

P/7/12
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LGPS 2014

GMB Briefings and Member Consultation

In the last bulletin (31st May) I outlined the main elements of the proposed new LGPS 2014. GMB is committed to balloting members on this proposal and your ballot will get underway on the 23rd July and will close for counting on 17th August. Ahead of the ballot there will be workplace briefings organised by your GMB Region and there is a lot of information and illustrative examples available on the GMB website at www.gmb.org.uk/pspc. Please take time to look at these. If you are not aware of a local briefing contact your GMB Office.

GMB has given careful consideration to the new proposals which were made possible by the tremendous strike action on November 30th and the following months of negotiation with the local government employers and government. We believe that the proposals overall are fair and meet many, although not all, of our objectives.

Most notably the average member contribution will remain at 6.5% and will be based on actual, not full time equivalent, salary. The accrual rate improves from 1/60th to 1/49th with a move to career average and CPI revaluation. From 1st April 2014 any members who are outsourced will be able to stay in the LGPS. For all, pension built up before 1st April 2014 will be payable at your current normal pension age and will be based on your final salary whenever you retire.

However, there is a major negative in the proposal which is the move to an individual pension age linked to whatever your state pension age is when you go to retire. This will affect almost everyone and is a detriment compared with the current scheme.

It is important to remember that you will be asked to vote on the overall package. Some parts you will like or dislike more than others. When considering this, remember that we started with two proposals, one from Treasury and one from DCLG, the government department responsible for the LGPS. Their plans and the negotiated outcome are set out below.

Treasury Proposal	DCLG Proposal	Negotiated Proposal
CARE scheme	CARE scheme	CARE scheme
1/60th accrual	1/70th accrual	1/49th accrual
Individual pension age link to state pension age	Immediate pension age rise to 66 then state pension age	Individual pension age link to state pension age
9.6% average member contribution	8.5% average member contribution	6.5% average member contribution

As you can see there are two elements that government is intent on, and are in fact common across the public sector. These are the move to career average and the link to state pension age. What your action on 30th November and the negotiations have achieved is the better accrual rate and the retention of member contributions at their current average level.

Fundamentally I believe that either of the two proposals government put forward would threaten the continued sustainability of the LGPS plunging members and councils into chaos. Aside from the danger to the continued viability of the scheme as a whole, here are a few examples showing the potential impact there could have been if government had raised contributions compared to the saving as a result of our negotiations.

Member Contributions Per Year					
Earnings	Current Rate	Treasury Proposals	DCLG Proposals	Negotiated LGPS 2014	Member Saving on Alternatives
£8,000 Part time – half hours	£464	£712	£624	£440	Treasury £272 DCLG £184 Current £24
£10,000 Part time – half hours	£590	£900	£790	£550	Treasury £350 DCLG £240 Current £40
£16,000 Full time	£944	£1,440	£1,264	£928	Treasury £512 DCLG £336 Current £16
£25,000 Full time	£1,625	£2,400	£2,125	£1,625	Treasury £775 DCLG £500 Current £0
£35,000 Full time	£2,380	£3,465	£3,080	£2,380	Treasury £1,085 DCLG £700 Current £0
£50,000 Full time	£3,600	£5,150	£4,600	£4,250	Treasury £900 DCLG £350 Current (£650)

Of course these snap shots don't reflect all the various differences but provide an indication of how each proposal might affect some members. But what is clear is that the Treasury or DCLG contribution increases would have been devastating. I think it is fair to say that your industrial action on 30th November helped achieve a much better outcome.

Soon after 23rd July you will receive a ballot paper; GMB urges you to look carefully at the proposal and most importantly, use your vote to express your view on your pension scheme. GMB's view is that this deal is worth voting for but the decision is of course down to you.

Thank you for your support and I will keep you informed.

Brian Strutton

Brian Strutton
National Secretary - Public Services Section

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