

Public Services Section BULLETIN



3 November 2011

GOVERNMENT FINALLY SHOWS WILLINGNESS TO ENGAGE BUT CUTS TO PENSIONS REMAIN

Members should not be fooled by words from government, the GMB ballot continues and it is more important than ever that members use their vote and vote yes for industrial action to defend their pension scheme.

GMB and other unions were called to a meeting on 2nd November to hear from government their new proposals for public sector pensions a couple of hours ahead of publicly announcing them. The movement from government is welcome but it is clear that as ever, the devil will be in the detail. They have signalled an intention to make more money available but not enough to mean their offer is anything other than cuts to public sector pensions that will mean members paying more, getting less and working longer. Words will not stop public sector workers being priced out of pension saving by the government's proposals, only a step change in their approach will do this.

Their revised offer does not set out how each scheme will look when the reforms are introduced. Scheme discussions will now have a slightly higher cost ceiling within which to work, however, it does not look likely that this will be enough to stop the value of your pension being further reduced. Additional concerns now exist over the protection of the lowest paid, instead of having an objective to protect the pensions of low and middle earners, there is now an 'intention to ensure that most low and middle earners working a full career' will have this protection, so clearly, some will not.

Key elements of government's latest announcement:

- Still an average 50% increase in member contribution rates that we know will price many members out of pension saving



- Still intending to increase public sector schemes' retirement age in line with the state pension age whenever that changes (this will currently mean a rise to 68)
- Higher cost ceilings for scheme negotiations although there is a serious lack of clarity on how this will work in practice
- Some transitional protection is now on the table for some members within 10 years of retirement but again costs are capped and it is unclear how this will be paid for.

Scheme negotiations will continue, as they have for months, but there remain some very real questions about the government's proposal, not least of which is how any of their plans apply in Local Government. LGPS members' pensions are not paid by government, they are funded through the £165billion of assets. Even Treasury's revised offer doesn't seem to recognise this.

Movement from government is welcome but members should not be fooled by words, what is needed is a huge show of support for your pension provision, from you through a massive YES vote in the GMB ballot. Government think warm words will placate you, you need to show that you'll accept nothing less than your right to a decent, affordable and sustainable pension scheme that you can save in.

It is time for us to redouble our efforts to ensure members use their vote and vote YES for industrial action to defend their pension.

Brian Strutton

Brian Strutton
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