

LOCAL GOVERNMENT PENSIONS UPDATE

The launch of the new LGPS in April 2008 (2009 in Scotland and Northern Ireland) was never going to mark the end of reform to the scheme. Since then there have been more discussions on cost sharing, ill health provisions and scheme governance as well as broader debate on the future of the LGPS.

The attacks from opposition politicians, the media and pensions industry directed at public sector pensions continues but GMB is committed to working with those who recognise the importance of the LGPS.

Government Proposals

CLG, the government department responsible for the LGPS has launched an informal consultation looking at the funding arrangements of LGPS funds and the structure of the member contribution rates. You may remember that GMB has called for the highest earners (those earning more than £100,000 a year) in local government to contribute more to the scheme. We are pleased that CLG have taken this suggestion on board and hope this paves the way for fairer contribution rates for lower earners.

In recent weeks there has been mounting speculation about more fundamental changes to the scheme. Such changes can never be ruled out and with a General Election looming it is almost inevitable that there will be further proposals for change before too long. We recognise that the scheme can't stand still, indeed it would not benefit the members if it did so. However, GMB does not believe that the LGPS is unsustainable and we will be continuing to challenge those who are misguidedly and mischievously suggesting otherwise.

There is a further informal consultation on improving the governance arrangements of LGPS funds under way at the moment. While some funds have increased the number of union reps on their pension committees, several Tory run authorities remain opposed to any member involvement in the scrutiny of fund management and administration. GMB is urging CLG to introduce more regulatory obligations on funds to improve the transparency and increase the member representation on LGPS committees.

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Sustainability

Discussions in the Policy Review Group about cost sharing are continuing although significant differences still remain between employers, civil servants and unions. Broadly all are keen to retain the LGPS as a good quality pension scheme which is accessible and sustainable, however, there is little doubt that an increasing number of Tory run council employers are breaking away from that consensus.

Ill Health

On ill health, the monitoring group which includes unions, employers, practitioners and the CLG continues to meet and has consistently represented to CLG the failings of the existing arrangements in England & Wales. While some limited reforms have been achieved through statutory guidance and some regulatory changes, in spite of the consensus existing with regard to the inappropriateness of tier 3, progress is extremely slow.

Public Sector Pensions Campaign

Both the main opposition parties have indicated that they would reduce public sector pensions if successful in the forthcoming General Election. GMB, along with the other local government unions who combined so successfully in 2006, is working to counter the many erroneous attacks being levelled at the LGPS and other public sector schemes. In order to assist members in responding to these attacks at a local level, attached is some guidance to the statements made by the opposition and a list of responses to the main accusations levelled at the LGPS.

Focus on the LGPS will intensify over the next year and we all need to be prepared to ensure the scheme remains a valuable and viable part of members' terms and conditions. It's the most important benefit we've got and GMB is campaigning to defend it.

Brian Strutton

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National Secretary - Public Services Section

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