

LGPS 2014 - JOINT STATEMENT

UPDATE ON PROGRESS OF LGPS 2014 Project

Statutory Consultation

The Statutory Consultation which commenced on 21 December 2012 on new benefit regulations for the Local Government Pension Scheme (LGPS) from April 2014 represents a key step in the reform process of the scheme. The consultation which closes on 8 February 2013 will, once on the statute books, implement the agreement reached by the LGPS 2014 project including the Local Government Association (LGA), trade unions and government in May 2012. The main provisions of the LGPS 2014 are detailed in the table below, (please note further information on protections for current scheme members can be located on the [LGPS2014 website](#)):

LGPS 2014																															
Basis of Pension	Career Average Revalued Earnings (CARE)																														
Accrual Rate	1/49 th																														
Revaluation Rate	Consumer Price Index (CPI)																														
Pensionable Pay	Pay including non-contractual overtime and additional hours for part time staff																														
Employee Contribution Rate	<table border="1"> <thead> <tr> <th>From</th> <th>To</th> <th>Gross Rate</th> </tr> </thead> <tbody> <tr> <td>Up to £13,500</td> <td></td> <td>5.5%</td> </tr> <tr> <td>£13,501</td> <td>£21,000</td> <td>5.8%</td> </tr> <tr> <td>£21,001</td> <td>£34,000</td> <td>6.5%</td> </tr> <tr> <td>£34,001</td> <td>£43,000</td> <td>6.8%</td> </tr> <tr> <td>£43,001</td> <td>£60,000</td> <td>8.5%</td> </tr> <tr> <td>£60,001</td> <td>£85,000</td> <td>9.9%</td> </tr> <tr> <td>£85,001</td> <td>£100,000</td> <td>10.5%</td> </tr> <tr> <td>£100,001</td> <td>£150,000</td> <td>11.4%</td> </tr> <tr> <td>More than £150,000</td> <td></td> <td>12.5%</td> </tr> </tbody> </table>	From	To	Gross Rate	Up to £13,500		5.5%	£13,501	£21,000	5.8%	£21,001	£34,000	6.5%	£34,001	£43,000	6.8%	£43,001	£60,000	8.5%	£60,001	£85,000	9.9%	£85,001	£100,000	10.5%	£100,001	£150,000	11.4%	More than £150,000		12.5%
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Contribution Flexibility	Yes, optional arrangement allowing 50% of main benefits to be accrued on a 50% contribution rate																														
Normal Pension Age	Equal to the individual member's State Pension Age (minimum 65)																														
Lump Sum Trade Off	Trade £1 of pension for £12 lump sum																														
Death in Service Lump Sum	3 x pensionable pay																														

Death in Service Survivor Benefits	1/160th accrual based on Tier 1 ill health pension enhancement
Ill Health Provision	Tier 1 - immediate payment with service enhanced to Normal Pension Age (NPA) Tier 2 - immediate payment of pension with 25% service enhancement to NPA Tier 3 - temporary payment of pension for up to 3 years
Indexation of Pension in Payment	CPI
Vesting Period	2 years

In addition to the above provisions discussions are continuing with government officials on the details of implementing enhanced 'fair deal' provisions for the LGPS.

Scheme Governance and Cost Management – Workstream 2

Cost control proposals put forward to government by the LGA and unions at the end of July 2012 and a way forward has now been agreed in principle. Work is on-going with government officials on the details and implications of this cost control process for the LGPS.

In addition the government has committed to the establishment of a Scheme Advisory Board for the LGPS. Stakeholders in the LGPS have taken the first steps toward creating a pension board which will address issues that impact on all 89 funds in England and Wales. A working group met for an initial meeting on 20 December 2012 with the aim of creating a Shadow Pension Board at scheme level which would be the forerunner to a Scheme Advisory Board for the LGPS from April 2014.

Timetable

With the Statutory Consultation on the main provisions of the LGPS 2014 now on-going the next steps are to ensure that the regulations covering the protections for current scheme members (known as the transitional regulations) are in place. These regulations describe how the move from current to new rules takes place and sets the foundations for the protections outlined in the agreement between employers, unions and government. In particular these will include a final salary link and protected retirement age for benefits built up to March 2014. Work is currently underway with the LGPS project group and the Department of Communities and Local Government (DCLG) on the transitional regulations and a further consultation is expected shortly. Both the benefit and transitional regulations are intended to be on the statute books by the spring of this year.

The LGPS 2014 project group is also working closely with those organisations with an interest in the scheme to ensure they have the information necessary to create IT



systems and undertake scheme valuations based on the provisions of the scheme from 2014.

Communications

The LGPS 2014 project group in conjunction with members of the Communications Working Group have commenced work on communicating the LGPS 2014 to scheme members. Work has begun in 5 different areas including:

- paper-based information
- benefit modellers
- videos
- scheme website
- PowerPoint presentations.

Updates on the progress of these groups and the development of communication methods for LGPS 2014 will follow in the coming months.

LGPS 2014 Project Board
17th January 2013

