

P/19/11

22 December 2011

NEW ROADMAP FOR LOCAL GOVERNMENT PENSION SCHEME REFORM AGREED BY UNIONS, EMPLOYERS AND GOVERNMENT

After months of discussion, GMB and the other main local government trade unions and the LGA on behalf of local government employers have put together a plan for a tightly timetabled series of new negotiations designed, on common principles, to produce a reformed LGPS to be introduced in April 2014. This has been agreed by government without conditions or qualifications.

The plan agreed by employers and unions and approved by the Secretary of State removes the requirement for member contribution increases in April 2012. As a funded scheme worth £165bn, any contribution rise threatened the sustainability of the scheme and the pension savings of four million people in the UK. With three quarters of members earning below £21,000 a year and the vast majority working part time, the LGPS membership is acutely sensitive to cost. Unlike the rest of the public sector, the local government workforce has not had any pay rises in the last few years, even for the lowest paid. In fact many members have had pay cuts.

GMB is pleased that the government has finally recognised that the LGPS needs a reform process that produces a sustainable scheme that the workforce can afford. We now intend to embark on an intensive timetable of negotiations in order to determine the details of a new scheme that can be put to members next year.

The objective of the agreement is to roll the requirements for short term savings and long term reform into a 'one step' process. This process envisages regulations by March 2013, in time for the next scheme valuation, with any changes in place by April 2014/15.

The principles cover both scheme design and the ongoing cost management and governance of the scheme. Discussions on the details including accrual rates and contributions will start in the new year with the 'big ticket' items due to be settled on by April 2012.

In reaching this agreed process all those involved have demonstrated their commitment to and belief in the continuing value of LGPS to both members and employers. For its part, the Government has recognised that the distinctive funded nature of the LGPS allows for a different approach than may be taken by the other public service schemes.

The full text of the way forward agreement is available on the GMB website at www.gmb.org.uk/pspc. Also available on the website are the letters to and from the Secretary of State confirming government's support for this process.

It is clear that the strike on 30 November helped secure an acceptable way forward that means the imminent threat of unfair contribution increases and the wholesale decimation of the LGPS has been halted. Instead we will enter new negotiations in 2012 and it is expected that any negotiated changes will not come into effect until 2014/15. Of course, GMB members will be consulted before any final outcomes are agreed and you will be kept informed of progress along the way.

Best wishes for Christmas and the New Year.

Brian Strutton

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National Secretary - Public Services Section

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