

# Scheme Advisory Board

Rishi Sunak MP  
Parliamentary Under Secretary of State (Minister for Local Government)  
Ministry of Housing, Communities and Local Government  
2 Marsham Street  
London  
SW1P 4DF

8th February 2019

Dear Minister

## **Local Government Pension Scheme (England and Wales) Scheme Advisory Board Cost Management**

I refer to my letters of 16th November and 12th December setting out the Board's recommendations as a result of its cost management process. I also refer to the helpful letter of 7th February 2019 from Teresa Clay to the Board Secretary clarifying the position of the LGPS in relation to the cost cap pause announced last week.

The Board noted the Written Ministerial Statement on the 30th January announcing a pause in the government's cost cap process. The Board is disappointed that the pause and the uncertainty referenced in the statement as a result of the McCloud case also apply equally to the LGPS as to the unfunded public service pension schemes. As a result the Board considers it has no option but to pause its own process pending the outcome of McCloud.

The Board remains committed to honouring the result of its cost management process once the outcome of McCloud is known. In pausing the process it therefore reserves 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.

I should also confirm the Board's intention to contact all LGPS administering authorities and local pension boards notifying them that the Board process has been paused and that at present, there are no changes planned for April 2019. In particular, the communication will confirm that employee contributions in April are to be levied as set out in current regulations and make clear the Board's commitment to revisit the cost cap process once an outcome is known.

### **Scheme Advisory Board Secretariat**

Local Government House, Smith Square, London SW1P 3HZ T 020 7187 7344 E [liam.robson@local.gov.uk](mailto:liam.robson@local.gov.uk)  
[www.lgpsboard.org](http://www.lgpsboard.org)

# Scheme Advisory Board

In the meantime, we will continue to liaise closely with your pensions' team to ensure that the Board is kept fully informed of developments and is in a position to advise administrators, software providers and other stakeholders on the serious challenges posed under each potential outcome of the McCloud case.

I remain happy to meet at your convenience to discuss this matter further.

A handwritten signature in black ink, appearing to read 'Roger Phillips', with a long horizontal flourish extending to the right.

Cllr Roger Phillips  
Chair of the Board