

To all administering authorities and local pension boards

Local Government Pension Scheme Advisory Board (SAB) pauses its cost management process

On 7th February the SAB received confirmation that the cost cap pause and the uncertainty caused by the McCloud case announced in last week's Written Ministerial Statement (as notified in our email of 30th January) applies equally to the LGPS as to the unfunded public service pension schemes. This is disappointing, however given that confirmation the SAB considers it has no option but to pause its own cost management process pending the outcome of McCloud.

The SAB remains committed to honouring the result of its cost management process once the outcome of McCloud is known. In pausing the process it has reserved its position regarding the resubmission of the same or a revised package of benefit improvements and contribution reductions when clarity in this matter has been achieved.

As a result there are currently no changes to benefits planned in respect of the cost cap. This situation will be reviewed once McCloud is resolved which is not expected for some months.

Administering authorities and employers should therefore proceed on the assumption that the scheme will not change in April. In particular employee contributions should be collected in April on the basis of current regulations. The table of employee contribution bands and rates to be implemented with effect from 1st April 2019 under current regulations is shown below.

Contribution bandings 2019/20			
		main scheme	50/50 section
up to	£ 14,400.00	5.50%	2.75%
£ 14,401.00	£ 22,500.00	5.80%	2.90%
£ 22,501.00	£ 36,500.00	6.50%	3.25%
£ 36,501.00	£ 46,200.00	6.80%	3.40%
£ 46,201.00	£ 64,600.00	8.50%	4.25%
£ 64,601.00	£ 91,500.00	9.90%	4.95%
£ 91,501.00	£ 107,700.00	10.50%	5.25%
£ 107,701.00	£ 161,500.00	11.40%	5.70%
£ 161,501.00	or more	12.50%	6.25%

Further information including a copy of the McCloud Appeal Court Judgement, the Written Ministerial Statement (WMS) and the letter confirming LGPS inclusion in the WMS is available on the SAB website by following this link

<http://www.lgpsboard.org/index.php/structure-reform/cost-management>.

A Q&A for administering authorities covering the McCloud case and including the potential outcomes and possible timelines will appear on the site shortly.

8th Feb 2019