



Protect Our Pensions campaign

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SPEAKER'S NOTES

Updated 22 September 2011

Introduction

This short talk is about three things:

1. what is happening to public service pensions
2. what is UNISON doing about it
3. what UNISON members can do about it

1. What is happening?

In brief, ministers in the new Coalition Government want to make changes to the pensions available to public service workers.

This is going to affect the pension rights of UNISON members who are eligible for:

- **the Local Government Pension Scheme (or LGPS)**
 - this includes all council workers as well as many school workers, police and probation staff, UNISON members working for the Environment Agency, CAF/CASS, the Care Quality Commission, passenger transport executives, some in colleges and universities, some (such as social workers) who are working in the NHS, and some working for private and community and voluntary sector employers with 'admitted body status'
- **the NHS Pension Scheme (NHSPS)**

- this includes all UNISON members working in the NHS

- **and the Civil Service Pension Scheme (CSPS)**

- in UNISON, this includes members working for OFSTED, the Food Standards Agency, and the Welsh Assembly.

And it's worth remembering that even if you're eligible to join one of these schemes but are currently opted out – and UNISON does encourage members to join and save into these schemes if they can – then these changes could restrict your options if at some point in future you decide you want to start saving for a pension in one of these schemes.

It's important to realise that the changes that are being proposed come on top of changes that UNISON negotiated under the previous Labour government. This can be confusing because some of those changes are still being implemented – as we're seeing with the NHS 'Pension Choice' exercise which some NHS staff are still taking part in. But these are new changes to public service pensions that go beyond – and in some cases replace – the framework we thought we had agreed.

In short, they mean that most public service workers will

- **pay more** out of their salary every year
- **work longer** before they can claim their full pension
- and **get less** pension income when they are retired.

Of course people will want to know: how much more? How much longer? How much less?

And we can't give absolute and final answers to all these questions, because we don't yet have all the details.

But on the basis of plans we know about:

- **most public service workers will have to pay hundreds of pounds a year more, and some will pay thousands.** These increases in contributions will be phased in over the next three years. A few of the lowest paid workers will be exempt, but anyone earning £15,000 a year (pro rata) or more will see their contribution rates go up. In the NHS, for example, we already know that someone on around £16,000 a year will be paying around £200 a year more after three years, and someone on around £35,000 a year will be paying almost £1,000 a year more after three years.
- **the standard retirement age will be increased** in line with the state pension age. Current indications are that this will be 66 for anyone now under 57, then 67 for anyone now under 42, then 68 for anyone now under 33. As a result many now in

their fifties will now have to work several extra years in order to get the pension they had planned for.

- and, perhaps worst of all, **the pension you get at the end of all this – despite paying in more and working extra years – could be much worse.** As part of the shift from ‘final salary’ to ‘career average’ schemes, ministers want to change the ‘accrual rate’ – this means the amount of pension income you earn with every year you pay your contributions could be as much as 25% lower. And on top of this, as you may have heard, the way pension incomes are protected from increases in the cost of living has already been changed, ending their link to Retail Price Inflation and instead tying them to a measure of inflation, known as ‘CPI’, which is usually lower. Over time this is likely to reduce the real value of your income in retirement by another 10 or 15 per cent.

It’s important to understand that none of the extra contributions or ‘savings’ generated by these changes will go towards improving anyone’s pension.

Instead they are being imposed to help the Treasury pay off the debts created by the banking crisis and pave the way for tax cuts for the better off – such as the abolition of the 50p rate incomes over £150,000 a year that is George Osborne’s priority.

A bit more detail on the Local Government Pension Scheme:

As a result of changes that UNISON negotiated under the last Labour government in 2008, projected costs to employers of the LGPS have already been cut by billions. The Treasury now wants to ‘save’ another £900m a year – which will mean most members of the scheme paying hundreds of pounds a year extra. UNISON, along with other expert commentators, has warned that unaffordable contribution increases may result in many more opt-outs, undermining the financial stability of the scheme. **But note: we are not advising any members to opt out.**

A bit more detail on the NHS Pension Scheme:

Members may remember that UNISON negotiated a new, secure, affordable scheme in 2008 – its implementation is still under way, with the current NHS ‘choice’ exercise giving some NHS workers options to opt in or remain in the old scheme with an earlier retirement age. The new proposals will override this exercise, ignoring your choice. They will mean almost everyone working longer. In addition there are proposals for contribution increases ranging from almost £200 a year for workers earning £16,000 a year, or over £900 for those on £35,000.

So, to sum up the end result of these changes to the main public sector pension schemes would be that most public service workers will be paying hundreds of pounds a year more, working into their late 60s, for pensions that, due to changes already made to inflation protection, will be worth much less to them in retirement.

Unfortunately, that's not all. **Anyone transferred to a private or third sector employer could be even worse off.**

At the moment, transferred public service workers are covered by an agreement called the 'Fair Deal on Pensions', which means their new employer must allow them to stay in the public sector pension scheme (if they are members of the LGPS and their new employer has 'admitted body status'), or offer them a 'comparable' pension scheme to save into.

But we understand this agreement is being reviewed, and if, as we fear, this right is removed, then transferred employees could be forced to accept pensions far worse than the public sector schemes.

2. So what is UNISON doing about it?

Clearly this is the most serious attack on public service workers' pension rights that we have ever seen.

Moreover, UNISON believes that the changes proposed are unnecessary and unfair.

Unnecessary because official data show that decent public service pensions are affordable and sustainable. Cutting them will just mean more people relying on state benefits in old age.

And unfair because public service workers who are already being hit by pay freezes, and redundancies. They shouldn't be paying the costs of a crisis caused by the banks.

As Dave Prentis, our General Secretary said at the TUC this year, "**enough is enough**".

So that's why UNISON is fighting on every front to defend its members' pensions.

- we have been **submitting detailed evidence** that decisively demolished claims that public service pensions are "gold plated" and already resulted in the concessions we have seen on protection for the lowest paid
- we are in the process of **taking legal action** against the change to pensions' inflation protection – our application for judicial review is due to be heard in October
- we've mounted a **media and public education campaign** to rebut the negative myths about public service pensions and why these proposals are unfair – the evidence of opinion polls is that we are getting through to people and winning their sympathy and support

- we've been **leading negotiations with government and employers**, involving the TUC and all other public sector unions.

We've negotiated patiently and in good faith, but we are not seeing any movement from proposals that have serious detrimental effect on members' terms and conditions.

- so we are now **balloting for industrial action** to stop unwanted changes to terms and conditions of employment.

A 'YES' vote will give UNISON the power to plan a campaign of industrial action, leading off with a one-day strike on 30 November.

Industrial action is always a last resort. It's not a decision we take lightly. And when we take action we will do everything in our power to ensure no harm occurs to clients, patients and users of services.

But right now we do need to send a clear message that members will not accept the imposition of these unfair and unnecessary changes to their contracts. **That's why a strong 'YES' vote in the ballot is now essential to strengthen our negotiating arm.**

And remember, we're not on our own – we have taken this decision in agreement with almost all other public service unions, as well as the TUC. Other unions who have committed to take part in coordinated action on November 30, provided they get the ballot results they need, include Unite, GMB, teaching unions NUT, NASUWT, ATL and UCU, PCS, Prospect, and the FBU.

Even the First Division civil servants and the National Association of Head Teachers are now planning to ballot their members for industrial action.

3. What can you do?

So that's what UNISON is doing, but if we really want to make a difference we need all our members to be playing their part.

And there's just a few simple things you can do that will make all the difference:

- first of all, and most importantly, **if you get a ballot paper make sure you vote right away, and make sure you vote 'YES'**. The result of this ballot will be critical to determining how seriously we are taken. If you don't receive a ballot paper and you think you should have done, ring UNISON's ballot helpline as soon as possible.
- secondly, **talk to your co-workers**, make sure they know what is happening, encourage them to join a union, and if they're in UNISON, encourage them to vote, and vote yes

- and thirdly, **get involved with the campaign** by becoming a pensions champion or pensions contact and using the brilliant ideas and materials we have on our website and will be sending out to regions and branches. We need all the help we can get to get these key messages out to UNISON members, their co-workers, and the public at large.

On 30 November we are planning a day of action across our public services, coordinated with the TUC and other public service unions. There'll be local rallies and protests organised with supporters and community groups. And we'll need all our members and supporters to be adding their voice by writing to their MPs, their councillors, local newspapers, and doing everything they can to get our message out.

It's going to be a historic day, an exciting and inspiring day, and, we hope, the day ministers see that our members are ready to make a stand for what is fair and right.

Important information to share

Information, advice, updates, jargon-busters, and campaign materials can be found online:

<http://www.unison.org.uk/pensions/protectour.asp>

Any queries about your pension, the proposed changes, the current ballot and planned industrial action can be directed in the first instance to

UNISON Direct on **0845 355 0845**

or email **pensionsdispute@unison.co.uk**