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Pensions Bill Statement

The Cabinet Secretary for Finance made a statement to the Scottish Parliament this week on the UK Public Service Pensions Bill and related matters.

He repeated his view, with which we agree, “that the UK Government has conflated the approach to public sector pension reforms with their austerity agenda....this is deficit reduction. It does not improve the sustainability of pensions.”

However, because of the revenue consequences (£8.4m a month) he will be implementing the increase in pension contributions for the second year. This applies to members in the Scottish NHS scheme but not the Scottish Local Government scheme. UNISON believes that the actual cost to NHS Scotland is less than is being suggested and have taken that case to the Cabinet Secretary for Health.

The Cabinet Secretary also made it clear that the UK Pensions Bill means the Scottish Government has even less flexibility in designing schemes in Scotland. He has released his correspondence with the Treasury that makes his objections to this interference clear. However, he has not insisted on a Legislative Consent Motion (LCM) on the main prescriptions in the Bill. He said, “We do not believe that the UK Government has the *moral* authority to dictate on public service pension schemes in Scotland, but it does have the *legal* authority.”

As the Scottish and UK Government’s are refusing to use the LCM procedure this means that the only option is to pursue the matter at Westminster. The Sewell Convention that introduced LCM’s is not enforceable in law.

The Bill has completed the Committee Stage at Westminster and after the Report Stage next week it will go to the House of Lords. Labour MP Cathy Jamieson has been making a strong case for the Scottish schemes, but there is little sign that the ConDem coalition is listening. UNISON is arguing for changes to the Bill that would exclude the Scottish LGPS from the main prescriptions in the Bill, or at the very least, delay the implementation a year. This is because the main provisions are based on English agreements that have not been agreed in Scotland and historically the Scottish LGPS implements pension changes a year later.

Members should continue to lobby MP’s, particularly Lib Dem and Conservative members. Sadly, the standard replies we have seen from most MP’s, simply do not address the issues in the Bill as they impact on the Scottish LGPS.

Local Government Pension Scheme

UNISON and the other local government trade unions met the Cabinet Secretary the week before his statement to Parliament. He did make it clear, as did CoSLA, that he would not take any action other than the minimum required to make schemes compliant with the new legislation.

The negotiating group for the Scottish LGPS (SLOGPAG) met this week and discussed the consequences of the legislation for the LGPS should it be passed at Westminster. The timescale for any negotiations is very tight given the legal and administrative requirements to introduce a new scheme by April 2015. It will mean an intense engagement with members and negotiations in the first half of next year. The key areas prescribed by the Bill are likely to be:

- A career average (CARE) scheme rather than the existing final salary provisions.
- The retirement age must match the state pension age. That is currently the same as the LGPS but will change as the UK government is increasing the retirement age.
- A new employer cost cap based on a percentage of pensionable earnings. We already have a cost sharing agreement but this may be more prescriptive, leading to higher contributions in future years.
- New valuation and governance provisions. UNISON believes that the current governance arrangements are in need of review.

In addition to the provisions on the face of the Bill it also gives powers to the Treasury to promulgate detailed regulations on these issues. We suspect that this will further limit the scope for negotiation.

UNISON will continue to lobby on the UK Public Service Pensions Bill. If the Bill is not amended we will reconvene the branch pension champions to give consideration to our negotiating position on changes to the Scottish LGPS.

More information at:

Scottish Pension Web Pages: <http://www.unison-scotland.org.uk/pensions/index.html>

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