

YOUR REF

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The Leading Public Service Union

Brian Campfield General Secretary

DFP Committee Clerk
NI Assembly
Room 419
Parliament Buildings
Stormont
BELFAST
BT4 3XX

29 August 2013

Dear Shane

PUBLIC SERVICE PENSIONS BILL

I am attaching as Appendix 1 NIPSA's proposed amendments, deletions and additions to the Public Service Pensions Bill.

You will be aware from the evidence sessions with the Committee and the NIPSA submission to DFP's pre-bill consultation of the breadth and range of NIPSA's opposition to the Bill. The attached appendix reflects the amendments NIPSA considers necessary to the Bill for it to be brought into line with our policy objectives. As you will be aware our preference is for the Bill to be withdrawn or for it to fall, thus leaving the position open for sponsoring Department's to take forward direct engagement with the respective trade unions on a scheme-by-scheme basis to follow through on the 2008/9 agreements for the various public sector pension schemes.

As you will be aware the main objections of NIPSA relate to:

- (a) The introduction of CARE when it demonstrably is disadvantage to scheme members.
- (b) The linking of Normal Retirement Age to State Pension Age.

Along with the other members of the NIC ICTU Public Service Pensions Trade Union Group I am more than happy to discuss in detail the points in the appendix and to further engage with the Committee.

NIPSA has worked very closely with NICICTU to produce the economic paper attached to the NICICTU response.

"Increasing the Retirement Age for Public Sector Workers. Effects on the Wide Labour Market".

This paper goes some way to addressing the impact of the proposed changes on the macroeconomic aspects that have been discussed with the Committee. We would have to record our disappointment at the failure of DFP to engage in research and

consider that such a failure is because DFP recognises the adverse impact of the public service pension reforms on the wider economy of Northern Ireland.

I am also attaching a copy of an article from the Local Government Journal of 8 August, 2013 – “Treasury Pensions Raid to cost billions – proposals to change basis of calculations could add significantly to employers costs.”

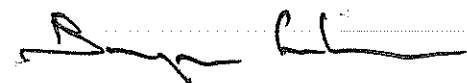
This article covers three issues;

- (i) impact of the move from April 2016 to end contracting out of state second Pension, not only will this impact on employers but for scheme members there will be a further 1.5% hike on national insurance contributions as the NIC occupational pension relief will be abolished;
- (ii) HMT earnings growth assumption increase to 4.75%, despite the reality being public sector pay restraint, and
- (iii) increasing the discount rate by ½ %.

These changes not only totally undermine the sustainability of public sector pensions schemes but clearly demonstrate that the Westminster Government cannot be trusted. In the discussions at Westminster on the Public Service Pensions Act the Government stated time after time that the current changes would stand for 25 years and that the aim was to make the schemes sustainable, especially from an employers cost basis. These three measures clearly demonstrate that the intent of the government is to destroy public service pensions.

In view of these developments it is essential that the Committee examines these issues in detail, along with the further submissions including this one from NIPSA and the other trade union responses to the Committee's consultation.

Yours sincerely



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**PROPOSED AMENDMENTS/DELETIONS/ADDITIONS AND
COMMENTS TO THE NORTHERN IRELAND ASSEMBLY'S PUBLIC
SERVICE PENSIONS BILL**

The following sets out proposed changes to the Bill for consideration by the DFP Committee. The NICICTU Trade Union Group is happy to go over the amendments, etc in detail with the Committee. The amendments etc, in the main, are proposed to tie in with the detailed TUS comments on the DFP pre Bill consultation.

The wording used is not designed to be the direct "legislative" wording necessary to make good in the Bill the intent of the TUS. The TUS also reserves the right to bring forward additional proposals throughout the passage of the Bill.

<u>Clause</u>	<u>Comment</u>
1	What is the position in respect of other schemes eg Ulster Sheltered Employment NI Water and the X Border Bodies?
3(3)(b)	The TUS would wish to see this clause amended so to ensure that it cannot provide for any detrimental (Henry VIII) changes.
3(5)	TUS is concerned that this provides DFP with absolute rights of veto. This is especially so for the LGPS/NILGOSC Scheme

which historically as a funded scheme requires DOE approval following negotiations with the NILGOSC employers and trade unions.

5(5)(c)/5(7)(b) This needs amending to provide that the member representatives are appointed from the recognised trade unions for the Scheme via consultation with NIC ICTU.

7 A question arises as to the potential for the Pension Board to also fulfil the role of the "Scheme Advisory Board". There is no detail as to the construction of the Scheme Advisory Board, TUS would propose it should be equal numbers of employers and employee representatives and that the employee representatives be appointed in line with the proposal at 5(5)(c)/5(7)(b) above.

8(1) Delete sub-clauses (b) and (c), these must be provision only for a defined benefits scheme.

8(2)(b) add after "a deferred benefits scheme" – "of a final salary basis" and delete all else.

8(3) delete.

8(5) If not deleted (see 8(2)(b) comment and to read "positive resolution".

- 9(2) In respect of NILGOSC a funded scheme this determination should be for DOE following Consultation with the NILGOS Employers and Trade Unions.
- 9(3) This should be amended to provide only for a positive change in prices or earnings.
- 9(5)(g) delete
- 9(5)(b) amend to "affirmative" from "negative"
- 9 (6) this raises issues as to the revaluation provisions in the Heads of Agreement for specific schemes eg teachers scheme.
- 10(1) delete
- 10(2) add " (c) member of the prison service who is a prison officer"
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11(2) How does DFP intend to consult with the Pension Boards, Scheme Advisory Boards and in particular recognised Trade Unions given the importance and potential implications of actuarial valuations.

The question also arises to the role of DFP in the LGPS/NILGOSC Scheme, especially on view of the separate scheme actuary.

11(4) To what weight is the consultation with GAD given vis-à-vis consultation with others, especially when the norm is for DFP to ignore the views of consultees contrary to Lord Woolf's Judgement in R v North and East Devon health Authority and the Assembly's Research Paper NIAR 246- 12, 27/4/12.

11(5) delete

12(3) This should not cover the NILGOSC Scheme. The issue also arises of how costs are dealt with that arise as a consequence of the employer/DFP/GAD/HMT actions eg

- (i) increase in ill-health retirements due to increasing the age of retirement,
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- (iii) Changes to the Discount rate.

- 12(4) taking account of 12(3) how will DFP consult stakeholders (see 11(2))
- 12(5) amend taking account of 12(3) and 12(4)
- 12(7) there is no reference to protections for members.
- 12(8) amend taking account of 12(3), 12(4), 12(5), and 12(7).
- 12(9) amend to "affirmative resolution".
- 13(3) clarity is needed with regard to the NILGOSC Scheme that the Actuary will only be the Scheme's Actuary and not GAD or another DFP and/or DOE appointed Actuary.
- 13 6 (c)(ii) For NILGOSC this needs to be clarified so as to refer to the NILGOSC Committee.
- 14 (2)(b) DFP should be required to consult with all key stakeholders on the "directions".
- 15 (3) As with 14 (2) (b)
- 18 (4) (a) There is an issue in respect of the term "closing date" as this could result in the scheme having to make good the deficit.

- 18 (5) (a) The date should be amended to 1 April 2015 or later if the new scheme is deferred to post April 2015.
- 21 (1) As pensions are deferred pay this should provide for negotiations with TUS. The consultation reference should be "with a view to reaching agreement" and be cognizant of the requirements of consultation.
- 23 (i) Delete, there should be no scope for retrospective changes (Henry VIII
- 24 (1) (c) All Schemes would wish to have the privileged position given here to holders of Judicial Office.
- 25 This may be the appropriate clause to provide for a revised "Fair Deal" provision on the face of the Bill (to include ABS in the NILGOSC Scheme).
- 26 Delete, to enhance scheme sustainability there should be no scope to bolster private pensions
- 28 (2) (a) Delete, there is no justification for a NILGOSC April 2014 implementation date.

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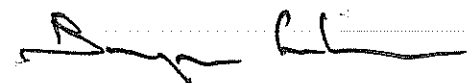
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