

LGPS consultation

Publication of summary details of the Government's proposals for the LGPS has been made recently. Full details of the Government proposals can be viewed at www.communities.gov.uk/lgps Consultation is now beginning and what follows is a summary briefing on the proposals. The proposed structure is to apply to both existing and new members after April 2008

The main positives are :

Final salary retained for existing and new members

Improvement to 1/60 accrual (with lump sum by commutation)

Introduction of pensions for nominated dependant partners

Death in service increased to x3 (from x2)

The main negatives :

Average employee contribution increased for 5.8% to 6.3% -

Reduced ill health benefits -

Statutory-based mechanism for sharing future cost pressures (2010 on)

The proposal on employee contributions is that on pay up to £12,000 a contribution of 5.5% is paid and for any pay above £12,000 a contribution of 7.5% is paid. This means contributions are increased for all (6%) members earning over £16,000 A 3 tier ill-health proposal is made.

The top-tier is close to the current benefit level but reserved for people permanently unable to work again rather than permanently unable to do their normal job. The two lower levels involve a reduced level of benefits. Our members identified a cut in ill health benefits as a key concern. No detail on the cost-sharing mechanism is given but the earlier consultation document speculated about a mechanism based around improvements in mortality.

Amicus is currently scrutinising the proposals and may well submit its own proposals during the consultation. There is a co-ordinated joint union position developed via the TUC and representatives will be kept advised on the joint position as well as the outcome of the consultation.