

Public Service Pensioners' Council

Hamilton House, Mabledon Place, London WC1H 9BD. Telephone: 020 7380 4765 FAX: 020 7383 3454
www.publicservicepensioners.org.uk

To: Secretaries of Constituent Organisations

30 January 2013

Dear Colleagues

Pensions White Paper + Governance arrangements for public sector schemes + Age-related personal allowance

I am taking this opportunity to update constituent organisations on recent developments on the above issues.

Pensions White Paper – ‘The single-tier pension: a simple foundation for saving’

The Department for Work and Pensions has published the long-awaited White Paper on the single-tier pension.

The major issue for pensioners is that those who are already retired, or reach state pension age before the introduction of the single tier pension would remain on the current system rather than receive the single-tier pension.

Depending on the individual's income from state pensions, this could work in their favour or not. It does mean, however, that there will be a long tail of pensioners potentially subject to means-testing well into the middle of this century. Currently around one-third of eligible pensioners do not claim means-tested Pension Credit. The PSPC believes that the reforms should not go ahead in their current form. If the reforms proceed as planned, current pensioners will remain on the existing system and it will be almost impossible to secure future improvements for this group.

Summary of single-tier pension proposals

- The plans would recast the current system into a single flat-rate amount which would subsume the additional pension. Implementation date is April 2017 at the earliest.
- The single-tier pension would be set at £144 a week in today's prices. It would be indexed in line with the 'triple lock' that currently applies to the basic state pension.
- Qualification for the full single tier pension would require 35 qualifying years of NICs or credits (more than the 30 years for the basic state pension but less than the 49-52 years to get a full state second pension record)
- There would also be a minimum qualifying period of between seven and ten qualifying years. Those with fewer than 35 qualifying years but above the minimum qualifying period would receive a pro-rata amount.

General Secretary: ANDREW MORRIS

ASSOCIATIONS REPRESENTED: Association of HM Inspectors of Schools OFSTED Section Committee • Association of HM Inspectors of Schools (Scotland) • Association of Local Authority Chief Executives • Association of Teachers and Lecturers • Association of School and College Leaders • British Broadcasting Corporation Pensioners Association • Civil Service Pensioners' Alliance • Civil Service Pensioners' Alliance (Scotland) • Educational Institute of Scotland • Forces Pension Society • Foreign and Commonwealth Office Association • GMB • MDP Retired Officers' Association • National Association of Head Teachers • National Association of Retired Firefighters • National Association of Retired Police Officers • National Association of Schoolmasters Union of Women Teachers • National Federation of Occupational Pensioners • National Union of Teachers • Overseas Service Pensioners' Association • Prospect • Public and Commercial Services Union • Retired Police Officers' Association (Scotland) • Retired Prison Governors Association • Retired Teachers' Association (Northern Ireland) • Scottish Retired Teachers' Association • UNISON • University and College Union

- The White Paper proposes the abolition of contracting out. Employees currently in contracted-out schemes would pay an extra 1.4 per cent in NICs. Employers would pay an extra 3.4 per cent. The White Paper makes it clear that public sector employers will not be able to recoup the cost of the extra NICs directly from pension schemes.
- There is no new money involved. Winners are balanced by losers. Gainers from the single-tier pension are the self-employed who were not previously able to build up state second pension, people (mainly women) who have taken time out of the workplace to bring up children, and low earners.
- Losers from the single-tier pension are middle to high earners, especially those who were contracted into the state second pension. New entrants to the workforce are also set to get less on average than if the current system had been maintained.

Governance arrangements for public sector schemes

The Public Service Pensions Bill which sets the over-riding legislative framework for public service pensions post 2015 is proceeding through Parliament. Clause 5 of the Bill deals with the 'Pension Boards' that are to be established in all schemes as recommended in the Hutton Report.

The Bill does not prescribe pensioner representation but provides for this this level of detail to be dealt with at scheme level. The PSPC has done useful work in meeting with Treasury officials to explain the case for pensioner representation and the existence of representative organisations which could help identify such representatives and has also sent evidence to the House of Commons Public Service Pensions Bill Committee. We suggest that constituent organisations make contact with organisations, such as trade unions, that will be automatically consulted to attempt to secure pensioner representation on these new Boards.

Age-related personal allowance

Colleagues will be aware that an e-petition was launched last March to oppose the phasing out of the age allowance and to seek a debate in Parliament on the topic. E-petitions only have a life of one year, so the 100,000 signatures must be reached by 22 March or the petition will lapse. The number of signatures currently stands at just over 73,000. A final push may just get us to 100,000. I would urge constituent organisations to re-circulate this to your membership and encourage members to sign.

The e-petition can be found at <http://epetitions.direct.gov.uk/petitions/31778>

Yours sincerely



ANDREW MORRIS
General Secretary