

P/15/11

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PENSIONS**IT'S OFFICIAL - PAY MORE, GET LESS, WORK LONGER****DCLG LAUNCH CONSULTATION ON INCREASING MEMBER CONTRIBUTIONS AND REDUCING BENEFITS IN THE LGPS****YOUR CHANCE TO HAVE YOUR SAY**

Despite evidence and persistent argument from GMB, Local Government employers and LGPS pension funds; the Department for Communities and Local Government has launched a proposal to increase LGPS member contributions AND reduce the benefits provided by the scheme before further cuts in a new scheme for all members to be introduced in April 2015. DCLG is not proposing to consult scheme members - GMB believe you are entitled to have a say over your pension and there is a survey is attached and online.

This first set of cuts is to generate £900m a year from the LGPS in England & Wales by April 2014. Other public sector schemes have consulted on changes which amount to an average 1.28% increase in contributions, but DCLG has put forward a plan for including a 1.5% average increase in contributions PLUS a reduction in the scheme's accrual rate. The only alternative suggested is a 1% average increase and a more severe cut in the scheme's accrual rate. A full description of the proposals is attached to this bulletin. How does it affect you? Try our ready reckoner online at www.gmb.org.uk/docs/11188%20LGPS%20Consultation.xls

Unlike savings from the other schemes that are being collected by the Treasury, as the LGPS is a funded scheme, savings should go back into the scheme. However, government is seeking further changes to the scheme rules to make sure the extra money from member contributions and savings from benefit cuts are passed through to employers not used to improve the funding level of the scheme.

GMB believes the consultation DCLG has put forward fundamentally threatens the LGPS's continued sustainability:

- It fails to improve the dangerously low participation levels in the scheme;
- It fails to consider the implication for funds of a fall in participation on cash flow and investment strategy;
- It fails to respond appropriately to the needs of the scheme's membership or those tasked with administering the scheme.

In addition, DCLG has ignored evidence from the current scheme valuations that demonstrate huge savings to employers from the agreed reforms introduced in 2008. Government has also 'banked' savings from the cut in indexation, redundancies and the ongoing pay freeze and pay cuts that are noticeably more severe in local government than elsewhere. These savings are reducing the employer cost of the scheme by more than £2billion a year yet the Secretary of State, Eric Pickles, believes it is right to take another £1billion from the scheme and its members. We disagree strongly.

The scheme, and the 1.7m active members currently saving for their retirement in England & Wales, are being used to cover the shortfall that the government has created in the grant to local government.

Let's be clear, this DCLG consultation has not been discussed with trade unions. It's not just the unions, even the recent proposal from the Local Government employers has been virtually ignored, it is attached to the DCLG consultation but does not form part of it. GMB remains committed to finding an acceptable solution but this consultation from DCLG reinforces the need for us to proceed with the ballot for strike action on November 30th.

Next Steps

- Look at the proposals from DCLG attached to this bulletin and answer our online survey or use the response form attached by 28 October
- Note that GMB continues to prepare the industrial action ballot alongside all other unions
- Ballot papers will be sent out to members' home addresses on 31st October
- The ballot will be counted on 16th November
- Members should talk to their colleagues and encourage them to join GMB in order to vote in the ballot - www.gmb.org.uk/join
- GMB members should check their membership details are correct, if the address we have for you is wrong, you won't get a ballot paper - www.gmb.org.uk/login
- Keep checking the website for latest news - www.gmb.org.uk/pspc

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