

JSCC Wednesday 22nd June 2011

**Pay and Changes to the Local Government Pension Scheme (LGPS)
Update**

LGPS

In response to the government's proposal to increase employee pension contributions by an average of 3.2%, the Local Government Employers wrote to the Chancellor on 16th February. Following on from that letter, the Employers sent another letter to the Secretary of State for Communities and Local Government. In both letters they set out reasons for consideration to be given to an alternative approach to a simple increase in employee contributions.

Trade Unions have also contributed to the discussion on pensions claiming that research and financial forecasts suggest that the fund is performing reasonably well, despite the recession and stilted economic recovery. A survey carried out by GMB also shows that opt out rates are increasing.

The main concerns raised by the Employers are :-

They fear there will be a "mass" opt out rate that may lead to even higher rates and further opt outs.

They raise concerns that due recognition has not been given to how the LGPS and its workforce differs to other parts of the public sector, including the point that the LGPS is a funded scheme and Local Government did not receive a national pay award for 2010/11 or 2011/12.

The LG Employers are of the opinion that there are alternatives to an increase in contributions and have asked to discuss the alternatives with the Secretary of State for Communities and Local Government.

PAY

The LG Employers have informed the local government trade unions that they will not be in a position to make any pay offer for 2011/12. This is in response to the unions' claim for at least £250 on all salary points. There is no change on this position and nothing new from the Trade Union side.