

PENSION NEGOTIATIONS TO CONTINUE AS GOVERNMENT BEGINS TO CONSULT OVER CHANGES

- The negotiations between GMB and other TUC unions with government will now continue through to the end of October.
- The focus will shift to detailed negotiations in each of the separate public sector pension schemes.
- In the meantime government is only proceeding with a consultation on the first tranche of its proposal to raise contribution levels - the rest and any further reform is up to scheme negotiations.
- The LGPS is officially recognised as different and can determine how to achieve some or all of the savings government seeks.
- GMB continues to prepare for industrial action should the further negotiations fail.

Since the government set out its plans last year to raise public sector pension contributions by 3.2 percentage points (equivalent to a 50% hike) and to reduce benefits and raise retirement ages, GMB has argued strongly against the unfairness of this and the damage that would be caused by people dropping out of pension schemes because government was making it too expensive. For their part government has tried to persuade unions to agree to detrimental changes which we were not prepared to do. As a result the negotiations have made only limited progress -

- It is agreed that any changes or reform must first be equality checked and must maximise participation in the pensions schemes.
- It is agreed that public sector pension schemes should be more transparent and have better governance including member representation.
- It is agreed that the funded nature of the LGPS means that it can be treated differently from the other public sector schemes.
- Government is not changing its view that pension schemes must make significant savings - the TUs disagree.
- Government is not at this stage carrying out a 3.2% increase in contributions or changing benefits or retirement ages.

- Unions in each scheme will be involved in negotiations about these matters.

What government is going ahead with is to ask each public sector scheme (excluding LGPS) by the end of July to formally consult over a partial contribution increase - this is expected to be an average around 1.25%. However government has said that the lowest paid should be protected from this (with the obvious consequence that others will be asked to pay more). This consultation and the scheme negotiations referred to above will continue through to October.

The local government scheme (LGPS) will still be required to find savings although government is not laying down how this should be done.

What is the upshot of all this?

Firstly, government has backed off a bit - for now. There is no change in government's long term plans to eventually make people pay excessively more for reduced benefits.

Secondly, GMB and the other unions have more opportunity to negotiate on all of these matters and we will utilise that.

Thirdly, GMB has secured greater flexibility for the LGPS which is absolutely essential to ensure the funds - now worth £165bn - remain sustainable.

Fourthly, the crucial period will be October when the consultation and negotiations conclude. In my view it will still require a huge shift in the government's position to allow negotiations to be successful.

GMB's very clear position is therefore that we will negotiate hard and the outcome will be put to GMB members. If it proves to be unacceptable we will move to an industrial action ballot and we are preparing for that eventuality now as are all other unions. It is up to government whether it wants to negotiate sensibly or face a dispute with the whole of the public sector,

I will keep you informed.

Brian Strutton

Brian Strutton
National Secretary - Public Services Section

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