

LOCAL GOVERNMENT PENSION SCHEME (LGPS) UPDATE

The first one-day strike was held on Wednesday 30th November. The picture for the Council was that 28 people took industrial action, services continued to be provided as normal and there was no picketing.

What next?

Talks on longer-term reform, including retirement age, are continuing with employers and the trades unions.

Unlike other public sector schemes, the Local Government Pension Scheme is a salary-related, or what is known as a defined benefits pension, which means it is not dependent upon stock market investment performance.

Local Government employers and unions were unable to agree a deal, so the Department for Communities and Local Government published a statutory consultation on 7 October 2011 that will close on the 6 January 2012.

On 21st September, the Local Government Group wrote to the Secretary of State with their proposals to achieve the savings requested. These are set out below

- There should be no increase in employee contributions for those earning less than £15,000
- There should be no more than a 1.5 percentage point increase in total by 2014-15 for those earning up to £21,000. This amounts to a 0.6 percentage point increase in 2012-13 on a pro-rata basis
- High earners will pay more, but no more than 6 percentage points (before tax relief) by 2014-15. This amounts to a 2.4 percentage point cap in 2012-13 on a pro-rata basis

The Government Proposals

Option 1

- An increase in the employees' contribution tariff from April 2012, to raise an additional £450m (1.5 per cent of pensionable paybill), and
- A change in the scheme's accrual rate from April 2013, to raise an additional £450m (1.5 per cent of pensionable paybill).

Option 2

- An increase in employees' contribution tariff from April 2012, to raise an additional £300m (1 per cent of pensionable paybill), and
- A change in scheme's accrual rate from

In October, ministers proposed a new offer, saying it would guarantee no-one within 10 years of retirement would have to work longer or see their pension income fall and includes the promise of more generous rates of accrual - the rate at which the value of a pension builds up.

Chief Secretary to the Treasury Danny Alexander said there was "no more money on the table" to settle the dispute and the government had made a "very good offer". There have been suggestions that the revised offer may be reviewed if agreement is not reached by the end of the year. (BBC News Q&A: Public sector strikes)