



**No. 63**

**January 2024**



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## **Pensions holiday today, hangover tomorrow**

Pension funds are slashing employer contributions, and UNISON believes this may put workers futures at risk. The last Local Government Pension Fund (LGPS) valuations found that many funds were doing well – their investments had gone up. So led by Strathclyde they are slashing employers pension contributions. Strathclyde has cut these from 19.3% to 6.5% for the next two years. Your contributions are unchanged.

This is deeply concerning. Strathclyde’s “valuation” had gone up from 106% to 147% over the last 3 years. Over 100% means they estimate they have enough money to pay the pensions of all their members, which is good. But we’ve been here before. Investments can go up as well as down. In the 1980s many pension funds were well funded and allowed employers to take “contribution holidays” – to stop paying in. This then came back to bite them a few years later, and the funds had huge deficits instead.

A pension fund in deficit puts workers pension at risk, and could mean employeers and workers pension contributions rising. We live in uncertain times, with international tension in Ukraine, China, and the Middle East. The UK economy is teetering on a recession. UNISON believes that pension funds should “de-risk” their investments instead of cutting employers.

**Action: Write to your LGPS Pension Fund to ask how they are using their current surplus to “de-risk”, rather than cutting employers contributions.**



## Edinburgh – Playing politics with your pension?

UNISON Scotland has complained to Edinburgh City Council about their pension committee making playing politics with workers pension, instead of putting the members first. The complaint says these actions may be unlawful.



Lothian Pension Fund, run by Edinburgh, covers four councils, Scottish Water, Scottish Police, several universities and colleges, and other employers. It had agreed to merge with Falkirk Pension Fund to produce a new and bigger fund. The merger aimed to safeguard pensions by make better returns, cutting investment fees, and improving governance with a bigger role for Trade Unions in overseeing your pensions.

This process has taken nearly a decade in planning and preparation, but now, meeting in secret, the Lothian Pension Committee abruptly pulled out of the exercise. Pension Committees are required to operate in the interests of members, not the council, but the only information disclosed says that this decision was taken after talks with political leaders and was based on the position of Edinburgh City Council, not the pension fund.

UNISON has submitted complaints on behalf of members, and will fight this all the way.



### Rogue employers

Employers collect your pension contributions, add their contributions, and pass them to the pension fund<sup>1</sup>. These must be listed on your pay slips, and your scheme manager (LGPS, or SPPA for other

public sector pensions, or a private company) must provide you with an annual benefits statement showing these payments. They should also give you a benefits statement upon request. But what if there are contribution missing? If your employer has not passed on the contributions to the pension scheme?

Step one is to write to your employer to ask why the payments haven't been made. Step two is to contact your branch pension champion to ask for any support. Step three is to contact The Pensions Regulator (TPR).

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<sup>1</sup> Unless you're in a non-LGPS public sector pension, in which case they go to HM Treasury

You have to wait 90 days after the first missed payment to contact TPR, but they have wide-ranging enforcement powers. By default, they will require employers to pay in backdated contributions, and often this also means workers have to pay in their contributions too. TPR can also fine employers and may tell them to pay members contributions as well. So the risk of being referred to TPR is a bargaining level to push employers to pay some or all of members missed contributions.

TPR have a simple factsheet [here](#) and a page for lodging these complaints [here](#). You can also contact the Pensions Ombudsman to complain.



Has your branch got a **Pensions Champion**? If you want to get involved - get in touch!

## Notional Care Service?

Thousands of care workers will have breathed a sigh of relief when they saw the Scottish Government announcement that care staff will not be transferred out of Local Authorities as part of the National Care Service. This will also mean their pensions are protected in the future, and that the LGPS does not undergo huge upheaval.

The pension rights of other workers, previously transferred out of councils, still had a question mark hanging over them because the plan was for new Care Boards, rather than Councils, to procure care contracts. This would remove "Section 52" rights, and UNISON has been campaigning on this. So it was very welcome that

**National Care Service** *Watch*

the Minister for Social Care, Mental Wellbeing and Sport, Maree Todd MSP, recently wrote to the Health, Social Care and Sport Committee of the Scottish Parliament saying "we no longer expect to abolish integration authorities and establish care boards".

A sigh of relief all round. Although with such a scale back, is the National Care Service becoming more of a Notional Care Service?

## Government interference in your pension

The Government (UK) is planning to make public bodies follow UK foreign policy in their purchasing, procurement, and investment decisions, and have specifically included Palestine. LGPS Funds would be covered by this. UNISON says this is unnecessary, inappropriate and damaging, and we oppose it. There are some specific implications for the LGPS in Scotland:

- Firstly, pension fund investment decisions are already guided by fiduciary duty, and made by representatives of the employers and members in the interests of the fund. This is an unnecessary burden.
- Secondly, it is UK government legislation on investments, which are a devolved matter. This is inappropriate interference.
- Thirdly, the UK government is also looking at requirements for LGPS Funds to invest a minimum amount in private equity and in 'levelling up' projects. This trend to introduce controls on investment decisions is potentially damaging to the performance of the funds.

Mercedes Villalba MSP has lodged a motion in the Scottish Parliament, and UNISON is a supporter of the “Right to Boycott” Campaign. Please write to your MSP to call on them to support the motion (S6M-11605), and urge others to do likewise.

- You can contact your MSPs via [www.writetothem.com](http://www.writetothem.com)
- The Right to Boycott campaign is at <https://righttoboycott.org.uk/>
- The Scottish Parliament motion is at <https://www.parliament.scot/.../votes-and-motions/S6M-11605>



## NHS Pensions – which option should you choose?

UNISON did not fully support the review of member contributions – particularly given the impact on ‘middle earner’ members who are being asked to pay more towards their pension. Although the changes did introduce some benefits that UNISON did support such as the lower payment rates for part time workers.

The NHS pension scheme is also being revalued – this is a legal requirement. Early indicators suggest that there will be a slight increase in employer contributions and no impact in member contributions.

On McCloud the Government made changes to public service pension schemes which treated members differently based on their age – the courts determined that this was discriminatory. The 2015 Remedy, also known as the McCloud remedy, will put this right by removing this age discrimination and inviting members to choose the benefits that are best for them.

(SPPA) has now moved into the implementation phase, the priority is to ensure eligible members are provided with clear information to enable them to make their remedy choice.

From April 2024 **retiring** NHS members will receive a remediable service statement (RSS) that shows their pension benefits side-by-side in the final salary and CARE scheme for the remedy period to help them make their choice. Eligible pensioners will get an RSS from April 2024 and all eligible pensioners will have been sent their RSS by the end of March 2025.

NHS Members who are still working will get an RSS alongside their Annual Benefit Statement in August 2024 and annually thereafter so that they can keep track of their pension benefit options for the remedy period.

Find out more about the McCloud Remedy at [www.pensions.gov.scot/2015-remedy](http://www.pensions.gov.scot/2015-remedy)

## Casework Corner

**“I am being transferred by my employer to a job and will lose contractual overtime. How will this affect my LGPS pension?”**

Section 90 of the LGPS (Scotland) [regulations](#) allows any member whose pay is permanently reduced (unless it's by their own choice) to get a “certificate of protection”. This means that for the purposes of calculating their pension, their pay is deemed as not having been reduced. They have to request this within 12 months of the reduction. There is a briefing at [www.lgpslibrary.org/assets/gas/scot/HRAPP2v2.0c.pdf](http://www.lgpslibrary.org/assets/gas/scot/HRAPP2v2.0c.pdf).

**“My employer is planning to bring in a Salary Sacrifice scheme for my pension contributions – what would this mean for me?”**

Salary sacrifice is a government endorsed scheme that means your salary is reduced but instead your pension contributions are deducted from your salary as a benefit. This means you (and your employer) don't pay National Insurance on them. So this can be a win-win, and is fairly widely used. However, as it is paid pre-tax, it lowers your gross salary. So, anything related to your salary might be affected – for example the amount you are able to borrow for a mortgage, or state benefits like Statutory Maternity Pay.




## UNISON representatives on LGPS Boards

For information on your local LGPS Board, please contact your UNISON representative.

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