



Making Up Service Lost Through Strike Action

Members will be aware that taking strike action means pay is given up. As pensions are deferred pay, strike action also has an additional impact on LGPS members. This guide explains how days lost through industrial action are treated in the LGPS. Further information and any relevant discretionary policies will be available from your employer/administering authority.

What Happens To Employees' LGPS Pensions When They Take Industrial Action?

Under the rules of the LGPS, members only build up pension for periods when contributions are paid (or for periods lost due to time away because of maternity, illness or similar reasons). As strike days are unauthorised and unpaid, pensionable service is lost on these days.

Does This Mean That Members' Pensionable Service Is Broken?

No. A member's period of continuous pensionable service is still defined as lasting from the day they join the LGPS to their date of leaving (either the scheme or LGPS covered employment) or retirement. The period of membership is measured in days, any days lost through industrial action are excluded from a member's service. However, the actual period of service remains unbroken.

By keeping the service continuous (albeit reduced by the number of strike days), one pension in the LGPS is retained which is based on the whole period of service and the pensionable salary on retirement/leaving the scheme.

Do Members Have The Opportunity To Regain The Lost Days' Service?

Yes. The rules of the LGPS allow members to buy back any days' pensionable service lost through industrial action.

The cost of buying back the lost service is 16% of the lost pay for the strike period. Lost pay is the difference between the pay actually received and the pay that would have been received but for any trade dispute absence. Essentially this will amount to 16% of one day's pensionable pay for one day's strike action.

Why Is The Contribution Rate Set At 16% Of Salary?

This was calculated as the average cost of that day's service including both employee and employer contributions.

In reality the value of benefits earned from a day of pensionable service is often much higher than 16%. The Local Government employers have repeatedly tried to have the rules changed so that the cost of buying service can be updated on a regular basis depending on actuarial advice at the time. GMB argued against this, and for the foreseeable future the cost of buying back service will remain at 16% of salary.

How Should A Member Apply To Make These Payments?

If a member decides to make up the pensionable service lost through industrial action, they must apply to make such a contribution to buy back lost service within 30 days of their return to work, or such longer period as the employer will allow. We would expect the employer to notify employees of this and to give a reasonable period for the payment of such contributions.

Does Industrial Action Affect Statutory Redundancy Payments?

Any days lost through industrial action are not counted in the service used in calculating statutory redundancy pay. Unlike pensionable service, this service cannot be bought back. However, like pensionable service, there is no "break" in service before and after industrial action. This means that the service built up before the industrial action would not be lost when statutory redundancy payments are calculated.

I'm Close To Retirement – Is There Anything I Should Be Aware Of?

Through a quirk in the regulations, there is scope for a member in a very particular situation to be better off by not electing to buy back days lost through industrial action. This is only the case if the action occurs within the period of 12 months before your retirement date and you receive a pay rise after this date. This arises as the higher salary (earned after the industrial action) would count further towards the average salary in your last year of service prior to retirement. This would however be offset to some degree by the reduction in the number of days of service which are pensionable.

If you are in your last year of service when you take industrial action and believe you may be due a pay rise prior to retirement, you should contact your GMB Regional Officer for further information.

Brian Strutton

Brian Strutton
National Secretary - Public Services Section

Join GMB at www.gmb.org.uk/join