

Protect Our Pensions campaign

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services

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Parliamentary public accounts committee says public sector pensions are affordable!

The Conservative-dominated cross party parliamentary committee has produced a report which states that the public sector pension scheme reforms introduced in 2007/8 will keep the costs of our pensions stable, generating more than £67bn in savings to the taxpayer over the next five decades. Our current schemes are affordable for our economy and for us as taxpayers.

And the committee points out the current reform process could undermine these savings. For example, the change in calculating pension increases from the Retail Price Index to the Consumer Price Index will cut our pension benefits by £84bn over the next 15 years. Devaluing pension savings in a context of the government's attack will threaten both the savings in place and future participation levels.

The threat of mass opt-outs will be intensified if the chancellor persists with his plan to increase employee contributions by over 50% of scheme member's current contribution levels.

If public sector workers have insufficient income in retirement because their pensions are cut or they are priced out of schemes, costs appear in other parts of the nation's accounts. Spending on welfare benefits increases as will pressure on local authority and NHS services.

The report states "Public service pensions policy is not joined up with planning in other areas of public policy and spending. Whilst this is not a new issue, we still found it concerning given the potential impact that pension changes could have on areas such as future demand for means-tested benefits. There is little evidence to judge whether wider pension policy measures are effective, including measures such as tax relief and other incentives to encourage people to save for their retirement".

The government is ignoring this, an approach that could well cost the taxpayer and society far more in the long term than will ever be saved in the short term. Many questions remain in regard to the government's intentions for the reform of public sector pensions: are they really about reform or are they about destruction?

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You can read the report here

<http://www.parliament.uk/business/committees/committees-a-z/commons-select/public-accounts-committee/news/pensions-report/>

UNISON prepares to defend pensions

UNISON is continuing to work with the TUC to negotiate with the government and Dave Prentis, our general secretary, chairs the negotiations. The deadline for these to finish is the end of June.

UNISON is putting the organisation in place to negotiate on pensions, to campaign among members and, if necessary, to ballot and carry out industrial action to protect members' pension rights, the union's national executive heard when it met in London on the 8th of June.

The NEC offered its support and solidarity to unions in the 'first wave' of industrial action who are currently undertaking ballots and likely to strike on 30 June. And it urged branches and members to show that solidarity through a UNISON presence on demonstrations and rallies on the day.

"Our strength is all the unions in the various sectors working together," general secretary Dave Prentis said as he updated the meeting on the threat to members' pensions and the strategy to meet it. He added that there was unanimity among all public service unions on the need to fight the threat.

Negotiations on 'principles' continue with the government before sector-specific talks within the various pension schemes, with a firm line from unions that any changes cannot simply be an excuse by the government to cut the value of schemes.

Pension schemes across the public sector are very different and the nature of how the pension contribution increases will be calculated and determined will vary across each scheme. UNISON will need to see the full details of the proposals before we can establish with whom we have a trade dispute and the nature of it.

It is only at this stage if discussions break down that UNISON will consider taking steps towards lawful industrial action to protect our member's pensions. To comply with legislation we have to demonstrate an accurate database and full ballot of members affected.

This process takes some 17 weeks to complete and we must make sure that there is little room for the employers to challenge the ballot if we need one. It is therefore highly unlikely that any attempt at industrial action will take place before the autumn.

We know that teacher trade unions and some civil service trade unions are balloting for industrial action on 30 June. It is likely that there will be a rolling programme of different trade unions taking action at different times as the issues become clearer.

There may be coordinated action through the TUC public services committee or through trade union staff sides in the LGPS or NHSPS but we will have to wait and see how all of these issues develop. UNISON will be supporting any lawful action taken by other public sector trade unions in defence of their members' pension schemes.

What is paramount is for the union to prepare for industrial action. Part of that work has already begun.

- We must ensure that members are involved and understand what is at stake. We must deliver a high turnout in any ballot and deliver a resounding yes vote for industrial action.
- We must make every effort to recruit and organise non-members so that we make sure we have a solid dispute with little room for employers to break it.
- We must push hard to make sure every affected UNISON branch has the necessary resources and training to build a network of pension activists to help deliver a successful dispute. This is the key to making sure we repel the government's attacks.

Pay more, work longer, get less – what the government proposes for career average pension benefits

The latest proposals put forward by the government in discussions with trade unions are now clear.

- Increased contributions – by 50% or more
- Raised Retirement Age – to 66 for those over 42, 67 for those between 34 and 42 and to 68 for those under 34
- Replacement of final salary schemes with career average – less money for our retirement

The recently tabled proposals to change the way our benefit entitlements grow in a career average scheme to either an 1/80th, 1/90th, or 1/100th of salary per year confirm we would get less out of the new system. The current rate for a final salary pension in the LGPS or NHSPS 2008 scheme is 1/60th per year.

Most pension experts agree that in order to deliver broadly comparable benefits a career average scheme would need to be significantly adjusted in favour of scheme members – the civil service career average scheme for example is 1/42th of salary a year.

This change alone could require a pension scheme member who would currently be entitled to a pension equivalent to half their final salary after 30 years contributing to work a further ten years to achieve a similar level of benefits.

The danger of pension scheme opt-outs

There are many ways to shut down our pension system. The most simple would be to price us out of the system overall. There is mounting evidence that this may be the government's strategy.

Already the squeeze on take-home pay is leading to higher opt-out rates in public service pension schemes even ahead of the contribution increase. If opt-out rates are high, that will be bad news for members who will lose benefits, and bad news for the schemes and for the taxpayer as fewer people paying in will increase the gap between money coming in and amounts being paid out.

If opt-outs continue there will come a critical point for the National Health Service Pension Scheme (NHSPS) where the government will have to find additional money to fund pensions because there aren't enough people paying in to meet the bill to pay the

pensioners.

In the Local Government Pension Scheme (LGPS) the 101 investment funds will have less cash coming in to pay pensions. This will lead to a sale of the funds' assets and a change in investment strategy that will also contribute to a further drop in income. Once again the taxpayer will have to pick up the bill as the obligation at present on councils managing the LGPS funds is to make sure they have enough in their pots to pay out pensions.

It could turn into a spiral of decline where every measure taken weakens the system until the actions become terminal. In the end the taxpayer will be the cash source of last resort. So contrary to the government's plan to reduce costs on the taxpayer they will have to pick up the bill for the government's politically motivated decisions.

The case of Warwickshire County Council pension fund

There are already signs that the cuts to jobs and early retirements are having an effect on at least one LGPS fund. Warwickshire County Council pension fund has been forced to take a £5m loan to fill a cash shortfall after austerity measures put a strain on its cash flow.

The six-month loan – due to be repaid at a rate of 1% – made up a shortfall at the end of March to cover member payments as job cuts and early retirement initiatives by employers hit by the cuts programme dented the £1bn fund's cash flow, the level of opt-outs was also high.

This is a situation that should not have come about as the fund should have been aware of this in advance and should have made the cash available. It marks an early indication of the potential impact on the LGPS funds that large numbers of opt-outs and redundancies will bring.

1,000 + pension champions and contacts now on board – keep organising

UNISON members and activists have responded brilliantly to the call for branch pension champions and contacts. There are now over 1,000 of you organised across branches and regions.

We need to step up the organising so that every branch has at least one champion and contacts in every workplace.

Three things for you to do today

1. Sign up to be a UNISON pension contact or champion.
2. Ask a fellow UNISON member to do the same.
3. Ask a non-member to join UNISON today.

What is a branch pension champion?

Branch pension champions make sure the latest union briefings and information are readily available. Pension champions will need to make sure that the branch can deal with any questions that members ask – or can let them know where to obtain the answers.

You will help to establish UNISON workplace pension contacts across all of the areas that the branch organises and make sure that organising and recruitment of non-members takes place. You will help members find the answers to questions about

what the government wants to do to our pensions and assist members in understanding their own pension schemes.

What is a branch pension contact?

You will take on the role of discussing with colleagues the issues we face, passing on news about campaign activities. You don't have to be an expert on different types of pension schemes.

You just need to be good at talking to colleagues and keeping them up to date with our campaign. You will be a guide, giving members information on how they can find out what UNISON is doing, what changes the government wants to make to their scheme and how they can get involved.

As well as talking – we need you to listen. You will tell us what your colleagues are saying about the government's plans and what they want the union to do on their behalf. You will talk to non-members about their pensions and persuade them to join UNISON and get involved in the campaign.

Pension Campaign at Conference

The Protect our Pension campaign comes to conference! Come and see us and sign up to be a pension champion or contact!

- UNIZONE on Sunday 19th, Monday 20th and Thursday 23rd
- Tuesday 22nd there is the Pensions Campaign official fringe meeting 12.45pm-1.45pm
- Women and Pensions workshops on the Tuesday morning, 10-12pm and afternoon, 2-4pm
- Utilities and private contractors workshop on Wednesday morning, 10-12pm and higher education and community/voluntary organisations workshop in afternoon, 2-4pm
- How the Local Government Pension Scheme works – How could it be improved? Wednesday 2-4pm workshop