

## GOVERNMENT CONSULTS ON CHANGES TO THE LGPS

TO: Local Government Mailing List  
School Support List

Dear Colleagues

In our last newsletter we set out details of the moves from the employers on changes they suggested to the Government in order to make the Government demanded £900 Million savings from the LGPS. Eric Pickles, the Secretary of State for Communities and Local Government has now launched a formal consultation on short term changes to the LGPS which can be accessed on the DCLG's website.

These proposed changes do not include changes to the LGPS from 2015 which will be subject to negotiation in October and through to the end of the year. The Government is having 2 bites of the cherry. First, they are taking £900 Million out of the LGPS fund for no other reason than deficit recovery. Secondly, they are seeking to negotiate further major reductions in the value of benefits to take effect in 2015.

### DIFFERENT APPROACHES

There are 2 approaches put forward by the Department of Communities and Local Government to raise the short term saving of £900 million.

#### Approach 1

- Increase employee contributions over 3 years in April 2012, 2013 and 2014 to raise £450 Million savings equivalent to 1.5% of the pensionable pay bill.
- Change the accrual rate – currently 1/60<sup>th</sup> to 1/64<sup>th</sup> in April 2013 and 1/65<sup>th</sup> in April 2015 to raise a further £450 Million. (This would reduce the amount of pension you earn in 2013/4 by 6.2% and then in 2014/15 by 7.7% ).

#### Approach 2

- Increase employee contributions over 3 years in April 2012, April 2013 and April 2014 to raise £300 Million savings equivalent to 1% of the pensionable pay bill.
- Change the accrual rate from 1/60<sup>th</sup> to 1/67<sup>th</sup> in April 2014 to realise a further £600 Million savings.(This would reduce the pension you earn in 2014/5 by 10.4%).

Those on the lowest pay will see little or no increase in their contributions at the expense of those on higher levels of pay who will pay more than the average figures of 1.5% or 1%. But no one will escape the cut in pension which is proposed to substitute for the bigger contribution increases the Treasury wanted.

This has confirmed our fears in that there are draconian increases to contributions and reductions to benefits in both the options put forward in this consultation. This has confirmed the reason why Unite has decided to ballot its members in the LGPS.

The next step will be in January with a further statutory consultation with the real prospect of regulation being laid in Parliament and then it being almost impossible to make change. **That is why it is so vitally important to participate in the ballot for action on 30<sup>th</sup> November which will be taking place and of course maximising a yes vote for that action. This will send a powerful message to Government on Public Sector workers resolve.**

**PETER ALLENSON**

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