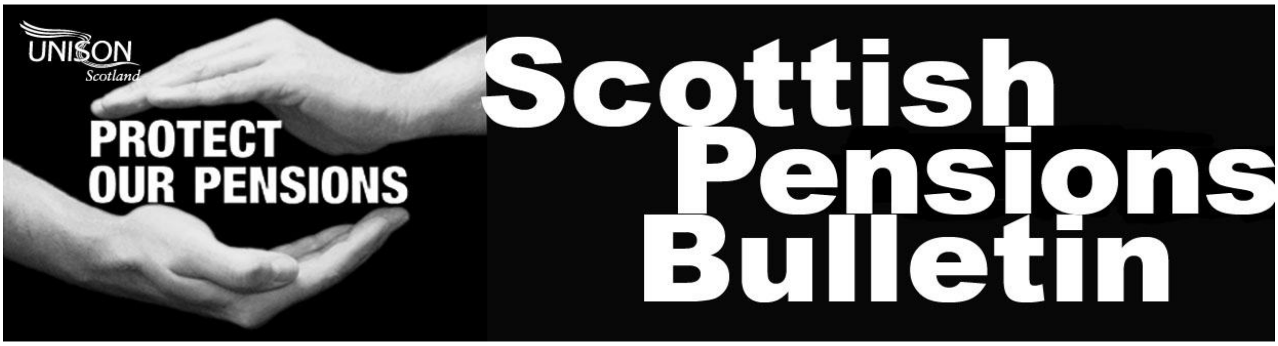

No. 30 **March 2012**

NHS Pensions Dispute

Scottish Ministers have indicated that they wish to hold sector negotiations over Scottish pension schemes. Talks over the NHS Scotland scheme will begin on 28 March. However, for the NHS scheme they have made it clear that they are not prepared to negotiate over the year one contributions. Regulations to implement the increase have been tabled at the Scottish Parliament's Subordinate Legislation Committee this week.

In response UNISON Scotland today started a new round of industrial action on NHS pensions. A number of selective strikes are planned to increase pressure on the government for a Scottish solution to all aspects of pensions changes. This includes the year 1 increases to employee contributions of up to 2.4% - which are effectively a pensions tax on health workers. UNISON health members in the Central De-Contamination Unit at Ayrshire Central Hospital Irvine are taking industrial action on the issue of pensions on Tuesday 13 and Wednesday 14 March 2012. Further action in Lanarkshire, Lothian and Greater Glasgow is planned for the coming weeks.

You can follow the action as it develops on our pensions web pages.

Local Government

The LGPS scheme in Scotland has an agreed cost sharing process to address future costs and there will be no contribution increases in the coming financial year. This means discussions in Scotland will continue under the terms of the 2008 agreement. Unlike the NHS scheme no dates have been set for discussions on long term reform in the LGPS Scotland.

We appreciate that bulletins covering developments in the English LGPS scheme can reach members in Scotland and cause confusion. But as ever all Scottish developments will be reported here.

Each year LGPS contribution bands are revised in line with the Pensions (Increase) Act 1971 – as required by the LGPS Scotland Regulations. Because of the unique way the Scottish contribution bands work this benefits all members as more fall into the lower contribution bands. The exact figures have not been published as yet. The Scottish Public Pensions Agency have advised that they are awaiting the final figures from the Treasury. The changes will apply from 1 April.

Contracting out rebates fall from April 2012

Public service pensions schemes are a contracted out defined benefit pension scheme. This means that scheme members are contracted out of the State Second Pension (S2P). This used to be called the State Earnings Related Pension Scheme (SERPS).
This means that members do not build up S2P entitlements and both members and employers receive a rebate on National Insurance Contributions (NICs) – meaning lower NICs than you would otherwise pay.

However, the Government is going to reduce the NICs rebate from April 2012. It is currently 3.7% for employers and 1.6% for employees. From April it will be 3.4% for employers and 1.4% for employees.

Members have to pay NICs if they earn more than the Primary Threshold – currently £139 per week. The Primary Threshold will be increased to £146 per week in April 2012 to coincide with the changes to contracting out rebates. There may be a small reduction in take-home pay from April and employer's National Insurance contributions will increase. However, this increase will be offset by increases in contribution bands for many members as set out above in the LGPS scheme.

In the longer term the UK Government has been consulting over a new state pension scheme that could end the rebate completely. That would have a major impact for members and employers and this is a standing item on scheme negotiations in Scotland. This is a matter for primary legislation at UK level and we await developments.

Watch out for dodgy deals on pensions

There has been an increase in advertising across Scotland from companies that claim to be able to provide loans or release tax-free cash from members pensions before they reach age 55. The Pensions Regulator, FSA and HMRIC have warned against these schemes. Some £200m has been transferred in 2011across the UK.

They work by transferring some of the members pension fund into risky investments with no guarantees. Members are likely to be poorer as a result and can face substantial tax charges. Typically they are advertised on websites or small adverts in newspapers. We have seen them pop up in Google mail adverts. As money is tight for all members at present these schemes can sound attractive. But as the Pension Regulator says "If the offer sounds too good to be true, it probably is".

Retirement Age

The announcement by Tesco that they are increasing the pension age in their scheme to 67, has reignited the debate over the retirement age. We have participated in several media debates on the issue. Some of the key arguments we have used can be found here for branches to use locally.

More information at:

Scottish Pension Web Pages: http://www.unison-scotland.org.uk/pensions/index.html
UK Campaign Web Pages: http://www.unison.org.uk/pensions/protectour.asp

For further information contact:
Dave Watson, Scottish Organiser: d.watson@unison.co.uk