



No. 25

September 2011

Scottish Government start talks on pensions

The Cabinet Secretary for Finance, John Swinney MSP has initiated discussions with public service pension stakeholders in Scotland including trade unions and employer organisations. This follows the broad discussions at a UK level on the UK Government's response to the Hutton Commission recommendations and proposals to increase employee pension contributions by 50% (3.2% of salary).

The Scottish Government's approach is outlined in the Cabinet Secretary's [statement](#) to Parliament that increased pension contributions will place an unnecessary burden on public service workers who are already suffering from pay restraint and rising living costs. While this support is welcome, public service pension regulation is a devolved issue and therefore Scottish Ministers have decisions to make on the way ahead in Scotland.

The discussions at present focus on the contribution increases in the context of the Scottish Spending Review that is due to be published later this month. The Hutton recommendations are primarily an issue for individual Scottish pension schemes.

Scottish Ministers have some constraints on what they can do. The main challenge is financial because the UK Government has in effect docked the NHS and Teachers contributions from the Scottish budget. This means the Scottish Government is facing a £240m shortfall by 2014. The LGPS, Police and Fire schemes are not scored against the budget. However, the Scottish Government could raise an additional £165m from members in these schemes, if they followed the UK Government's expectation that contributions should increase in these schemes as well. The Scottish Government describes this as an 'opportunity cost'. We would describe it as a 'Scottish pensions tax' because there is no requirement to 'tax' Scottish local government staff.

The other constraint is that the Scottish Government has only limited powers to make changes to the NHS scheme. It has much more flexibility in the local government scheme because any changes do not require the approval of the UK government.

At present discussions are simply looking at a range of options for dealing with the financial consequences. These range from the treatment of different schemes, through financial options to timescales. In what is already a difficult spending environment all stakeholders recognise the difficulties facing the Scottish Government. However, UNISON's position remains that this is simply a tax on our members as not one penny of the cash raised will go into the pension schemes.

Pensions Campaign Materials

The latest UNISON Scotland leaflet is available from our [pensions](#) page. This is a general awareness and recruitment leaflet. We will be launching new materials later this month when the Scottish Government's position on contribution increases becomes clearer

Other generic materials are available on the UK web site with the warning that these focus on the position in England.



Pension benefit increases - change from RPI to CPI

There is a e.petition on the UK Government's petition site attacking the decision to change the indexing of pension increases from the RPI to the CPI. This will result in a 15% cut in benefits. The petition has already gained over 30,000 signatures. The target is 100,000 so please get your members to sign up. The petition can be accessed at: <http://epetitions.direct.gov.uk/petitions/1535>

Health Pension Campaign Group

At UK level the main health unions have agreed to set up a joint Pension Campaign Group. While remaining committed to pursuing negotiations, this group will now take forward a variety of campaign initiatives, including preparations for possible industrial action. More details on the UK web site <http://www.unison.org.uk/pensions/healthcare.asp>

Gap in private sector pensions widens

The High Pay Commission reports that over 97% of top company directors have company pensions – yet only one third of private sector employees receive a company pension. The average top executive with a final salary pension scheme could expect to receive a pension worth £174,963. For the workers the average is just £5,860.

As the Commission chair said: “As ever with pay at the top, it is one rule for the workforce and another for the boardroom.”

Remember these are the same people who frequently call on government to cut public service pensions.

More information at:

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

UK Campaign Web Pages: <http://www.unison.org.uk/pensions/protectour.asp>

Advice on Pensions: <http://www.unison.org.uk/pensions/index.asp>

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