

POTENTIAL AMENDMENT TO LOCAL GOVERNMENT PENSION SCHEME (England & Wales)

Final Pensionable Pay

In light of representations by GMB, the government department that regulates the Local Government Pension Scheme (CLG) has indicated an intention to amend the regulation in the new scheme rules covering the definition of final pensionable pay. The intention is to ensure that all those members who would have been covered in the old scheme by a Certificate of Protection (sometimes called a Certificate of Material Change) will not be excluded from the option to define their final pensionable pay as 'the average of the best three consecutive years in the ten before retirement'. Without this the only definition that can be used is the best year in the three before retirement. Obviously if a change in pensionable pay occurred between three and ten years before retirement (or otherwise leaving service), the member would potentially lose out.

The recent consultation by CLG (documents available through the GMB website www.gmb.org.uk/pspc) outlined some amendments to the regulation on final pensionable pay. Originally the regulation was seen to cover those taking flexible retirement and only a very few specific other circumstances. The CLG consultation sought views on extending this to cover those whose pensionable pay is affected by job evaluation schemes or by actions taken by the employer to achieve equal pay.

Following a case raised by one region GMB was able to argue for a greater amendment that extended the availability of the '3 in 10' definition to other members. The resulting amendment should mean that anyone whose pay increases are restricted for reasons beyond the member's control e.g. their salaries are capped while other members' salaries catch up can use the '3 in 10' definition if required. Furthermore, anyone who loses a pensionable emolument for reasons outside their control could take

advantage of this provision. This could occur, for example, if part of a member's contractual pay (e.g. a tied accommodation amount) was removed or no longer treated as pensionable.

The formal result of the consultation will be known when the regulations are laid in time for the first anniversary of the new scheme in April.

Other Issues

The Future of the LGPS

CLG are also consulting on the next stage of the establishment of a sustainability strategy for the LGPS. The consultation ends on 23rd January and as above, the documents are available on the GMB website.

Ill Health

We are still looking for evidence on ill health retirements since the start of the new scheme, a form is available on the website for any officer/rep who has secured an ill health retirement for a member of the LGPS.

Inflation

From April 2009 all LGPS pensions in payment for more than 12 months should be increased by 5%. Similarly, deferred LGPS pensions and the member contribution rate bands for the scheme will also increase by 5%. This corresponds to September 2008's RPI inflation figure which stood at 5%. Since then RPI has dropped markedly - to 0.9% in December. Pensions are always increased on the basis of September's figure (this applies to state pensions as well as the LGPS) and cannot be reduced. So even if RPI fell below zero in September, pensions would not be reduced, they would simply remain at the previous year's level.

Brian Strutton

Brian Strutton

National Secretary - Public Services Section

www.gmb.org.uk/pspc