Jan 2012-Feb 2012 • By local government workers, for local government workers



# Public Disorder

**A Workers' Liberty local government workers' bulletin**

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# "New" pensions deal: same as the old deal

**Public sector union committees, branches, and workplace groups should call emergency meetings to reject the sell-out on pensions outlined at the TUC public sector group meeting on 19 December and effectively endorsed again at a 12 January meeting.**

So far, only the PCS, Northern Irish public service union NIPSA and Unite (after initially signing up to a "Principles Document" with Unison, GMB and the Local Government Employers) have decisively rejected the deal.

Unison's Local Government Service Group Executive voted by 24-10 on 10 January to accept the deal. Its Higher Education SGE also voted to accept, and its Health SGE voted to consult (but not formally ballot) members on the issue. In advance of the meeting, Health SGE member and Workers' Liberty member Alison Brown was bureaucratically prevented from attending and voting, showing the Unison leadership's desperation to hamstring opposition to the sell-out.

Teaching unions NUT and NASUWT have said they will not "sign up", but have stopped short of a decisive rejection and have not called further action. An NUT Executive meeting on Thursday 12 January could change that.

Unions should reject the deal because the Government has not shifted a millimetre on any of its main plans for public sector pensions.

- a 3.2 percentage point increase in contributions by 2014/2015: the Government has already announced that the increased contributions will start for teachers and civil servants from April 2012;
- pegging the pension age for public sector employees to the state pension age, which will increase to 67 by 2026 and then on to 70, faster than was planned when the talks on public sector pensions began;
- switching the uprating of benefits from the RPI rate of inflation to CPI, which runs about 0.8% lower, reducing the value of a pension by 15% after 20 years. The Government has already introduced this shift, from April 2011.

The RPI-CPI switch gives a twist to the fourth main Government aim: switching all public sector workers to career-average from final-salary schemes.

A switch to career-average is not necessarily bad. But it all depends on the details of the inflation rate at which bygone years' wages are upgraded to calculate the average, and on the "accrual rate", the percentage of career-average acquired by each year's contribution.

The civil service union PCS points out: "Career average salary is calculated by taking a percentage of each annual salary and up-rating it by inflation. By cutting the inflation indicator from RPI to CPI, the government at a stroke reduced the value of... [career-average] scheme[s]". Only with a much better accrual rate can a career average scheme be as valuable as a final-salary one.

In short, public-sector workers will:

- have more taken out of their pay in pension contributions — £100 a month more for even middle-range workers, on top of the continued cuts in real wages recently announced by the Government;
- have to work longer for their pensions, often much longer: workers who can now retire at 60 may have to work until 67 as early as 2026;
- get worse pensions.

### REARRANGING THE DECK CHAIRS?

**What's new? On 19 December a number of union leaders, without consulting even their union executives, effectively, via the media, told the principal personages of the pensions drama, the rank and file workers and the Government, that the campaign was over. Why?**

The Government had rearranged some of the detail, not improved it. On 2 November it had already conceded no immediate contributions increase for the lower-paid and protection (though not from the RPI-to-CPI shift) for workers retiring within the next ten years.

**Continued overleaf**

Workers' Liberty is a revolutionary socialist organisation active in the British labour movement fighting for an alternative to capitalism and Stalinism based on common ownership, democracy and workers' control. *Public Disorder* is produced by our members who work in the health service. To get involved with producing the bulletin, or to take copies for your workplace, email awl@workersliberty.org with the subject line 'Public Disorder'.

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In local government, there *appears* to be a bigger shift. The joint employers/unions document promises no contribution increases before 2014, or only small ones.

Yet this is not the victory that it seems. Unlike other public sector schemes, local government pensions work through funds (workers and employers pay into the funds, fund managers invest the money, and pensions are paid out of the fund). In the civil service, teachers' and health schemes, contributions go into, and pensions are paid out of, general Treasury revenue.

By raising contribution levels in these schemes the government can claw back some money. But in the funded local government scheme it is not so simple. This scheme is governed by a 3-yearly expert evaluation.  That means that the government would not see any of the money raised by increased contributions until after 2013. Even then, because of the dire state of the world economy and the fact people are leaving the schemes, there is a good chance that LG employer contributions will *increase* or remains the same in 2013. For this reason some local government bosses petitioned the government to drop their increased contribution plans.

Much of the "negotiation" process in LG seems to have involved both unions and employers trying to explain to the government how the LGPS works. When the government did finally grasp the reality that by increasing contributions they would not necessarily make more money, they agreed to postpone this part of their plan.

The Government is happy so long as it can cut the amount it pays from central funds to local authorities to cover the authorities' contributions to the funds. The December deal gives the Government that cut by worsening pensions (only 1/60 accrual rate, despite a shift to "career-average"; and no commitment on valuation of past years' pay for calculating "career average"), and bringing the worse pensions in early (2014, while it is 2015 for the other schemes).

### AGREEMENT?

**No union leader claims to have an actual agreement. The local government "Principles Document" endorsed by Unison and the GMB (and, until 9 January, by Unite) is a framework for further talks (in fact, a framework that gives the government everything they wanted) rather than an actual deal.**

The headline media reports — that is, the story as received by the big majority of public sector workers — are that most unions have accepted the Government terms, quit the campaign, and settled down to negotiate fine detail.

A closer look at union statements indicates that most unions have not quite accepted the Government terms. That means the sell-out can be stopped. It also means something else, though.

A firm stand by just a few combative unions could push the Government back even if every other union drops out. PCS and NUT alone alone have enough clout for that.

If a few unions take a firm stand, then they will probably rally others. But if they only demur from full-scale capitulation, have their officials weaselling that they haven't really accepted the Government terms yet, and simultaneously but silently signal doubt about further action, then the weight of media and Government pressure will demobilise workers.

**If this sell-out goes through, it will give a go-ahead signal to the Government to redouble attacks on pay and jobs which are going through with minimal resistance, and probably to supplement them with outright attacks on union organisation.**

## Organise for rank-and-file control!

A big part of the reason why union leaders — including many unelected officials and top negotiators — have been able to take the pensions dispute to the brink of capitulation is because of the way our unions are run.

Inside every union there is a conflict between the ordinary members — the "rank-and-file" — and the official machinery — the "bureaucracy". Union bureaucrats have a lifestyle closer to that of bosses than to their own members; their interest is in defending the union as an institution locked into the framework of bargaining rather than in furthering working-class social and political interests by any means necessary.

We need to organise rank-and-file bodies now that can challenge the bureaucrats for control of this dispute, and our unions in general. In Unison, local government activists are preparing a campaign to call for a special conference of the union. Pass a motion in your branch backing that call; see our website for the model text.

Hold cross-union workplace meetings where workers can discuss the dispute. Discuss ways of supporting unions like NUT and PCS which may take further action. If you're a Unite member, fight in your branch for your union to take more action. Although Unite's National Industrial Sector Committees for health and local government have rejected the deal, the union's top leaders are prevaricating about calling more action.

Make sure people in your workplace know about the content of the deal. One defining characteristic about the dispute so far is how much members have been kept in the dark; when Unite, Unison and GMB first signed the "Principles Document", they announced their decision but claimed they couldn't tell anyone what the document contained because they were waiting for Eric Pickles' approval!

**We need unions controlled by the members, not by the cautious conservatism of bureaucrats.**