



6 June 2019

FAO: Higher Education (post-1992), Further Education and sixth form activists/branches; UNISON Pension Champions and LGPS board members (England only)

Background

In May 2019 the government launched a consultation about aspects of the LGPS in a paper entitled "Local government pension scheme: changes to the local valuation cycle and management of employer risk". One aspect of these proposed changes could have a serious detrimental impact for future staff working in FE, HE and sixth form colleges in England.

Higher Education Corporations (i.e. post-1992 universities or former polytechnics), Sixth Form Colleges and Further Education Colleges currently have to offer the Local Government Pension Scheme (LGPS) to new and existing staff as they are listed as scheduled bodies under the LGPS Regulations (2013)

Consultation

The government's consultation proposes allowing these employers, in LGPS England only, to opt out of automatically offering LGPS to all support staff and to offer different pension arrangements for future new staff that will be cheaper for the employer and worse for the member. This would see an end to the provision a high quality, defined benefit pension scheme (such as the LGPS) and the introduction of a defined contribution pension scheme which, in almost every case, costs the employer less and delivers a much lower pension to employees.

These proposals have only been brought in for "non-teaching" (as referred to in the consultation document) in HE, FE and sixth form colleges and will not affect teaching staff. The proposals will have a disproportionate impact on lower paid staff and women.

What are we doing?

UNISON has written to the relevant minister at the Ministry for Housing, Communities and Local Government (MHCLG) setting out the reasons as to why this is an attack on the future of the LGPS and will penalise the lowest paid. UNISON is planning to debate an emergency motion on this proposal at our Local Government Service Group Conference and National Delegate Conference in June 2019 to further our campaign to oppose this. UNISON is also raising concerns with the LGPS Advisory Board.

How you can take action

The purpose of this circular is to ask branches and activists to approach their employers in HE, Sixth Form Colleges and FE and ask them to respond to the consultation opposing this proposal. The consultation ends on **31 July 2019**. The consultation document and details of the ways in which to respond are available [here](#) (search "local government pension scheme consultation May 2019"). Only pages 22/23 relate to this change, and question 18 in the consultation survey relates to this proposal.

We are aware many employers in the sector are likely to support the proposal seeing it as a way of cutting costs and increasing employer flexibility. However, we also know that a

number of universities and colleges will understand that this is not a positive move and will, hopefully support UNISON's position.

We are asking every UNISON branch to do the following:

- Submit your own response to the [consultation stating](#) why you want your university or college employer to continue to offer the LGPS to all staff including new starters.

Please approach some of the senior decision makers in your institution to find out if they will support UNISON's position on continuing to provide the LGPS to all staff. If they are supportive please ask them to submit a by 31 July 2019. You could consider approaching your vice-chancellor, pro-vice chancellor/s, principle, chief executive, finance director, HR director, chair of governors and members of the governing body.

You can use the following points in your discussions:

- The changes, if taken up by colleges/universities, will lead to a two-tier workforce in pensions with new starters being offered inferior and less cost effective schemes.
- The government has got a bad track record of losing pension discrimination cases.
- Those affected are likely to be lower paid members of staff and mainly women; this could lead to a future challenge that could overturn the proposal and be costly to employers.
- If a proportion of employers are able to close membership to new starters this could lead to serious cash flow problems for LGPS funds with a shortfall of contributions coming in while the number of pensioners increase.
- For an employer who closes the LGPS to future membership, this could mean higher contributions to LGPS pension funds in the future for all the LGPS pensions that have already been built up for its staff and this could offset any savings achieved by offering a cheaper and inferior scheme to new starters.
- Even in the short term the cost of setting up inferior pension arrangements may well offset any savings to the employer.
- Although initially only affecting England these proposals could undermine universities and colleges who decide to still provide access to the LGPS for new starters and also put pressure on colleges in Wales, Scotland and Northern Ireland.
- The LGPS is an affordable scheme - the cost of the LGPS benefits have recently gone down, not up.
- One of the LGPS Funds' concerns, is that recent legislation means that college and university employers are now regarded as more risky as they are effectively able to go out of business. Therefore, some LGPS funds believe that these employers pose a greater risk. Consequently, in some cases, despite benefits costs coming down, employer contributions are still increasing. The proposal to close the scheme to new members will not solve this problem, only dialogue between the employers and the LGPS funds can address this by showing the strength of the employer's financial position and the stability of the institution.

Please contact your employer as soon as possible and provide feedback to UNISON Education and Children Services education@unison.co.uk. If you need any clarification on the above, please contact Glyn Jenkins, Head of Pensions, UNISON g.jenkins@unison.co.uk.