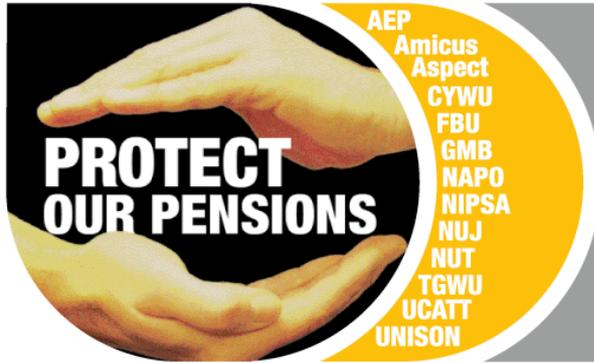


UNIONS TOGETHER FIGHTING TO



19 May 2006

LOCAL GOVERNMENT PENSION SCHEME

NEGOTIATIONS NEWSLETTER 2

Negotiations Update

Negotiations have been taking place with the Local Government Association (LGA) and the Local Government Employers (LGE) on protection and improvements to the LGPS for the future, following agreement on the Joint Statement with the LGA in April.

The Statement called for urgent negotiations to start on protection and the new look scheme, with 50% of the savings from removal of the 85 Rule and the 25% lump sum commutation provision to be made available for protection and improvements, including full protection. The Statement also called for urgent discussions to resolve the differences between the trade union actuaries – AON - and the Government and employers' actuaries.

A number of meetings have been held with the LGA and LGE. A meeting between the actuaries was also held on 17 May, where some progress was made towards resolving the actuarial differences. The Government and the employers continue to insist that the 85 Rule is discriminatory and in their view breaches the UK and European age discrimination legislation.

Judicial Review lodged

We do not agree and continue to tell them so! In order to challenge their view, UNISON has lodged a judicial review, with the support of the Trade Union Side. It should be heard in the High Court in the next two months. If we win, the Amendment (3) Regulations removing the 85 Rule will be quashed and the way will be open for new negotiations.

Improvements so far

During the recent talks - which will continue - we have been able to demonstrate that there are enough savings to provide full protection and improvements to the current scheme, even using the Government Actuary's cautious figures!! Following on from

our 28 March day of action, the Government has shown some willingness to improve on protection, within the constraints of its legal view.

The Department for Communities and Local Government (DCLG) has said that it is 'minded' to consult relevant bodies on some improved protection arrangements in order to amend the protection in the Amendment (3) Regulations. The LGA has said that it is prepared to go along with the DCLG's suggested amendments. They would:

- **Delay the removal of the 85 Rule until 31 March 2008, instead of 2006, for all existing scheme members at 30 September 2006.** This would mean that those members would continue to accrue benefits under the 85 Rule until the new look scheme is introduced in 2008
- **Extend the transitional protection in the Amendment (3) Regulations from 31 March 2013 until 31 March 2016. This would apply to all existing scheme members at 30 September 2006 who will be 60 or over by 31 March 2016. There would be tapering reduction factors to 2020 to tie in with the increase in the state retirement age for women to 65 in 2020 and avoid the 'cliff edge' effect**

The Trade Union Side view

The Trade Union Side had met on 11 May and had decided that, while the current position outlined above falls far short of our objective of achieving full protection, it does represent a marginal improvement on the protection in the Amendment (3) Regulations. **It therefore decided to note the current position and not oppose the consultation proposed by the DCLG.**

However, the unions will continue to argue for full protection and improvements to the scheme for present and future LGPS members. The TU Side felt that, while marginal, those improvements should not be opposed while the outcome of the Judicial Review is uncertain.

The 'New Look' Scheme

Our objective for the 'new look' LGPS is to secure improvements which will benefit existing and future members. We want to avoid a 'two tier' pension arrangement. We particularly want to see:

- An improvement to the accrual rate, from 1/80 to 1/60
- A significant improvement to the actuarial reduction factors which apply when a member retires before her/his normal retirement age. This would mean that anyone retiring before the future pension age of 65 would suffer a smaller reduction in their pension
- Partners' pensions for unmarried and unregistered partners, whether same sex or heterosexual

- Better death in service benefits
- Means to encourage more low paid members into the scheme
- Improved arrangements for 'admitted body status'
- Effective trustee arrangements
- Equivalent pension provision for Muslim employees, compatible with Sharia law

Any new proposals will need to be fully equality proofed and compatible with equality legislation.

Watch this space!

We will be keeping you informed of progress in the negotiations through the Trade Union Side LGPS Campaign News.