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Pensions Survey

As previously reported a pathfinder project has been established to consider changes to the way the Local Government Pension Scheme (LGPS) in Scotland is run.

One work stream is looking at pension's administration including service levels and costs. Whilst we believe that the management of funds need reform, our research indicates that there is limited scope for financial savings from administration. We are concerned that centralisation could lead to a diminution of customer service and the loss of face to face contact with pension staff. A telephone call centre is not adequate support for matters as complex as pensions can be.

As part of this project Local Authority Pension Funds in Scotland are participating in a survey to determine if there is a better way to deliver accurate, timely and quality administration services to Local Government Pension Scheme members. Members will be receiving a request to complete the survey online by visiting:

<http://web.questback.com/theimprovementservice/survey>

Branches are asked to encourage members to complete this survey.

Hutton Review

In the last Bulletin we covered the UK government's decision to appoint John Hutton MP to chair the 'independent' Public Service Pensions Commission. The commission is tasked to undertake a fundamental structural review of public service pension provision. The interim report is due to be published shortly.

Whilst pension legislation is a reserved UK matter, the regulation of most public sector pension schemes in Scotland is a devolved issue. For this reason John Hutton visited Scotland and asked to meet UNISON pension leads.

At that meeting he helpfully set out some basic principles that would underpin his recommendations. These demonstrate an understanding of the important role public service pensions play, not only as the deferred pay of our members, but also the wider economic and social impact any changes would have. In particular the interface between pensions and state benefits for low paid workers.

We expanded on the [written evidence](#) we submitted to the Commission and highlighted the differences between the schemes in Scotland and England. We stressed that much work has been undertaken in recent years to ensure that the Scottish schemes are both

affordable and sustainable. This is a view reflected in employer and Scottish Government submissions to the Commission.

Lord Hutton's review was commissioned by the Con-Dem UK Government, not the Scottish Government. We are concerned, given the public utterances by Nick Clegg in particular about 'gold plated pensions', that this Commission is anything but independent.

Lord Hutton did much to reassure us that he is independent but as ever the proof will be in his report. He also agreed to return to Scotland after his interim report is published and before he drafts his final recommendations to the UK government.

Taxation of Pension Benefits

The UK Government has been consulting on changes to the tax relief on pensions. The aim of this exercise is to raise £3.6bn of additional revenue by reducing the tax relief. The consultation paper claims that the changes will only impact on higher pension savers. However, UNISON and others are concerned that the figures suggested could hit members on middle incomes and those retiring on the grounds of ill health or redundancy. This is because the document suggests redesigning or withdrawing benefit elements that cause spikes in accrual, for example, enhanced early retirement terms, ill health service top-ups, top-ups at retirement based on a service qualifier or in the event of redundancy. They even suggest replacing ill health provisions with a private insurance scheme.

The UNISON response can be viewed at:

http://www.unison.org.uk/pensions/pages_view.asp?did=11726

A decision is expected soon with legislation this autumn, leading to implementation in April 2011.

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