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Pensions Pathfinder Project

As we reported in the last Scottish Pensions Bulletin a pathfinder project has been established to consider changes to the way the Local Government Pension Scheme (LGPS) in Scotland is run. This project has started its second phase with two main work streams looking at investment management and administration.

The investment management work stream will be modelling the possible merger of funds into one, two or three larger bodies as well as the status quo. UNISON research indicates that there is the potential to make significant savings by merging investment management and we would expect this to be reflected in the outcome of the modelling exercise.

The pensions administration work stream will look at service levels and costs. This will include a customer survey that will examine the quality of service and seek views on issues like the location of pensions admin. Our research indicates that there is limited scope for financial savings and risk that centralisation could lead to a diminution of customer service.

The research for these work streams will be undertaken over the next few months with a report being presented to the Lead Officer Steering Group in March 2011. There will be ongoing discussions with the trade unions and SLOGPAG during this period. Branches that have members engaged in these functions should ensure that their members are aware of this project and feedback any concerns as the research develops.

Hutton Review

The Con/Dem government has appointed John Hutton MP to chair the 'independent' Public Service Pensions Commission. The commission is tasked to undertake a fundamental structural review of public service pension provision. It will produce an interim report in September 2010 ahead of the autumn Spending Review.

Whilst pensions legislation is a reserved UK matter, the regulation of most public sector pensions schemes in Scotland is a devolved issue. We have contributed to the UNISON UK response that can be viewed at <http://www.unison.org.uk/acrobat/B5195.pdf>

Meanwhile there is little let up in the attacks on public service pensions and our response. This week we highlighted the inefficiency of private sector pensions in the UK, with members taking home as little as 50% of the pensions of their European counterparts, for the same contribution.

<http://www.unison-scotland.org.uk/news/2010/julyaug/0308.htm>

Last month the right wing Institute of Directors published their latest 'Pensions Commission' report. Coming from the recipients of the most generous pension provision in the UK, this was particularly hypocritical. Our response can be viewed at <http://www.unison-scotland.org.uk/news/2010/julyaug/0707.htm>

The Scottish Independent Budget Review (Beveridge report) also claimed that changes to current public sector pension arrangements "are essential and almost certainly unavoidable". Little recognition is given in this report to the major changes that have been negotiated in recent years. In addition, the impact reduced provision would have on public finances and benefits in particular, are ignored.

Branches are encouraged to respond to local attacks on our pension schemes. A wide range of campaign and recruitment materials are available on our pensions page: <http://www.unison-scotland.org.uk/pensions/index.html>

LGPS Update

The Scottish Local Government Pension Advisory Group (SLOGPAG) projects on governance and affordability are continuing to develop their proposals. The current position was set out in the last bulletin and there has been little progress since then.

When we have firm proposals we will convene a meeting of branch pension contacts.

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