

# NEW LOCAL GOVERNMENT PENSION SCHEME 2014

## Joint communications update

This update has been produced by the Local Government Association (LGA), UNISON and GMB in order to keep members up to date with the progress against the joint principles document published just before Christmas.

Although this communication will be published at least monthly the unions and LGA will still continue to produce their own communications ensuring that all are kept as informed as possible of the process.

Firstly a couple of definitions so we all know what is meant:

**The Principles Document** – this is the document headed EMPLOYER AND UNION AGREEMENT ON THE FUTURE OF THE LGPS a copy of which can be found on the LGPS website by following this link:

<http://www.lgps.org.uk/lge/aio/15431141>

**The New LGPS 2014 project** – this is the project by which agreement will be reached on the elements to make up the new scheme and the mechanisms for management and governance of the scheme in the future. The documentation relating to the project including the Plan, PID and Risk Register can be found by following this link:

<http://www.lgps.org.uk/lge/core/page.do?pagelId=15431012>

The LGPS members website ([www.lgps.org.uk](http://www.lgps.org.uk)) will host all of the documentation and communications for the project as it progresses.

### **Update on progress**

Representatives of GMB, UNISON, LGA and the Department for Communities and Local Government (DCLG) are now meeting at least weekly in order to discuss options for the new scheme.

They are aiming to reach agreement (which will include full consultation with their respective memberships) by April on the following objectives (which are taken from the Principles document):

**Objective 1:** Confirmation of the basis of the scheme design (e.g. CARE)

**Objective 2:** Confirmation of the accrual rate for the scheme

**Objective 3:** Confirmation of the revaluation rate

**Objective 4:** Confirmation of the actuarial methodology for variation to benefits either side of the NPA (with the NPA being the later of age 65 or SPA)

**Objective 5:** Confirmation of the value, distribution and phasing of any employee contribution increases

**Objective 6:** Confirmation of the transitional protections

**Objective 7:** Confirmation of the parameters of the employer cap and collar

**Objective 8:** Confirmation of the mechanism for variation of the elements to maintain scheme costs within the cap and collar values

**Objective 9:** Agree recommendations on best practice in governance and procurement

**Objective 10:** Confirmation of the value of the ongoing scheme [principle 11] as measured using model fund data, assumptions and methodology [principle 4] which satisfies overall government financial constraints [principle 2]

The timescales for reaching agreement on each can be found in the project plan and PID. It is vital that these timescales are met in order that new regulations can be in place in time for the 2013 valuation. If not then the opportunity to roll the two stage process of reform into one step will have been lost.

Currently the project is gathering data in order to inform the discussions around the various options for the scheme including commissioning actuaries and setting up working groups.

Remember that whilst the project continues no changes will be made to the scheme which is, and will continue to be after the project is complete, one of the best ways available to ensure a decent income in retirement.