be paid. The background to the amendments was the rising cost of pension provision.

Because of the controversial nature of this action, the Deputy Prime Minister agreed that he would consult with local government employers and trade unions with a view to revoking these amendments but, at the same time, said it would be necessary to consider what future measures may need to be taken to ensure the future affordability and sustainability of the Pension Scheme.

Following representation from local authority representatives and trade unions, the Government issued draft regulations on 1 April 2005 to revoke the amendments referred to above. These draft regulations were subject to an 8-week consultation period. The purpose of these draft regulations was to put the Pension Scheme back to where it was immediately before 1 April 2005.

On 12 July 2005, Mr Phil Woolas MP, the Minister for Local Government, placed a written statement in the House of Commons. The statement said that in the light of consultation it had been decided that it would be appropriate to revoke the Amendment Regulations which introduced changes to the Pension Scheme from 1 April 2005. The revocation would be retrospective.

This means that the terms of retirement are as they stood immediately before the changes were introduced on 1 April 2005. For example, those who previously would have been able to have their retirement benefits paid at age 60 or over but before age 65 without any reduction will continue to be able to do so, and those who are required to leave on redundancy or "efficiency" grounds at age 50 or over will be entitled to immediate payment of unreduced benefits as before.

However, consultation between employers, trade unions and central government will continue in order to ensure that the Local Government Pension Scheme remains solvent without additional financial input from employers or the government. This Autumn, ministers will consider the outcome of valuation exercises and other associated studies with a view to introducing further Amendment Regulations in April 2006.

If you would like to read the statement from Mr Phil Woolas, please go to

www.staffordshire.gov.uk/pensions on the Staffordshire Web.