Communities and Local Government

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Sir Steve Bullock
Local Government Group
Local Government House
Smith Square
London
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6 March 2012

Dear Sir Steve Bullock and Councillors Steve Comer, Ian Greenwood and Roger Philipps,

LOCAL GOVERNMENT PENSION SCHEME 2014 PROJECT
PROJECT PLAN – WORKSTREAM ONE OUTCOMES

Thank you for your proposal of the 13th February for reform of the Local Government Pension Scheme in England and Wales. Ministers are grateful for the work that has been done to date and will be writing shortly to set out their views.

At this stage, I am writing, with the agreement of Ministers, to set out some initial comments and suggestions for further work we have identified with Treasury colleagues.

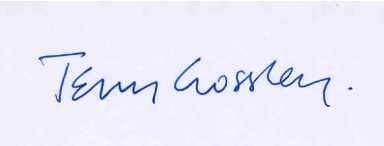
As agreed with the Chief Secretary before Christmas, DCLG and Treasury officials have been working with the Government Actuary's Department (GAD) to reconcile your Workstream 1 proposals. The reconciliation process has been carried out assuming that the normal pension age for all post-2014 service is equal and linked to individuals' state pension age, as set out in the reference scheme. Initial estimates from GAD suggest that, the cost of your proposal is quite a lot higher than the 19.5% you suggest.

I suggest that our teams meet urgently to do some further work to see if we can get our numbers closer together, including considering the savings you attribute to the introduction of a low cost option and the assumptions behind them.

Ministers have asked to be kept in close touch with the outcome and would envisage the Project to progress to its next stage as quickly as possible to maintain the good progress so far achieved.

I am copying this letter to Jeff Houston (LGA), Brian Strutton (GMB), Heather Wakefield (UNISON) and to Peter Allenson (UNITE).

Yours sincerely



T B J CROSSLEY