

Protect Our Pensions LGPS campaign



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PENSIONS UPDATE

Local Government Pension Scheme England and Wales

Discussions have been continuing with the Local Government Association (LGA) and the Treasury over outstanding issues in relation to the agreement over the way forward on Fair Deal, cost management and governance within Workstream 2 of the LGPS negotiations.

Workstream 2

One of the two outstanding issues has now been resolved. The Treasury had questioned the cost management system which had been agreed between the unions and the LGA. However the Treasury has now accepted that our agreed system will be used with a Treasury model used as a back stop. This was confirmed in a recent debate in the House of Lords on the Public Service Pensions Bill.

Unfortunately the issue of Fair Deal/Best Value Direction Order coverage has still not been finalised. We are aware that some Higher Education (HE) employers in have been lobbying the Department for Business information and Skills, trying to undermine the extension of fair deal to HE LGPS members. We are counter lobbying with relevant government departments. The Treasury has recently completed a consultation on Fair Deal and the LGPs in which UNISON made it clear that we expected full coverage.

Work is now beginning on setting up the LGPS Scheme Advisory Board, which will oversee the funds and report to the relevant Minister at the Department for Communities and Local Government (DCLG). Initial discussions have brought a wide range of stakeholders together to discuss the shape and powers of the new body. It is proposed that in line with proposed legislation (see below) there will be equal numbers of member representatives and employers to make decisions. The members side will consist of trade union representatives and at UNISON request, there will be lay member representation.

Draft regulations covering scheme governance and cost control are due out in the summer. Work on Fair Deal will progress as soon as possible.

Workstream 1

UNISON responded to the first draft of the LGPS Benefit Regulations at the beginning of February. After much joint work in technical meetings the draft Benefit Regulations will go out for consultation again shortly with a four week period to make further comments. Draft Regulations setting out transitional protection for those with service before the scheme is changed in April 2014 are also set to come out at the end of the month. These will cover protection of the earnings link on all service before April 2014 and those who have Rule of 85 protection and those near their normal retirement age. We are in constant dialogue with the DCLG and Local Government Association (LGA) to help formulate the drafts.

Northern Ireland

UNISON is part of the joint Pension Review Group hosted by Department of Environment Northern Ireland. Consultation documents on scheme design and cost control similar to the changes in England and Wales are being considered by the group. The date of implementation of the scheme changes remains at April 2014, although this is still under discussion. Northern Ireland will have its own Public Service Pensions Bill and UNISON is feeding in the amendments we would wish to see to the Bill.

Scotland

UNISON is part of SLOGPAG (tripartite Scottish Local Government Pensions Advisory Group), which continues to meet to discuss a number of options to changes to scheme design after April 2015. Scotland is covered by the UK Public Services Pension Bill see below.

Public Service Pensions Bill

This is now in its final stages, having finished in the House of Lords. Working with other unions and some employers, notably the Local Government Association, we were able to make a series of changes to the Bill, which had been poorly drafted. Changes included:

- The bill originally allowed the government to make any retrospective change it liked. After amendment it now allows that a significant retrospective changes requires consultation with members and their representatives
- Clearer delineation between the role of the scheme board and scheme manager
- The removal of the provision to allow the government to apply negative revaluation to benefits
- Limiting the ability for employers who are subject to the LGPS to offer other schemes

- A UNISON sponsored amendment to ensure fair representation of members on pensions boards led to a new requirement that 50% of boards should be made up of member representatives. UNISON will now work on a programme of briefings and training for branches and pensions board members to ensure that we can support this.

We were unsuccessful in some areas:

- We were not able to win an amendment to allow 'Working Longer Review Groups (one already exists in the NHS) to recommend groups of workers that should be excluded from the linking of their normal retirement age to the state retirement age.
- The government would not include specific reference to Fair Deal, saying it should be dealt with in scheme specific regulations.
- Attempts to persuade the government to delay implementation in Scotland and give more power over regulations to the devolved countries were also not achieved. The UK government blamed lack of engagement from the Scottish Government.

Overall the final bill was a significant improvement on the initial version and we are now working on scheme specific secondary legislation.