

Public Service Pensioners' Council

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To: Secretaries of Constituent Organisations

13th June 2013

Dear Colleagues

AGM AND CAMPAIGNING STRATEGY FOR 2013-2014

As with last year, I am taking the opportunity to give a brief report of the proceedings of the AGM and to set out our campaigning strategy for the year ahead.

The AGM was highly successful, with attendance even better than it was last year. It was a pleasure to see you all and I hope that even more representatives of constituent organisations can attend next year.

The Officers and Executive Committee members for the coming year are as follows:

Officers

Chair: Brian Sturtevant	(Civil Service Pensioners' Alliance)
Vice Chair: Clint Elliott	(National Association of Retired Police Officers)
General Secretary: Andrew Morris	(National Union of Teachers)

Executive Committee

Mike Duggan	(Civil Service Pensioners' Alliance)
Maj Gen John Moore-Bick	(Forces Pension Society)
Eric Evans	(National Association of Retired Police Officers)
Pearl Harris-Clarke	(National Union of Teachers)
Andrew Ruffhead	(Prospect)
David Kippest	(Unison)

There is no shortage of issues for us to campaign on over the year ahead. The AGM endorsed a campaigning strategy for which the major issues are as follows:

Single-tier pension

The top priority will be lobbying activity during the Parliamentary passage of the Government's Bill to create a single-tier pension from 2016.

The following motion was debated and passed at the AGM:

This AGM notes the presentation to Parliament on Monday 14 January 2013 of the long-awaited White Paper on State Pension Reform - The Single-Tier Pension: A Simple Foundation for Saving.

Whilst acknowledging that the framework of the proposals in the White Paper will eventually produce a more straight forward and comprehensible State Pension Scheme for future pensioners in a few decades time, this AGM recognises that there are major drawbacks in the proposals:

General Secretary: ANDREW MORRIS

ASSOCIATIONS REPRESENTED: Association of HM Inspectors of Schools OFSTED Section Committee • Association of HM Inspectors of Schools (Scotland) • Association of Local Authority Chief Executives • Association of Teachers and Lecturers • Association of School and College Leaders • British Broadcasting Corporation Pensioners Association • Civil Service Pensioners' Alliance • Civil Service Pensioners' Alliance (Scotland) • Educational Institute of Scotland • Forces Pension Society • Foreign and Commonwealth Office Association • GMB • MDP Retired Officers' Association • National Association of Head Teachers • National Association of Retired Firefighters • National Association of Retired Police Officers • National Association of Schoolmasters Union of Women Teachers • National Federation of Occupational Pensioners • National Union of Teachers • Overseas Service Pensioners' Association • Prospect • Public and Commercial Services Union • Retired Police Officers' Association (Scotland) • Retired Prison Governors Association • Retired Teachers' Association (Northern Ireland) • Scottish Retired Teachers' Association • UNISON • University and College Union

- *that the level set for the Single-Tier State Pension is way below that of the official poverty threshold*
- *that any benefits of a Single-Tier State Pension will be denied to current pensioners and those that qualify for a State Pension before 2016*
- *that the accompanying abolition of the contracted-out rate of National Insurance Contributions (NICs) could have significantly detrimental consequences for existing Defined Benefit Private Sector Pension Schemes and the terms & conditions of public service employees*

This AGM therefore agrees to campaign together with all other willing organisations concerned with State Pension issues against the White Paper and to press for reforms of the current State Pension system that will improve the lots of both current and future pensioners.

CSPA

This provides us with a clear list of points to make while lobbying MPs and others. Single-tier pension does not meet our wider goals as it will be set only just above the means-test threshold. Furthermore, the exclusion of existing pensioners means current pensioners would be left on a residual system and there would be little hope of future improvements. Transitional arrangements for single-tier give future pensioners the better of their entitlement under the old system and their entitlement under single-tier. This should certainly be explored for existing pensioners as well.

The abolition of contracting-out will put more pressure on private sector occupational pension schemes. This may in turn lead to more pressure on public sector pensions. Planned increases in employer and employee NICs will also have knock-on effects.

The PSPC met with Gregg McClymont, Labour Shadow Pensions Minister, on 6th June and put these points to him. Gregg McClymont was reluctant to make spending commitments, though he did realise the damaging effect of increasing NICs. His view was that the Government may seek to put the Bill through its Parliamentary stages quickly. Constituent organisations that are planning to make representations may need to do so quickly.

Indexation

We now face the situation where there is an 'alphabet soup' of inflation indices which could be used for pensions indexation – RPI, the new RPIJ, CPI and CPIH. We should be aware that the new indices would not currently mean higher increases, if adopted. Currently CPIH is running at 2.2 per cent, lower than CPI at 2.4 per cent. RPIJ was 2.3 per cent, lower than CPI (and RPI at 2.9 per cent). We will continue to monitor the new indices.

While we will continue to campaign on indexation, we recognise that the Government's position is unlikely to change over the current year. The Opposition's policy, however, has been only to support the move from RPI to CPI for this Parliament. Mike Duggan, CSPA General Secretary and PSPC Executive member, has written to Rachel Reeves MP on behalf of the CSPA, PSPC, NPC, National Federation of Occupational Pensioners and Occupational Pensioners' Alliance to clarify that this remains Labour policy. Certainly, we should highlight the point that the Government is happy to link to RPI when it comes to revenue (for train fares and student loans) but prefers CPI when dealing with expenditure.

Universal benefits

We believe that universal benefits for pensioners are likely to become a more prominent issue over the next couple of years. The Coalition has promised not to change universal benefits for pensioners in this Parliament, but there is no guarantee that this would extend past the next

General Election. The Shadow Chancellor, Ed Balls MP, has already announced plans to means-test Winter Fuel Payments for affluent pensioners.

Our strategy on this is developing, but we will need to stress the advantages of keeping universal benefits post-2015. The points need to be made to politicians before they draw up their manifestos, not afterwards.

Age-related personal tax allowances

Colleagues will be aware that the e-petition on age-related personal tax allowances (ARPTAs) reached 100,000 signatures earlier in the year. A Parliamentary debate was scheduled for 29 April but was deferred, probably until the Autumn, due to the timing of the Queen's speech. This provides us with greater opportunity to undertake lobbying work before then.

The impact of the freezing of ARPTAs has only become apparent from this April. People have received limited pension increases, and the freezing of allowances means pressure on incomes. Younger people have of course seen a £1,300 increase in their tax allowances, which mitigates the impact of limited wage increases on them. Ironically, the richest pensioners, whose ARPTAs are fully taxed away, will have received the greatest tax benefit this year due to the rise in the basic personal allowance.

Potential impact of Scottish independence on public service pensions

This issue was discussed at the AGM, which was treated to a highly entertaining and thought-provoking speech from Mr Fred Thomson, President of the Scottish Retired Teachers' Association. The issues of the impact of possible Scottish independence on public service pensions and the future role of the PSPC as a UK-wide body were remitted to the Executive for further consideration.

The PSPC will remain studiously neutral on the concept of Scottish independence. It is reasonable, however, for us to ask sensible questions on the organisation and security of public service pension rights in a post-independence world. The organisation of public service pensions varies depending on the sector. Some sectors, like teaching already have separate schemes for England & Wales and Scotland. Other schemes are organised on a UK-wide basis, and there would have to be discussions on how to apportion notional assets and liabilities in the event of Scottish independence. Funded schemes may have more serious problems in the event of independence, with these schemes being treated as 'cross-border' schemes under EU regulations and thus subject to more stringent funding and regulatory standards.

The Institute of Chartered Accountants (Scotland) has written a report which explores the pension issues, which I enclose. The PSPC would also have to consider its role with respect to representation of Scottish public service pensioners in the event of a YES vote.

Conclusion

As you can see, the PSPC has a busy year ahead. I hope to give constituent organisations regular updates on our campaigns. I would also be glad for constituent organisations to contact me so that we have a dialogue throughout the year.

Yours sincerely



ANDREW MORRIS
General Secretary