

# Shadow Advisory Board

Rt Hon Danny Alexander MP  
Chief Secretary to the Treasury  
HM Treasury  
1 Horse Guards Road London  
SW1A 2HQ

March 2015

*Dear Danny*

## **Local Government Pension Scheme (LGPS) - CLUB Transfers**

The Local Government Pensions Committee (LGPC) wrote to you on 19<sup>th</sup> December 2014 with regard to the public sector transfer CLUB and its concerns over the use of CLUB transfers for Career Average schemes.

Since that date, the Shadow Scheme Advisory Board (SSAB) for the LGPS in England and Wales, has expressed its concern regarding the Scheme's continued membership of the transfer CLUB in its entirety - and in particular the estimated cost of that membership. As you will be aware, the SSAB is a national advisory body made up of a range of LGPS stakeholders, including employer and member representatives.

The Board's cost management and contributions committee was recently presented with a paper from the Government Actuary's Department which, in reconciling the employer cost cap with the 19.5% initial cost of the new LGPS, estimated the cost of CLUB membership at 0.3% of pensionable payroll. Given that revisions to the Scheme must be made under HM Treasury's cost management process for movements of 2% or more from the target cost, a cost of 0.3% could be a significant contributing factor to changes being triggered. This is an unforeseen cost to the LGPS (as the original heads of agreement on which the 19.5% initial cost was calculated did not include CLUB) and therefore we consider it unfair to burden the LGPS employers and members in this way.

The Board would therefore appreciate a timely confirmation that the LGPS's membership of the CLUB, in its entirety, is not always to be a given and the Scheme's ongoing participation in the CLUB could therefore be included in any future consideration of changes to be made as a result of the cost management process being triggered.

The Board would be happy to meet with Treasury officials to discuss this matter further if that would be helpful.

Yours sincerely



Joanne Segars  
Chair of the LGPS Shadow Scheme Advisory Board