



Press Cutting

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Lower LGPS accrual rate could make short-term Treasury savings

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Proposals to implement a new LGPS with lower accrual rates could be used as a short-term fix to generate millions of pounds in savings required from the scheme by Treasury next year.

The London Pensions Fund Authority today launched a green paper calling for a 1/70th accrual rate for the new career average local government pension scheme due in 2015.

LPFA chief executive Mike Taylor said the authority's ideas for long-term LGPS reform could be used as an alternative to increases in member contributions due to come into force in April 2012. "You could change the accrual rate from 1/70th next April and that would pick up most of the [money](#) required for the 3.2%," he told PP.

"What we're trying to do is engender a debate about how the new scheme post-2015 should operate. What we've been arguing all along is that it's pointless doing something that will drive people out of the scheme."

Unions, employers and central government are currently thrashing out a deal, due at the end of this week, to map out the short-term savings due to come into force in April 2012.



However, the outcome is still unclear with union disagreement arising from treating short-term savings as a separate issue from planning the new LGPS due in 2015 as recommended by Lord Hutton.

GMB negotiator Brian Strutton criticised the idea of reducing accrual rates and said there should be no separation between short term and long term proposals for the scheme.

He told PP: "The LPFA paper, like most papers coming up with ideas, is only looking at savings and not putting them in the context of what's happening to the scheme and therefore is very dangerous.

"The LPFA proposals would lead to huge numbers of people saying the scheme isn't worth being in anymore and that would put a lot of funds in jeopardy."

Trade unions are set to meet this morning with a further discussion between employers, the Department for Communities and Local Government and unions set to take place at the launch of the green paper this afternoon.

Union bosses will meet with Treasury chief secretary Danny Alexander and Cabinet Office minister Francis Maude on Thursday before recommendations are sent by employers to DCLG the following day, Friday 9 September.