

UNISON Scotland response to The National Health Service Superannuation Scheme Scotland Consultation – Employee Contribution Rate Increases – Draft Amendment Regulations

Introduction

UNISON is Scotland's largest healthcare trade union representing over 50,000 members working in NHS Scotland and related services.

Our health members are nurses, student nurses, midwives, health visitors, healthcare assistants, paramedics, cleaners, porters, catering staff, medical secretaries, clerical and admin staff and scientific and technical staff.

All of our healthcare members greatly value the pension benefits they are accruing in the NHS Pension Scheme and the importance of saving for their retirement, which is emphasised by the current high take up rate of the NHS Pension Scheme. The scheme allows many low paid workers the opportunity to save for their retirement so they can retire in dignity and not have to rely on future taxpayers.

Many of our members are relatively modestly paid, are in the midst of a pay freeze, a high inflation climate, fearful of the impact of health spending cuts and are very distressed and angry that the Scottish Government, at the behest of the UK Government, is asking them to pay much more in pension contributions. The reality is that many of our members will simply not be able to afford to make the proposed contribution increases and will have to opt-out of their scheme to their and the State's future detriment.

Draft Regulations

The covering letter to the draft regulations indicates that Ministers have taken into account the responses to the consultation. We can see no evidence of that in the regulations.

The rates contained in these draft regulations claim to mirror the rates the UK Government is expected to introduce for the scheme in England and Wales. Negotiations in the England and Wales scheme have progressed since these draft regulations were prepared and therefore we await an indication from the Scottish Government as to how they intend to reflect those changes in the Scottish regulations.

UNISON Scotland remains of the view that these regulations and the increase in contributions are not justified or necessary.

They are not justified because the NHS Pension Scheme is currently cash rich and is actually offsetting the cash deficit in Pay As You Go schemes over the next few years based on the current level of membership being maintained. Even if the scheme was cash poor it is not justifiable to impose a tax or levy on members currently trying to save for their retirement.

Members of the NHS Pension Scheme have paid over £16 billion to the Treasury over the last 10 years alone. All pension schemes mature over time and for decades most Pay As You Go schemes were paying more than they were receiving from the Treasury. The NHS Pension Scheme like all Pay As You Go schemes is notionally funded and contributions are based on assumptions of how much the benefits cost as they accrue; they have not been based on whether the scheme is cash rich or cash poor at any given moment in time.

We have not been shown how the proposed increases are based on any rational assessment of the increase in cost of the scheme, because no such figures exist. These proposals are not necessary because an equivalent approach could have emerged from the cost-sharing approach to funding the NHS Pension Scheme which was agreed in Partnership in 2007. This approach would most likely have led to a requirement to increase contributions or amend benefit structures and UNISON would have participated fully in any resulting discussions and consultation emerging from this process. Unfortunately this agreed procedure has been unilaterally dismantled by the UK Government.

UNISON have not and still don't accept the Treasury's rationale for imposed member contribution increases which have been devised to counteract the effects of the financial crisis caused by reckless risk taking in the banking sector. The contention that these contributions are necessary to pay for increased longevity is false; this cost pressure is identified in the cost-sharing agreement under which NHS employees (not taxpayers) would stand to pick up the cost of living longer. In essence this is simply a tax on hard working and loyal health service workers. The reality is that the proposed increased member contributions will not aid the funding position of the NHS Pension Scheme as the money will simply go straight to the Treasury to help pay off deficits that have nothing to do with our members.

We set out our detailed response to the proposals in our submission to the previous consultation on these contribution increases. There is nothing in these draft regulations or the explanatory letter that changes our position on these points.

Scottish Government's position

UNISON Scotland again welcomes the Scottish Government's statement that at a time of pay constraint and pressure on household finances - and in the absence of clear evidence of immediate need – the UK Government's policy of increasing employee contributions is unwarranted and disruptive.

While we understand the financial pressure the UK Government is exerting on the Scottish Government, we believe other options exist for funding the cost of these contribution increases. All the NHS trade unions have indicated to the Cabinet Secretary for Health a willingness to engage with the Scottish Government on this issue. The Scottish Government has the opportunity to make different choices to those set out in these regulations.

This matter has been the subject of industrial action by UNISON and other trade unions in Scotland and that dispute with the Scottish Government remains live.

Conclusion

UNISON Scotland does not agree to the draft regulations. They are a tax on hard pressed NHS workers who in many cases cannot afford to contribute more to their pension and are being penalised through the reckless risk taking of the banking and financial sector. Ultimately these proposals and potential further contribution proposals for 2013 and 2014 risk mass opt-outs which will only serve to increase dependency on the State.

We do not accept that the Scottish Government has no option other than to follow the UK Government's proposals. There is a separate scheme in Scotland and there are other options to fund the cost. These should be pursued in partnership through the Scottish Terms and Conditions Committee and the Scottish Pensions Group.

February 2012

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