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Legal Ruling: Pension protections are discriminatory

Changes to public sector pension schemes have been put on hold after the courts ruled that some existing protections were discriminatory.

'Transitional protections' for older workers shielded them from changes to the schemes, which started in 2015. However in December 2018 the Court of Appeal looked at the Judges' and Firefighters' schemes and ruled that this unfairly discriminated on grounds of age, race and equal pay. In June 2019 the Supreme Court refused the UK government leave to appeal which means the judgement stands, workers who lost out need to be compensated, and changes need to be made to the schemes for the future.

This is also likely to affect all the other public service pension schemes which also had various types of transitional protections. The UK and Scottish governments (HM Treasury and SPPA) are currently looking at proposals, and claim it could cost £4billion – a figure UNISON disputes. Whatever they come up with, it probably won't happen quickly.

The latest valuations of 'unfunded' pension schemes – including the NHS - found that they were paying out less in benefits than predicted, and improvements to members' benefits were planned for 1 April 2019. However these have been put on hold. At the same time increases in employers contributions (using a different formula) are still being introduced.

In Scotland, the valuation of the local government scheme (LGPS) is still underway. Staff moved over to the new scheme in 2015, and tapering protection was put in place for those who were within 10 years of normal retirement age in 2012. However as pay rises have been so low (until recently), this has had less effect and so the scheme may need fewer changes. But watch this space.

Seminar date set

UNISON Scotland's 2019 pensions seminar is set for **Wednesday 21 August** in Glasgow. UNISON's Head of Pensions, Glyn Jenkins, will be covering the landmark ruling that many pension protections may be discriminatory, and the implications for our pension schemes. We will be launching our "One Fund for Scotland" campaign to claw back the £millions lost to financial institutions from the LGPS. We will look at supporting a carbon-free future can work alongside good investments to pay pensions. Last but not least we will look at developments in the NHS pension scheme.

Branches, pensions champions and officers, reps on the LGPS Boards, the 100 activists who completed their basic pensions training at the start of 2019, staff supporting pensions work and all others are welcome.

Just complete the attached form and return it to grampianresourcecentre@unison.co.uk.

One fund for Scotland, £100 million a year for services

Money isn't everything, but if there was a spare £100 million in Scotland every year, where should it go? An extra 2,700 nurses? Into local public services? Putting the brakes on austerity? Affordable housing for young workers? Or to financial managers in the City of London? Country estates in Surrey don't come cheap, but the chances are that your pension contributions are helping keep investment managers in champagne and caviar.

£100 million is being lost from Scotland's Local Government Pensions Scheme (LGPS), every year. If the money wasn't leaking out of the investments, it would mean employers would need to pay less in, leaving more for jobs and services. The LGPS is your money, your deferred wages. A quarter of a million workers are paying in. Council workers, utility workers, education workers, police workers, care workers. Employers pay in too. 1-in-5 Scots have a financial interest in the scheme. But big investment companies also have a "financial interest" in the scheme, and that is the problem.

The great pensions rip-off is not complicated. Investment companies charge higher fees for smaller investments than bigger ones. Unity is strength, but in Scotland the LGPS is split into 11 smaller funds which invest the money, to get income, to pay your pension. There is no good reason why there are 11 funds – it's just an accident of history. In global pension terms Scotland isn't big, and split into 11 it starts to get very small, and the fees rise and rise.

It's not just that. Small pension funds can't afford to employ much in-house expertise, so they rely on the tender mercy of external consultants, and the competition watchdog has just released a damning report on how they operate. All-in-all, around £1 billion could be released over 10 years by having a single LGPS fund for Scotland.

What does this mean? Sharing the benefits evenly amongst councils, in the North East it could mean £3.13m a year for Aberdeen City, £4.3m for Aberdeenshire and £1.57m for Moray. That's a lot of services not being cut. A lot of pupil support assistants, librarians, housing workers, support workers still in jobs.

UNISON's campaign to take back control of the funds is common sense. But we need to overcome vested interests from the pensions elite, and so we need a grassroots movement for change to overcome this.

Briefings are going out to branches linked to the LGPS soon, and we want branches to invite someone to their branch committee meetings to help get the word out. The campaign launch will be at UNISON Scotland's Pension seminar in the summer. Keep your eyes peeled and your purses ready!



Pensions
Scotland

LGPS Board Reps

UNISON has seats on all 11 LGPS Pension Boards across Scotland. These oversee the running of the pension funds, and can “call in” decisions made by the funds. They represent the interests of UNISON members in the branches covered by their fund – if your branch isn’t in contact with your pension rep, why not invite them to your next branch committee?

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For further information visit our dedicated pension website:

Pensions Scotland: <http://www.pensionsscotland.org>

Or contact: Simon Watson: s.watson@unison.co.uk