

# Protect Our Pensions campaign

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## No concessions on pensions but further talks with government now planned

A meeting of the TUC's public service unions on Monday 18 July, chaired by Dave Prentis, agreed to extend the negotiations with the government on public service pensions. The TUC unions have made it clear to the government that they have not agreed to or accepted any of the Government's objectives or the change in indexation from RPI to CPI.

Further talks will take place centrally, and individual unions will be actively considering participating in scheme level talks. This is to make sure that each party fully explores all the issues and to enable unions and their members to reach a judgement on whether agreement is possible or whether they will enter into dispute and plan industrial action.

After the negotiations Dave Prentis said:

"Our aim is to get a final offer so that members can see whether or not their pension schemes will be maintained or reduced. We expect these talks to be serious and any proposed changes must be based on clear evidence and not simply an excuse to find money to pay off the country's financial deficit.

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### **£14bn for bankers while pensioners lose out**

Public service pensioners are losing out and getting an inadequate inflation increase while bankers are getting £14bn in bonuses.

Public service pensioners got a third less pension increase in April. Why? Because the government based the increase on the consumer price index rather than the retail price index – which many statisticians agree understates inflation. Meanwhile bankers and finance workers took home bonuses of almost £14bn.

Mr Prentis continued: “Those talks will involve all the trade unions and professional organisations in each scheme, with the TUC co-ordinating the timetable, which has been extended to October. At the same time, we are planning our future industrial action strategy should those talks fail.”

This is a major change for the government, who demanded contribution increases immediately, brought about by the sustained pressure of evidence produced by UNISON during the negotiations. It was clear that any significant increase in scheme member contributions would have led to many leaving the NHSPS and the LGPS. This view is supported by health secretary Andrew Lansley in a leaked document widely reported in the news.

Please bring this article to the attention of NHS Pension Scheme members:  
<http://www.telegraph.co.uk/news/politics/8658168/Andrew-Lansley-attacks-governments-public-sector-pension-reforms.html>

This would have had the effect of leaving all the costs of paying pensions on the employers. UNISON provided evidence that if 30% of scheme members left then the current cash surpluses in both schemes would have been wiped out; and if 50% of members left then government and councils would have had to pour more money into paying pensioners.

The “bailout the bankers tax”, in the form of increased contributions, is self defeating for the government as it will only end with the Treasury filling the cash gap left by all of the scheme members leaving the NHSPS. Currently, after paying out pensions the NHSPS has a £2bn surplus, if 30% of scheme members leave then that falls to £0 and if 50% of scheme members leave it becomes £2.8bn in the red.

### **So what happens now?**

It is important to understand that the government has conceded some significant ground. Negotiations with government were due to end in June and the legislation for contribution increases laid shortly after.

Now negotiations with each government department will begin at the end of July with a timescale till October to come to agreement on how the government’s demands can be met. However, discussions with government centrally will still continue.

Scheme specific discussions will make proposals on how these savings are achieved and will be required to make proposals by the end of October this year. For local government, the government recognises that because there are investment funds it puts it in a different position and they will discuss whether there are alternative ways to deliver some or all of the savings.

### **Proposed change to contribution increases for Pay As You Go Schemes (PAYG), for example the National Health Service Pension Scheme (NHSPS)**

In a statement to Parliament, Danny Alexander secretary to the treasury announced changes to the proposed contribution increases.

He said “Reflecting the government’s commitment to protect the low paid, the government has set out its preferred parameters for any design.

“There should be no increase in employee contributions for those earning less than £15,000 and no more than a 1.5 percentage point increase in total by 2014-15 for those earning up to £21,000.

“It is proposed that higher earners will pay more but the government has proposed a cap on the maximum increase of 6 percentage points (before tax relief) by 2014-15. These consultations will be completed by the end of October, in order to ensure implementation by April 2012.”

Draft regulations are likely to be issued before the end of the month setting out proposed contribution increases from 1 April 2012. The average increase will be around 1.3% with protected grades paying either no increase or less than 1.3% and higher paid grades paying more than 1.3%. The consultation will be for at least three months before any regulation become law.

### **Proposed changes to contributions in the Local Government Pension Scheme (LGPS) – Fund mergers a possible solution for the LGPS negotiations**

The government does not propose to issue draft regulations increasing member contributions in the LGPS at the present time but to allow scheme negotiation until mid September to come up with alternative proposals.

Now the government has recognised that the LGPS has investment funds and treating them in the same way as other public sector pension schemes is not appropriate. During the negotiations with treasury chief secretary Danny Alexander it was made clear that the government had to make sustainability of the schemes the key principle under which the proposed reforms are judged instead of just delivering the savings.

This opens the way to demand the radical option of merging the LGPS funds, this is a much more sensible way of gaining income than imposing costs on scheme members. UNISON submitted a report produced by Dutch experts the public sector pension fund managers APG that showed by merging the 101 funds in the UK to 14 income grew by £1.2bn in the first year and thereafter.

The parliamentary under secretary of state Bob Neill MP said at a recent LGPS conference in June: “You have 89 separate authorities spending scarce resource on 89 separate procurement and tendering processes - is that the most sensible and cost effective approach? On average the scheme spends about £400m (\$650m) a year on in administration and fund management costs. There is significant potential for efficiency savings.”

This is a far less ambitious route to saving money. Instead of fully merging the funds it means saving money by the existing funds sharing services and administration will be arguing that fund mergers should be put on the agenda and that any savings from greater joint working between funds and future savings from fund mergers should benefit members and not just the employers and government. The savings should come from more efficient investment not reducing the administration of the scheme.

## **Fighting for pensions – UNISON pensions summit**

Where are we at and where do we go next in the battle to defend members' pensions? Those were the questions a special national UNISON pension summit set out to answer in London on 19 July.

The union gathered key lay activists from across the union – from every service group and every region as well as the NEC's Service Group Liaison Committee and strategic committees – and senior officers at the UNISON Centre to hear an update on talks with the government over its pensions plans, and plan the campaign ahead, leading to possible industrial action in the autumn.

General secretary Dave Prentis, who chairs the TUC public service liaison group and has been leading the talks with central government, alongside TUC general secretary Brendan Barber, stressed that all 29 unions involved had signed up to an agreed way forward of continuing talks with central government while opening talks on the individual pension schemes.

“Our aim is to get a final offer so that members can see whether or not their pension schemes will be maintained or reduced. We expect these talks to be serious and any proposed changes must be based on clear evidence and not simply an excuse to find money to pay off the country's financial deficit”.

“The TUC will be co-ordinating the timetable and the talks will take place over the coming months and are scheduled to conclude by the end of October. In the meantime, we are accelerating our planning of future industrial action strategy so that we can move quickly and effectively, should those talks fail.”

And he stressed that neither UNISON nor the TUC unions in general had conceded any of the government's major points, despite government claims of agreement on principles. The meeting discussed the key organising tasks ahead for the union at all levels to meet the challenge and prepare for potential industrial action this autumn.

## **Get involved – become a branch pension champion**

Branch pension champions make sure the latest union briefings and information are readily available. You will need to keep up to date with the technical issues and negotiations.

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 them.

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 are branch pension champions doing now?**

UNISON pension champions should now be starting to plan for the next stage of the negotiations and consultation with members.

Pension champions in the branch should be making sure that every workplace has a pension contact and that branch officials and stewards are briefed on the key government proposals and the new change in the negotiating process.

Alongside branch secretaries, organisers and regional staff a new series of meetings at branch and workplace level should be scheduled in to match the new timeline.

Materials and a PowerPoint presentation to help with this is available on the UNISON web site. [http://www.unison.org.uk/pensions/pop\\_activist.asp](http://www.unison.org.uk/pensions/pop_activist.asp)

### **Get involved – become 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.

28/07/2011

## Public sector pension talks jeopardised by naïve playground tactics

UNISON General Secretary, Dave Prentis, today rounded on Government ministers for putting public sector pension talks in “jeopardy” by their “naïve tactics” and apparent lack of negotiating skills. And called on them to abandon the playground games and get serious.

He said:

“We entered into the scheme specific talks on public sector pensions in good faith and we genuinely believe we are making progress, albeit slowly. But these talks are being put in jeopardy by the crude and naïve tactics of Government ministers who don’t seem to understand the word negotiate.

“The government must take its responsibilities seriously, and stop treating these talks like some kind of playground game.

“Let’s not forget that these talks are about real people, hard-working individuals who signed up to, and pay into, a pension scheme that is supposed to cushion them against poverty in old age. Extra contributions won’t go back into the pension schemes, but straight to the Treasury to pay off the country’s deficit – effectively a tax on public sector workers to pay for the bankers’ mess. That is totally unjust.

“It is totally unhelpful to the progress of these talks to release their bargaining position as though it is set in stone. If it is set in stone, then there is no point in having a single further meeting.”

The union insists that any changes should be based on evidence and not political ideology. Average pension in local government is £4,000, but for women its just £2,800 (£56 a week) and in health its just £7,500, and £3,000 for women. Members of those schemes pay in between 5.5% and 7.5% of their salaries to save for their retirement. If they did not save, they would end up on means-tested benefits at a cost to taxpayers.

Both the local government and the health schemes are cash rich and were renegotiated a few years ago to make them sustainable and affordable – longevity costs would be paid by the employee not the employer.

The union argues that making people pay more, work longer for a smaller pension is unnecessary, unjust and unworkable. People will leave the schemes, if they become too expensive, and they will collapse. ends