

## HAMPSHIRE COUNTY COUNCIL

### Executive Decision Record

<b>Decision Maker:</b>	Cabinet
<b>Date:</b>	19 December 2011
<b>Title:</b>	Government consultation on increases to employee contribution rates and changes to scheme accrual rates
<b>Reference:</b>	3533
<b>Report From:</b>	County Treasurer

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#### 1. The decision:

1.1. That a response be made to the Government's consultation on short term savings in the cost of the Local Government Pension Scheme which, as employees can exercise choice through the purchase of Additional Voluntary Contributions (AVCs), all the savings should be met from worsening the accrual rate from 1/60th to 1/70th.

#### 2. Reasons for the decision:

2.1. This supporting report sets out the background to the Government's consultation on the ways in which savings of £900m could be made nationally in the cost of the Local Government Pension Scheme in the years from 2012/13 to 2014/15. Two options were put forward by the Government, involving increases in contributions by employees and a worsening of the rate at which benefits accrue. The report outlined the consideration of the issues by the Pension Fund Panel and the Employment in Hampshire County Council. It also included comments by other employers within the Hampshire Pension Fund. The option to meet all the savings by worsening the accrual rate from 1/60<sup>th</sup> to 1/70<sup>th</sup>, with no increases in employee contribution rates, would have the benefit that:

- employees' pay would be unaffected
- the level of opt-outs by employees from the Scheme should be reduced, protecting the future financial viability of the Scheme
- the risk of further industrial action might be reduced
- the proposal is easier to understand and simpler to administer than options that involve choice.

**3. Other options considered and rejected:**

3.1. Options that included increases in employee contribution rates.

**4. Conflicts of interest:**

4.1. Conflicts of interest declared by the decision-maker: None

4.2. Conflicts of interest declared by other Executive Members consulted: None

**5. Dispensation granted by the Standards Committee: none.**

**6. Reason(s) for the matter being dealt with if urgent: not applicable.**

**7. Statement from the Decision Maker:**

**Approved by:**

**Date:**

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**19 December 2011**

**Chairman of the Cabinet  
Councillor T.K. Thornber, CBE**