



NEWSLETTER 85

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Scotland for information only

**PRE-BUDGET REPORT 2009 AND LOCAL
GOVERNMENT PENSION SCHEME – EARLY DAY
MOTION (EDM) 697**

Campaign News 85 informs branches and activists of Early Day Motion No. 697 tabled by Colin Burgon, MP, on 25 January 2010. The motion supports the LGPS and questions the Chancellor's announcement of a 1% cap on employer contributions in the December 2009 Pre-Budget Report. Please encourage your MPs to support and sign up to the Motion by sending the attached model letter and briefing.

EDM 697

That this House recognises that the reformed Local Government Pension Scheme (LGPS) introduced for all existing and new members in April 2008, and April 2009 in Scotland and Northern Ireland, is an affordable and sustainable scheme for the long-term provision of pension saving for those working in local government and allied employment; notes that discussions on the mechanism to meet future cost fluctuations of the new LGPS between Government, employers and unions are ongoing through the Department for Communities and Local Government's Policy Review Group; and therefore calls on HM Treasury to acknowledge that any proposal to cap increases in employer contributions to a funded pension scheme such as the LGPS outlined in the Pre-Budget Report is within the context of the existing policy framework, not a substitute for open and transparent agreement between the scheme's stakeholders.

EDM 697: Briefing

Dear MP,

- *Please support this EDM [697] and the long term sustainability of the Local Government Pension Scheme (LGPS).*
- In April 2008 (2009 in Scotland and Northern Ireland) a new LGPS was agreed by stakeholders and introduced for all existing and new members.
- The new scheme also established the CLG Policy Review Group to discuss and develop a long term approach to addressing fluctuations in future scheme costs.
- The Policy Review Group has been meeting regularly since the start of the new scheme and discussions are ongoing with all stakeholders keen to ensure the scheme's affordability, viability and durability for members, employers and society as a whole.
- Employers contribute an average of 13.6% for members currently building up retirement savings in the scheme.
- Unlike other public sector schemes, the LGPS is a funded scheme, the largest in the UK with around £120 billion in assets, much of which is invested in UK businesses.
- Since the new scheme was introduced, income from scheme members has increased by 15%.
- The LGPS is a cash rich scheme. Year on year, the LGPS generates £4-5 billion more in income than it spends on pensions and administration.
- In the new scheme the highest earners pay more for the scheme than lower paid members. On average members are paying in 0.6% more than before the 2008 scheme reforms were introduced.
- 4 million people are saving - or have saved - for their retirement through the LGPS. The vast majority are women who receive on average £2,600 in pension from the scheme.
- The LGPS trade unions support the agreed approach to monitoring and reforming the LGPS that recognises the scheme's distinctive context.