



SCOTTISH PUBLIC PENSIONS AGENCY

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Dear Colleague

LOCAL GOVERNMENT PENSION SCHEME ODPM STOCKTAKE – PHASE 2 POLICY PROPOSALS DISCUSSION PAPER

I attach for information a consultation paper, together with a covering letter, issued by the Office of the Deputy Prime Minister on 7 November 2003, relating to the Local Government Pension Scheme in England and Wales and invite you to take the opportunity to comment on the proposals.

You will note that the papers refer to “phase 2” proposals. ODPM issued draft regulations relating to “phase 1” proposals on 30 September, their aim being to have the regulations in force by 1 April 2004. The phase 1 proposals are essentially aimed at simplification of the regulatory framework, removing unnecessarily complex or outmoded provisions and to introduce changes to the provisions covering the internal disputes resolution procedure, and ill-health retirement. The phase 1 proposals can be seen on ODPM’s website: www.odpm.gov.uk The SPPA will be issuing similar draft regulations, probably in the New Year, to addressees for comment.

The phase 2 proposals covered in the attached papers reflect the recent pension policy changes to all occupational pension schemes announced in the Government’s White Paper, and in particular the raising of the normal retirement age for public servants to 65. Whilst the LGPS already has a normal retirement age of 65, there are nevertheless certain aspects of the scheme which allow retirement at an earlier date, generally referred to as the rule of 85. The removal of this rule and its affect on existing scheme members is addressed in this paper.

We consider that it is important, therefore, to bring the attached proposals to your attention to allow you an early opportunity to comment on them. If you do decide to comment, your views should be sent direct to ODPM, as directed in their letter. I should be grateful, however, if you would let us have a copy. Please note that ODPM’s deadline for comments is **12 January 2004**.

Although ODPM are proposing to introduce the changes earlier than we had anticipated, we are not bound to adopt the same timetable. However in the light of EU rules on age discrimination which

take effect from 2006 we will certainly have to carefully review our position. Under these new ageism rules it will be illegal to directly discriminate on the grounds of age and there is a view forming which suggests that the rule of 85, amongst others, may fall foul of the EU regulations. SPPA may therefore find it necessary to follow the line being taken by ODPM.

Yours sincerely



p.p. I Clapperton
Senior Policy Manager

Addressees

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