



Northern Ireland
Assembly

Committee for Finance and Personnel

OFFICIAL REPORT (Hansard)

Superannuation Bill: Trade Union Officials

4 July 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Daithí McKay (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mr Roy Beggs
Mrs Judith Cochrane
Mr Leslie Cree
Mr Paul Girvan
Mr William Humphrey
Mr Mitchel McLaughlin
Mr Adrian McQuillan

Witnesses:

Mr Harry Baird	FDA
Mr Brian Campfield	Northern Ireland Public Service Alliance
Mr Billy Lynn	Northern Ireland Public Service Alliance

The Chairperson: I welcome to the Committee Mr Brian Campfield, general secretary of NIPSA; Mr Billy Lynn, member of the general council of NIPSA; and Mr Harry Baird from the FDA. There are apologies from GMB and Unite. I ask that you make an opening statement. Perhaps you can outline, in particular, the recent discussions on the Bill with the Department.

Mr Brian Campfield (Northern Ireland Public Service Alliance): Thank you very much, Chairman. We provided a brief submission, and we were with the Committee previously. The discussion last time focused on the application of parity and the issue of negotiation and consultation. Although there was an exchange of information with the Department at that stage, there was not any negotiation or consultation as such. At the previous meeting, you will appreciate that we offered to enter into negotiations on the compensation scheme. Although the terms of the compensation scheme in Britain were unacceptable to all the unions, some of them took practical decisions because they thought that it was the best deal they could get. However, they were very unhappy about what was effectively a diminution in redundancy entitlement where civil servants are made redundant on a voluntary or compulsory basis.

We have been involved in what is called the Civil Service pensions forum, and I know that the Department will be able to answer questions on that too. More recently, we have just signed off on the constitution of the terms of reference for the pensions forum. It is to provide for consultation on changes not just to the Civil Service compensation scheme but to wider public sector pension changes that are coming as a result of UK Government decisions on a whole range of issues, including the pension age for public servants; the change in state pension age, which is due to go up over a period of years; and the introduction of career-average type pension schemes as a replacement for final-

salary pension schemes. There are a number of other issues as well. It is expected that there will be a GB pensions Bill in the autumn. I know that the Department has been looking at ways in which it will introduce those changes to the Northern Ireland Civil Service.

We discuss a broader range of issues at the pensions forum, and the Superannuation Bill is one of the matters that have been under consideration. At the pensions forum, with the Department of Finance and Personnel (DFP) and the management side, we again offered to enter into negotiations on the terms of the new compensation scheme applying to Northern Ireland civil servants. That was our opening offer in light of the fact that we said to the Committee that we did not think that the Superannuation Bill was appropriate — certainly not at this stage.

What the Bill effectively does is remove what is termed a veto that trade unions or employee representatives have if there is an attempt to reduce the entitlements of civil servants in a redundancy situation. That is its main *raison d'être*. So, the only reason for the Superannuation Bill is to put the Department in a position where it can introduce the same changes that have been introduced in Britain to Northern Ireland. I know that that raises the parity issue, and we dealt with that at the previous meeting. From our point of view, if that is the sole reason why the Superannuation Bill is required, we do not think that it should be made law. Its only purpose is to enable the Department to reduce redundancy compensation provisions.

In our brief paper — we deliberately kept it brief — we tried to explain our take on the Superannuation Bill. In paragraphs 9 and 10 of our submission, we refer to the word "labour". That does not relate to any political party; it relates to ordinary people who work for a living. It is labour as opposed to what would traditionally be called capital.

Our view is, and this is a very general point, that the changes to redundancy compensation, like a lot of other changes including taxes on public servants' pensions, are really part of an overall agenda to push back the rights and entitlements that workers have. We as a trade union have a responsibility to oppose any detrimental changes to the terms and conditions of ordinary workers, whether in the public or private sector. In this case, we are opposed to the Superannuation Bill because, effectively, it would reduce the entitlement in a redundancy situation.

Although we can argue that there is unemployment in other parts of the UK/Britain as well, we have made an argument about the labour mobility culture in Northern Ireland. Although I do not have the facts or figures to back it up at the moment, labour is not as mobile in Northern Ireland, and that is more to do with the fact that we are part of an island than our history. If people are made redundant from the Civil Service, or anywhere, it is generally more difficult to get employment, and that underlines our view that, in those circumstances, the redundancy payments should be as generous as possible.

The Department has told us that the Civil Service does not envisage there being any compulsory redundancies. In fact, at the moment, there are no proposals for voluntary redundancies. I know that we have difficulties in certain areas such as the Planning Service in relation to redeploying professional technical planners because of a surplus of planners. Management and trade union sides are working their way through that. I may be paraphrasing management side, who can no doubt speak for themselves, but our fears about reduced redundancy terms having an impact on workers are not likely to be borne out because there are no plans for redundancies.

We previously made the point that quite a number of non-departmental public bodies (NDPBs) are covered by these arrangements as well. There are smaller organisations, some of which are under significant pressure from a financial point of view in relation to the financial settlement, that would not have the same scope for redeploying staff as the Civil Service. Some of these organisations may employ 30, 40, 50, 100 or 200 people; therefore their scope for redeploying people in a potential redundancy situation would not be as great as that of the Northern Ireland Civil Service.

I am not sure whether this is in the public domain, and Billy may be able to elaborate on it, but there are also potential difficulties coming down the road in relation to a number of public service functions here, for instance, in social security offices, the Belfast benefits centre and potentially the Child Maintenance and Enforcement Division (CMED) as well. That is because some of the work that is carried out in Northern Ireland by the Northern Ireland Civil Service is done on behalf of GB Departments, and we have concerns that potential staffing issues and surpluses will arise from the situation we are moving into whereby we have the major welfare reform, not so much on the horizon, but certainly looming very large. With this reorganisation, or modernisation as some people call it, the welfare reform changes, if implemented, are quite likely to lead to a rationalisation of benefits. That is

likely to have a big impact on staff, not only in the Northern Ireland Civil Service but outside it as well; for instance, Housing Executive staff who will be affected by the changes to housing benefit or whatever. Staff in HM Revenue and Customs (HMRC) will be affected as well, but we are concerned that a significant number of civil servants could potentially be affected.

That has not been realised yet, and we hope that it will not be. We hope that solutions are found to these problems, but we could find ourselves in a position where staff are being made redundant either on a voluntary or compulsory basis, and we will get into a situation where the current entitlement is reduced. From a trade union point of view, that is unacceptable. That is why we argued that the legislation should not be pursued or implemented. I know that there are issues. The paper by the Assembly's Research and Information Service dealt with the meaning of "consultation", "negotiation" and various other things, and I am happy to attempt to answer any questions in that area. The Bill will provide the Department with the opportunity to reduce redundancy compensation terms, which, at the moment, it has to have our agreement on. The legislation will mean that the Department will no longer need our agreement, and it will, effectively, have a free hand.

On the negotiations, discussions or consultations, there will be a debate about what has happened in the Northern Ireland Civil Service pensions forum. We went back and said that we were prepared to negotiate on the compensation scheme, but the response from the management side was that the Minister wants to apply the GB changes. That meant that there was really no scope for negotiation. My view of the definition of "negotiation" — it is not definitive — is that if one party has one set of proposals and the other party has another set of proposals, it is not a negotiation unless there is something between those two positions, which is the outcome. The Department has told us that there is no scope for negotiations on the terms of the compensation scheme, and, therefore, the offer that we made to negotiate on the compensation scheme for the Northern Ireland Civil Service has not been taken up.

The Chairperson: On the final point you made, Brian, did the Department make you aware of its position on 19 June?

Mr Campfield: Yes. I am not sure whether you have the minutes for the meeting of 19 June. There has been a series of meetings, but I think that that response is probably recorded in those minutes.

That issue has arisen during a number of meetings of the pensions forum. We were before the Committee in April, and we formally made the offer to negotiate after that meeting. We were obliged to do that. Having told the Committee that we were prepared to negotiate, we had to advise the management side.

The Chairperson: The terms of reference of the pensions forum were agreed on 21 June. Is there anything in them that gives you hope that there will be a more positive engagement at the planned meeting on 9 July, or do you see that meeting as being more of the same?

Mr Campfield: The terms of reference and constitution of the pensions forum have been formalised and we have signed those off. The dilemma that we had was whether we should make an assumption and jump to the conclusion that there would be no real negotiations with the management side on proposals that relate to pensions or redundancy compensation. If that were the case, there was not really much point in engaging with them. Maybe it is a bit of a leap of faith on our part. We have to look at it positively. The management side has set up the forum, it will allow consultation with the trade unions and we have to be prepared to engage. Until we engage, we do not know whether there will be some change or positive outcome, or whether both sides can meet in the middle between our position and theirs.

We have had a lot of exchange of information. The pensions forum is very useful in allowing us to keep track of legislative developments across the water and here, and to understand the Minister's intention and the Department's position. It remains to be seen, and the Superannuation Bill or the negotiations on the compensation scheme will be the tests of whether the pensions forum will result in effective consultation. When I give you a definition of "negotiation", effective consultation also means that people are prepared to change their positions and come up with solutions that are not exactly what both sides started with.

The Chairperson: I am coming to this fresh because I have just joined the Committee. Is the veto unique to civil servants? Were similar provisions introduced elsewhere in the public sector for teachers, nurses, etc?

Mr Campfield: The Superannuation Bill — I could be wrong about this; it is not something that I had prepared — covers more than just civil servants. I could be wrong, but if it applies to more than civil servants, it is a bigger issue than we identified and there will be a lot more interested parties. The Bill covers all public sector pension schemes, but it is divided up into different sections that relate to the health scheme, the teachers' scheme and the Civil Service scheme. I do not think that the provision applies to other public sector pension schemes; it is very much a Civil Service provision, but I can check that out.

Local government redundancy arrangements have been linked into the National Joint Council for Local Government Services and local authorities in Britain. Their redundancy arrangements for compensation follow on from that. There is a degree of discretion among employers in the local authority area in respect of what they are prepared to put up by way of redundancy payments to solve surplus situations.

Mr Humphrey: Thanks very much for your presentation, Brian. You stated that a civil servant said that the Minister was happy or wanted to implement the GB legislation. Is that right?

Mr Campfield: Yes.

Mr Humphrey: For clarification, who told you that, and at what meeting?

Mr Campfield: It sounds as though I am being interrogated, but that is OK.

Mr Humphrey: That is our job, to be fair.

Mr Campfield: Let me go through the papers. It was at a meeting — Grace Nesbitt is behind me now; she will hopefully be able to confirm that, unless all the people who were sitting on our side of the table were not listening properly. There was a meeting of the pensions forum in May. We also had a meeting in June. My understanding is that the Minister's view was that the GB rules on all these issues, including pensions and compensation, should be applied in Northern Ireland.

Mr Humphrey: That was at the pensions forum in May?

Mr Campfield: May or June; I need to check the minutes.

Mr Humphrey: Who told you that?

Mr Campfield: I think it was Grace — whoever was on the management side.

Mr Billy Lynn (Northern Ireland Public Service Alliance): That was the opinion of all the trade unions that were at that meeting.

Mr D Bradley: The situation at the moment is that you have a veto, or you are said to have a veto. Has it ever been used?

Mr Campfield: Not in Northern Ireland. It was the subject of legal proceedings in Britain. The Westminster Government, through the Cabinet Office and the Treasury, decided to unilaterally change compensation provisions. That was challenged in court by way of judicial review. The trade union view, which was that agreement had to be secured from the trade unions before any changes could be made, was upheld. The Government then introduced their equivalent of the Superannuation Bill to remove the veto. That is what happened in Britain. In Northern Ireland, we have not had occasion to use the veto because, from my recollection and experience, there have not been any proposals to dilute, diminish or worsen the redundancy compensation provisions.

Mr D Bradley: The Department has referred to:

"tacit acceptance by unions of a principle of parity".

If that is the case, how can you or, indeed, the Committee oppose the purpose of the Bill, given that it is intended to maintain parity?

Mr Campfield: We explained our view on parity at the previous Committee meeting we attended. Although we broadly favour parity, we made the point — I think that this is contained in our brief submission for this meeting — that we do not have strict parity of pay, for instance, in the Northern Ireland Civil Service.

This goes back to the dissolution of the national pay arrangements in Britain. Pay was negotiated centrally, and every Department was covered by those pay negotiations. There was a single pay and grading structure for all Departments. However, during Margaret Thatcher's time in power, national bargaining was basically dissolved, and each Department was given delegated authority to negotiate its own pay, and terms and conditions of employment. The issue of pensions was not subject to negotiation at that stage. So parity of pay was sort of dissolved, because in the Home Civil Service, the UK Civil Service or whatever you want to call it, each Department has delegated authority. So they have their own pay and grading structures, and different rates of pay. The Northern Ireland Civil Service was forced into that position as well. So we then negotiated with DFP the grading structures and pay rates that apply in Northern Ireland. It is invariably the case that there are different pay and grading structures across virtually every Department in Britain, from the Department for Work and Pensions (DWP) to the Department for Transport to the Department for Business, Innovation and Skills, or whatever, and in the Northern Ireland Civil Service. If you go through all the different Departments, you will see that they have different pay arrangements. So the strict parity that we had previously was removed by Government themselves, not by any act on the part of the trade unions.

Broadly speaking, we are in favour of parity, but from a trade union point of view, we also have to protect our members' interests. Normally in situations where there is worsening of terms and conditions of employment, we try to negotiate "no detriment" arrangements. I suppose that it is the "no detriment" dimension to our position on parity that brings us to the conclusion that the Superannuation Bill is not necessary and should not be implemented or adopted.

Mr D Bradley: At the previous session in, I think, May, there was discussion about — if my memory serves me right — the difference between negotiation and consultation. The new Bill allows for consultation with the trade unions, but not negotiation. If some changes were made to that particular clause, would that make the proposals more acceptable to the trade union side?

Mr Campfield: I suppose, in one sense, we would prefer it if we were not put in a position where we had to negotiate detriment to our members. To be frank, from a trade union point of view, we would prefer not to have to negotiate something that means that our members are worse off. However, in the real world, sometimes we have to do that in order to try to mitigate policies and to ensure that members are protected as best as possible. Given the Department's position that there is no scope for making any changes, the clauses in the Bill that refer to consultation do not inspire us. The Department has told us that there is no point in having any negotiations on the terms of the compensation scheme, and that reference to consultation does not convince us that there will be any meaningful engagement. The Department has declared its position of applying the UK position lock, stock and barrel.

That takes you to the definition of consultation. Earlier, I gave you my take on what "negotiation" means, but meaningful consultation must include negotiation and both sides being prepared to move from their initial positions. In making the offer to negotiate, we indicated that we are prepared to consider moving from what we have at the moment. That is implicit. We are not happy about that, but we live in the real world and are prepared to do it.

If the Bill is carried with the current reference to consultation, I am not sure whether that will result in any significant change in the Department's approach. If there were additional clauses that deal with what consultation would mean in those cases, that could be a way to approach the matter. We need to get a form of words and explain definitively what that form of words entail for the management and trade union side — it could be something further about consultation and negotiation. There are occasions when negotiations break down and neither side moves, and those negotiations are unsuccessful. However, if they are meaningful and successful, you end up with something different from what both sides started out with.

Theoretically, if the worst came to the worst, other clauses could be introduced to strengthen the requirement to consult or negotiate. Having said that, I am not absolutely sure that that would be sufficient to persuade the Department to engage in a meaningful way, and for it to move from what seems to be a fairly entrenched position with its automatic application of the GB rules.

Mr D Bradley: I understand that you prefer not to have to negotiate on changes that are detrimental for your members. However, the fact of the matter is that, day and daily, you negotiate on potentially detrimental changes in other aspects of the conditions and service of your members. In fact, a duty is placed on you by your members to tackle these issues.

If there were sufficient scope in the Bill for negotiation, it would seem to allow the trade union side to fulfil its obligations to its members. As you said, that does not always imply that it will lead to improvement, but, at the very least, it could lead to some sort of agreed position between the two sides.

Mr Campfield: I think that is a fair comment. It would very much depend on the form of words that is used, but it would also depend on the will being there on both sides to do that. We accept that we have to negotiate. We do our best to protect our members' interests, and, sometimes, that means that you have to accept something that is less bad than the alternatives. It may not be as good as what we have at the moment or what we wanted. However, that is business that we are in, and our primary responsibility to our members is to defend and advance their interests as best we can. We do not do that in isolation from our members; we are a very democratic union. We have to consult, and our members and elected bodies have to agree. None of us here have the right to enter into agreements with anybody on behalf of a group of staff unless that group of staff give its approval. We are very democratic in that respect.

Mr D Bradley: I have just one more point, Chair, if you will allow me, and I should have welcomed you to your position. I am sorry that I was late, and I wish you every success in your new role.

The last time we spoke, you had not as yet discussed these matters in any detail with the Department. You may have covered that before I came in. Has that situation changed?

Mr Campfield: We had an engagement with the Department at the pension forum. However, we have not sat down and given the Department an alternative, and the Department has not provided different options. We have not got into that primarily because, after the last meeting, we declared our commitment to enter the negotiations, but the Department has effectively said that there is no scope for negotiations because it wants to apply the changes to the compensation arrangements that were applied in Britain. So, that does not provide for any meaningful engagement. I am happy for my colleagues to interject if I may be missing something.

Mr D Bradley: Is there a stand-off there at the moment?

Mr Campfield: There is a very polite stand-off at the moment, because we are still meeting, although there has not been any real engagement on this issue.

Mr D Bradley: Would it not be to your advantage to place your proposals before the Department as an alternative to what it has on offer, even though, as you say, it may appear to be inflexible on this?

Mr Campfield: My view is that that would be a matter for negotiations, and we are not going to negotiate in front of a Committee of any kind. It is not a matter for public consideration. It may well be that it is the approach that we take, but we would have to have a signal from the employer that it is prepared to negotiate before we would put anything on the table or suggest any alternative. Obviously, there are various skills associated with negotiations. It is not a question I would want to answer in case negotiations commenced.

Negotiations do not always work by one party jumping first. We sit around the table and have a discussion and see where that leads us. We could look at different options and, on a without prejudice basis, explore those to see whether there is any scope for agreement or whether it would be accepted by both sides or either side. There is a lot to be said for without prejudice negotiations. It is not like a game of table tennis where somebody bats to you and you bat back and it keeps going on until whatever happens. The way that we prefer to engage is to sit down and have a proper discussion, go through issues, identify pros and cons and costs, and identify whether things would be accepted by our members, whether they are deliverable or whether anything is judged to be a starter. We have said that we are prepared to negotiate.

The Chairperson: Before I bring Mitchel in, and just to follow on from what Dominic was saying, the Department pointed out to us that the unions have been and continue to be involved in negotiations and consultations at the early stages of proposed Whitehall changes. Is that the case?

Mr Campfield: In Whitehall?

The Chairperson: Yes.

Mr Campfield: I am not aware of any negotiations in the Civil Service. There were negotiations under the previous Labour Administration on the compensation issue, and that was taken over by the coalition Government in May last year. Negotiations were taking place in Britain, and we would have been involved, not directly in negotiations, although we could have been, but we were involved through our membership of what was the old Council of Civil Service Unions and the National Trade Union Committee that replaced it.

Our colleagues in the unions in Britain would have regular contact and negotiations with the Treasury and the Cabinet Office on a range of issues. I suppose we do not want to spend all our time in London and Whitehall negotiating issues when our colleagues, generally speaking, are well able to do that across the water; although, not always. In that sense, there have been negotiations in Britain on these issues.

The Chairperson: Is there a need for both if the issues have already been consulted on with your input and then there is your input here? Is there duplication there?

Mr Campfield: You could make the argument that we have been consulted indirectly on the changes. That would be the case in the absence of devolution. The fact is we have devolution and we have a responsibility to recognise that, if devolution exists, there is an opportunity to engage with the political system in Northern Ireland, including the Assembly, the Minister and the Department because they have devolved powers on these issues. We could try to get what we would consider a better outcome for our members in Northern Ireland than what they got in Britain. I am talking specifically about the compensation scheme.

Mr Mitchel McLaughlin: It is helpful just to get the nuances of this issue rehearsed. As I understand it, your conditional offer on negotiation was subject to the Bill being withdrawn, so it is a status quo situation. I can fully appreciate the explanation you gave for parity and your association with the legal challenges. We have come to the end of that road. I also understand the regionalisation that has occurred with regard to your negotiation. Generally speaking, the Assembly, as opposed to the Executive arm, would be sympathetic to the issues as they affect individual civil servants, public sector workers, etc.

The balance that we have to deal with is difficult for all of us in that the Executive are subject to fairly significant policy changes and changes in the budgetary allocation. As an Assembly, we had to go through a difficult negotiation over the budgets for the Departments, seeking efficiencies whilst protecting services. That is very difficult, particularly when you do not have the full range of fiscal authority or power when you can examine other revenue-raising options that are available elsewhere but not to us.

It is in that context that you could see the management side taking a fairly strong view and exempting themselves from the position that has evolved in Britain where the legal requirement for a union agreement — the veto, as it is called — was removed and asking why we would retain it here. From that point of view, that sort of argument makes a fairly semantic distinction in circumstances where the unions say that agreement was required, and the difference between negotiation and consultation seems to be fairly minimal. The management side may well be saying that it is a consultation, not a negotiation. We are now having it presented by yourselves and you can see how it gets a bit topsy-turvy.

I am concerned that whatever scrutiny mechanisms we have in the Assembly should be also deployed, or at least exercised, to ensure that there is no abuse of a changing relationship between the management side and the trade union side. We are being told formally that the current systems are unsustainable, very expensive, blah, blah, blah. We have heard all the arguments, and I do not need to go into them. We have had the situation where parity was sufficiently important for you to associate yourselves with the various legal challenges. When that did not work out, you are reverting

to a more regionalised approach. It gets a bit contradictory and it will be used against you fairly significantly.

Mr Campfield: It is called not digging yourself into a hole.

Mr Mitchel McLaughlin: Well, you are hearing this from a friend; we can talk to each other. You will have to deal with that issue because you are going to be accused — not by me — of having your cake and eating it. It might be worth developing, in conjunction with significant support in the Assembly, an argument for meaningful negotiation on the basis that the ball game has changed because of what they have done in London. You, effectively, are arguing that the Assembly should just stand back and continue to accept the arrangement in which it is legally obliged to get your agreement before it takes any decisions on how it manages its resources. As a friend, I have to tell you that you are not going to win that argument.

Mr Campfield: We learn a lot from politicians in Northern Ireland as well; maybe that is where we got the having the cake and wanting to eat it. I am sure that, if everybody around this table could get that for their constituents, they would want that. We would not be embarrassed by being accused of wanting to have our cake and eat it, but we know that may well be an unsustainable position in some respects.

The way in which we put our offer the last time was, "Withdraw the Bill and we'll negotiate." I am not sure that we put it quite as strongly as that, but that is our preference. Our concern is that, if the Bill were adopted, any negotiations that might take place would not be real. If the negotiations did not result in a resolution, it would always be within the remit or power of the Committee, Minister or whoever to come back and say, "Right, they have been messing about; they haven't been serious in their negotiations. The Bill is going to go through as was proposed." We would prefer that scenario to —

Mr Mitchel McLaughlin: The argument that we are getting is that it is an expensive scheme and that it gets more expensive every day. That is what we are up against. They will not agree to postpone it, taste it to see and maybe revisit it.

Mr Campfield: That contradicts what we are being told. We were looking information on non-departmental public bodies. We are being told that there have not been any compulsory or voluntary redundancies in the Civil Service. There are no plans for them, so that has not cost anything yet. If they have confidence in how things are projected over the next two or three years, we can maintain the position that there will be no need to have recourse to the redundancy provisions in a big way. Therefore, the cost argument falls.

When we express concern about a diminution of people's entitlements, the case has been made to us that it does not look like there will be any major redundancies on the horizon. We would like to think that is the case; we hope that is the case. If that is case, where will the savings take place? No great number of people will go out through the redundancy provisions. There is an inconsistency in the argument that these are very costly. The objective is to try to avoid redundancy, particularly compulsory redundancies. You will find that, the better the terms of a voluntary redundancy scheme, the more likely you are to avoid the necessity to have recourse to compulsory redundancies. Certainly, as a trade union, we do not like to see any jobs go, but the voluntary redundancy situation is the lesser of two evils when compared with the compulsory redundancy situation.

We are not convinced that maintaining the current compensation arrangements will result in any significant additional cost to Northern Ireland. The objective is to avoid redundancies, and we are told that there are no redundancies on the horizon.

Mr Mitchel McLaughlin: There are no compulsory redundancies.

Mr Campfield: Or voluntary.

Mr Mitchel McLaughlin: Well, there is, but perhaps not in this specific case.

We have to try to find a way through this if we can. The teacher redundancy negotiation resulted in quite a good and generous package. It is a regional arrangement. There is no legal requirement to agree; the package was just attractive enough for people to sign up to what I think is a very generous package that the Executive negotiated and approved. That is an example of how this can be made to work. I am not inviting you to comment or trying to catch you on this, but I strongly suggest that you look at that. I am sure that your colleagues in the teaching unions will discuss it with you.

Mr Campfield: I imagine that is one of the issues that we would look at or use for comparative purposes if we were involved in negotiations. It is a matter of getting to the negotiation stage.

Mr Mitchel McLaughlin: I formally suggest that you get their point of view. I am of the same view as you; we would like to get there.

Mr Harry Baird (FDA): I will comment on Mitchel's points. What we have been trying to say may not be clear, but costs are the cornerstone of the argument. Parity with GB is a principle but it is not there in every aspect. When it suits the Minister or Department, it is gone. That is because it is viewed in those cases as different. In other words, if the Minister makes the case, which he has, that something such as pay is different, he goes ahead and implements that without discussion etc. So, there is a precedent for that approach when costs etc come into play.

We are really saying — and it is another cornerstone of the argument — that the position here is different from GB. When the UK Civil Service expanded, we did not. It is now cutting back; there may be 25% cuts. Therefore, your points about the cost is a crucial one in GB, and one can, perhaps, see why that was pushed through. The FDA was involved in those negotiations in GB. In one sense, it did not agree them but in another it was agreed because of the threat that worse would come. It is a bit like the recent agreement on pensions: we have not really agreed that, but, as a union, we voted to accept the Government's proposals because worse would have been coming.

As Brian said, the big difference between here and GB is that we are being told at the moment that we should not expect wholesale redundancies, either voluntary or compulsory, and that the Department has so far been successful in all its austerity measures. There has been none. Brian talked about an area close to me — planning — where we have successfully avoided redundancies, yet surplus staff there have been moved around other Departments etc. That can work. So, those are the two cornerstones, and that is why, in a crude sense, the Bill takes the veto away from the trade unions and gives it to the Department. Is that fair?

Mr Mitchel McLaughlin: I would not say that it is fair but it is the way of the world.

Mr Baird: That is essentially what is happening. It may be that there should be no veto for anyone.

Mr Campfield: Now that I have the information, I want to pick up on the earlier question about when this was raised with the Department. Paragraph 5.2 of the minutes of the 15 May meeting of the pension forum state that trade union side advised it was invited to give evidence to the Committee again on 4 July. It goes on to say that trade union side told management side that it was available to consult on the proposed amendments. Paragraph 5.3 states that management side explained that the remit was to maintain parity with GB, and, therefore, to align the principal Civil Service pension scheme in Northern Ireland with the equivalent GB scheme. That scheme had been amended in 2010 and is the driver behind the Superannuation Bill and not plans for redundancies.

Grace will no doubt —

Mr Humphrey: That is different, Brian, because you said that the Minister wanted it. I specifically noted that. You said that the Minister wanted it, and I think what that is saying is that the Minister is concerned about breaking parity, which is somewhat different.

Mr Campfield: What I meant was that it was the Minister's view that parity should be applied. That was the remit that departmental officials seem to have been given. Therefore, the Minister's decision that parity should be strictly applied in this case made it difficult, if not impossible, for them to enter into any meaningful consultation or negotiations. I was not saying that the Minister wants people to have less redundancy compensation. It was not meant in that sense. My understanding is that the Minister wanted to maintain the strict parity approach, even if that meant a diminution of people's entitlements. I hope that I did not imply that the Minister was relishing reducing the redundancy

provisions for staff. For his own reasons, he took a decision that the GB arrangements should apply in Northern Ireland. That is the remit that staff were working to and what makes negotiations or proper consultation difficult.

Mr Humphrey: I am grateful for that clarification. Let me make it very clear: no one in our party is keen on or wants to implement Tory cuts. They come from on high in London, and there is a huge cost to Northern Ireland that has been explained in the Chamber time after time by Ministers. The cost of breaking parity to Northern Ireland, not just in this but across the piece, would be huge. There is not enough money in the block grant to do that, and cuts have to be found elsewhere. I am not talking about pensions. Nobody in the DUP wants to implement Tory austerity measures.

Mr Campfield: I certainly was not implying that the Minister is an enthusiast for any of this. However, I have to make an observation: parity is as difficult an issue for us as it is for you. I do not want to introduce a note of controversy, but when we see the consensus and the unanimity that there appears to be in the Assembly for a departure from parity on corporation tax, it raises questions in our minds about whether you want to have your cake and eat it. Those were the terms in which it was put to us earlier. If parity was strictly applied, it raises the issue of whether there is a point in having an Assembly in the first place. I know that there are arguments about devolutionists and integrationists, but having a different rate of corporation tax is a departure from parity, is it not?

Mr McQuillan: You mentioned a hole earlier; I think you are digging it now.

The Chairperson: Brian, I am keen to move things on. Paul, you are next.

Mr Girvan: Thank you very much. I welcome you to the Chair and thank the witnesses for coming to the Committee this morning. I want to come in on the point about having your cake and eating it. It is fine to have parity in one way, but we want to cherry-pick the parts that are good and discard the parts that are not. That seems to be what is coming across this morning. We do not want to create a problem for those who would voluntarily or compulsorily receive redundancy payments. We also want to ensure that those who will be in receipt of pensions get as much as possible. However, how do we fund that?

Consultation took place with the unions at a senior level at Westminster on this matter for GB, and agreement was reached. Some of the unions at those discussions represented unions that are sitting here this morning, and their views would have been included. If we were to break parity on that point, we would effectively be saying that we should treat the people in Northern Ireland differently, and that they should get more than those in the rest of the United Kingdom. That creates a problem for me. I am opposed to the implementation of regional pay, and the Minister is on record as saying that he wants to make sure that the Civil Service pay scales stay the same. That has to be supported. If we are going to do that — we are keen that that be the case — we need to look at why we should break parity and allow a change to be made to how we deal with superannuation. If we do that, how will we fund it? Ultimately, as soon as we do it, we will remove that amount from a certain sector of our block grant. As Mitchel and William pointed out, we have to be very careful about how we deal with this.

I believe that we are effectively consulting you this morning, on the basis that we are here to hear your evidence on this point. That is what is happening, and we are dealing with it. Cuts will and have to be made in the Civil Service. There are reductions, whether those be classed as efficiencies, or whatever. We all face budget cuts and, therefore, have to make accommodations, whatever those might be. I can tell you that Members are having to make cuts as well, because we face a reduction of up to 9% in our office cost allowance (OCA). That will impact on our employees over the next three years and will mean that they will have to accept a reduction in the number of days or hours that they work in order to meet the constraints being placed on us. We know what it is like to have to work to a budget. I am just wondering how we deal with this. We support you on the regional pay issue. We think that it is vital that we do that. However, we cannot accept that one aspect; we cannot say that we do want to accept it because of the negative impact that it will have on the Civil Service. We do not want to implement any cuts, but, unfortunately, that argument will be very difficult for us to overcome.

Mr Lynn: Before Brian comes in, I want to make this clear: we do have regional pay in the Northern Ireland Civil Service. We negotiate our own pay in Northern Ireland. In fact, we have just completed a comprehensive pay and grading review of the Northern Ireland Civil Service. That is currently with the Minister, and we are awaiting a formal offer. As far as pay in the Northern Ireland Civil Service is concerned, parity does not exist, and it has not for a number of years.

Mr Mitchel McLaughlin: With the exception of the Senior Civil Service.

Mr Lynn: It can deal with that itself.

Mr Mitchel McLaughlin: It can definitely look after itself.

Mr Lynn: We do have regional pay in the Northern Ireland Civil Service.

Mr Campfield: I will pick up on some of the points. I think that Billy is right: we deliberately do not categorise it as regional pay because people would then say that we have regional pay that is related to the local market, which is a more difficult form of regional pay.

The Chancellor was talking not just about regional pay in his proposal but about — I think that this is the phrase he used — market-facing pay. If market-facing pay were to be introduced in Northern Ireland and in certain regions of Britain, it would be a race to the bottom with wages. We are very appreciative of the Finance Minister's very clear opposition to the introduction of George Osborne's market-facing regional pay. Having said that, I believe that the pay of Northern Ireland Civil Servants is different from the pay of Civil Servants in other Departments in Britain, as it is from one Department to another in Britain. In that sense, we do not see a variation in the compensation scheme arrangements as being fundamentally different from the variation in our pay situation. A negotiated outcome in Northern Ireland to the compensation scheme arrangements, which may be different from the overall UK position, would be, in our view, consistent with the way in which pay is negotiated separately in Northern Ireland. We do not see any difference there.

You said that if we do something different with the compensation scheme, the Northern Ireland block grant will be hit. I am not sure that that is the case. If compensation scheme payments for redundancies were to come out of existing budgets, of course, you would have to pay for that. It is not something that Treasury would pay. However, that is what you have to do now under the current rules. I know that there may be some technical issues related to computerisation and software, and there may be some costs there. However, from my reading of the situation — I could be wrong on this, and no doubt the departmental representatives will contradict me if I am — each Department or the Civil Service will pay the costs of the redundancy. It is not something that will require a Treasury adjustment should we happen to get more.

Mr Girvan: I will come back to you on that point. Say that, for the sake of argument, we decided that we wanted to pay an extra £10 a week to those on unemployment benefit. That would have to be funded by us.

Mr Campfield: I appreciate that that would.

Mr Girvan: For argument's sake, if people say to us that their 40-year redundancy payment should be £70,000 on a £40,000 salary, or whatever that may be on a final salary system. I am working on the basis that, should we decide that we want to give them £78,000, that extra £8,000 has to be found. It will not come from Whitehall. That will come from Northern Ireland's block grant and what there is to be spent in Northern Ireland on hospitals, roads, schools, and so on. That is exactly where we will be.

Mr Campfield: The point is that we are not asking you to get any more money. We are asking you to apply the current rules. We are prepared to negotiate, but we are saying —

Mr Girvan: Those rules exist now. However, once the Bill is implemented in GB, do you think that Treasury will sit back and say that you will get the same amount of money? It will recalculate —

Mr Campfield: I may be wrong, and no doubt Grace and her colleagues will contradict me or put me right by clarifying matters. We are talking here about the Superannuation Bill and the redundancy compensation scheme for civil servants. The costs of applying the current rules come out of the Northern Ireland block. It would not be a question of the Treasury making an adjustment. Take your benefits example: because benefits come out of annually managed expenditure (AME) and are not part of the Northern Ireland block, the Treasury will make an adjustment. It will not give you the money to meet the £10 extra that you hypothetically propose to pay. Therefore, there is a difference. Benefits come out of AME, whereas the cost of compensation comes out of the block grant.

Of course, if you maintain the current arrangements, you will still have to pay for it. However, taken to its logical conclusion, by saying that we should reduce, one could be accused of saying, "Look, if we cut the wages of all public servants by half in Northern Ireland, there will be much more money available for public services, and we will be able to do this, that and the other." All that we are saying is that redundancies are not pleasant situations — I am sure that people here have been there. Therefore, the best possible terms should be made available.

We have variations in pay between the Civil Service here and in Britain. There is nothing inconsistent in having a variation in our redundancy compensation arrangements, and we are prepared to sit down and negotiate with the Department. By negotiate, I do not mean to follow slavishly what there is in GB, and we recognise that we would probably not be able to convince the Department to maintain the status quo. That is where negotiations come in. It is a double-edged sword for us. Once we offer to negotiate, we are in the business, as someone said earlier, of having to negotiate the best possible deal, which may be less than what we have at the moment. That is the way of the world, is it not?

Mr Cree: Good morning gentlemen. I must disagree with Brian on corporation tax. That is a different ball game and a game-changer for the economy. However, it is a job for another place.

On the matter in hand, it is totally wrong for either side to have a veto, because that inhibits negotiations. However, the Bill is simple. In March, when we last met, Brian, I asked about compensation, and you could not quantify it. You now say that no redundancies are on the horizon. Nevertheless, it is important that we somehow quantify just what the effects will be on civil servants. If this is going to be long term, it could have a very serious knock-on effect on any argument. It would almost become academic. We need to have some handle on how it will impact on civil servants. Can you give us any idea of that?

Mr Campfield: I think that you asked us previously about providing figures. The Department provided examples, and those are the sorts of examples that we have as well. Yes, it would have a negative impact. We do not know whether redundancies are coming down the road. We are being told that they are not on the horizon, but you can never tell what is around the corner.

People are concerned about the various potential costs. However, we are saying there is no necessity to make the changes. We are back to our initial negotiating position: why would you do it? As things stand, maintaining the current position will not result in major costs. They would be minimal. If we move into a situation in which there will be big reductions, and redundancy costs will escalate because of that, it is within your remit to revisit the issue and say that changes need to be made. If we, having made the offer of negotiations, were not behaving ourselves or conducting ourselves in a reasonable way in those negotiations, you would quite legitimately be able to come to the conclusion that we are messing about, and, as such, you will implement the Superannuation Bill. You still have the options; you are not closing them off completely. We do not see the necessity for that, however, given the scenario that we see in front of us.

Mr Cree: It is really like shadow boxing.

Mr Baird: We have talked about reductions. Nobody is saying that there are not reductions. Every Department is reducing. Posts are going day and daily, but there are not redundancies. There is a difference. Yes, we are being cut back. The Department can give the figures later, but there is no argument about the 3,000 or 4,000 posts. That is happening, but there is not voluntary or compulsory redundancy. One hopes that that is a short- to medium-term measure and that we are talking about a few years. In that sense, we argue that there is no need for this to come in at the moment. There is probably no budget for redundancy at the minute, because it is not expected to happen. If it does happen, Departments will be expected to pay for that, which may mean other reductions. I do not think that you will find that there is a crock of gold at the minute to pay for redundancy in the block grant, the Vote on Account or anywhere.

Mr Cree: We will not have those anyway, so we are still shadow boxing.

Mr Baird: Exactly.

Mr Campfield: If it is shadow boxing, let us have a shadow Bill. Let it disappear.

Mr Cree: We could have the Bill with the date of application in it deferred.

Mr Beggs: Good morning. Thanks for coming along, presenting to us and taking our questions. I want to pursue a little bit more the issue of whether we have regional pay. The Executive have been trying to maintain regional pay because of the fear that the block will be cut accordingly and Northern Ireland will be worse off. However, you said that there is not regional pay in the Civil Service. Can you explain that? My understanding, from all the figures that have been given to us, is that typical Civil Service pay is around 30% higher than there is in the private sector. Can you clarify how that has happened if there is not regional pay?

Mr Campfield: We sent a research publication earlier this year to every MLA. It was a blue A5 document that was called 'A Trojan Horse for Regional Pay: the misuse of "pay gap" data'. The publication deals with the way in which the differences in pay data between the public sector and private sector are used by certain people to secure their own agenda of attacking public services and reducing public sector pay. That covers the issue of regional pay. We do not have regional pay in the broadest sense. For instance, health service workers' pay is negotiated in London. There are no regional rates of pay, but the Treasury and the Department of Health in Britain recently made a submission to the NHS Pay Review Body (PRB) suggesting that, instead of introducing regional rates of pay by having separate systems, the national Agenda for Change rates of pay be frozen, suppressed or kept to a minimum. They also suggested that, in areas where there are pressures on recruitment and retention in particular trusts or foundation hospitals, the only increases would be in those specific areas. Their way of achieving regional pay is by superficially, on the one hand, keeping the facade of national pay rates flat and, on the other, allowing places such as the south-east of England or London to increase its rates of pay.

That has implications for us in Northern Ireland because, if the national rates of pay in the health service are frozen for the next lot of years to achieve a form of regional pay in Britain, we will have that as well. There is a big issue there. We are going to discuss that with the Finance Minister later in the month.

In local government, pay rates for local councils, education and library boards, Housing Executive offices and libraries are determined by reference to the National Joint Council for Local Government Services in Britain, so we have national pay rates there. In the health service, we have Agenda for Change and, in the local authorities, we have the national UK local authority rates. It is a bit different in the Civil Service because of the delegation on pay matters to individual Departments. The Northern Ireland Civil Service was treated as an individual Department for the purposes of Margaret Thatcher's Government, and disparities then developed between the pay of the Northern Ireland Civil Service — in the way in which that pay was determined, pay rates and grading structures — and that in, say, the Ministry of Agriculture, Fisheries and Food (MAFF), as it used to be, and Transport and Environment Departments, and so on.

Every UK Civil Service Department and the Northern Ireland Civil Service have different pay and grading structures, and therefore their rates of pay vary. You can compare the rates, and some work has been done by the Northern Ireland Statistics and Research Agency (NISRA) in doing so across UK Civil Service departments, including the Northern Ireland Civil Service, so, in that sense, we do have regional pay. We have a regionally negotiated pay, but we do not have what would be termed regional pay in the sense that the pay rates relate to those in the private sector. The Finance Minister is well aware of that, and one of the reasons that he is very strongly opposed to regional pay is because the dominant element in the Northern Ireland economy is small- and medium-sized enterprises.

We do not have the big corporations like Edinburgh, where there are big finance houses and big investment companies. We do not have the critical mass of those big companies in the private sector to bring the average public sector wage up. Therefore, if we had regional market-facing pay, there would be a race to the bottom. That would have a big impact not just on public servants but on the high street, because people would not have money to spend, and so on. You find that people who are in the lower and middle income brackets spend the bulk of their pay in the economy, because they have to in order to live. Therefore, money that is being taken away from public servants as a result of the regional pay element is not going into the economy, into the local shops or even into the high street, because you are talking about shops in local areas.

We have a regionally negotiated pay in the Civil Service here — just the Civil Service — but it is not regional pay in the sense that people understand that to mean.

Mr Beggs: That is helpful. On the veto that exists in the trade union movement, are you aware of any other group of workers that have an absolute veto?

Mr Campfield: I am not sure that there is in legislation. The Superannuation (Northern Ireland) Order dates back to 1972. Society normally develops in a progressive way, with people making advances. For 40 years from the early 1970s, the terms and conditions of employment and workers' rights have been under constant attack. Their provisions are being diminished and diluted. I know that the argument is that the economy cannot afford it, and all that, but those are broader arguments on which we are happy to engage with anybody.

This may be a bad example for this forum, but London tube drivers have a veto, do they not? Their veto is based on their being quite prepared to close down tube trains. Our members would not generally take the same approach. Tube drivers have that leverage and can vote with their feet if Transport London, Richard Branson or somebody attacks their terms and conditions. Civil servants work on behalf of government, and they do so objectively, independently and fairly. The Superannuation Bill was designed to recognise that and to take all these things out of the political arena in order to have a stable basis for compensating people for redundancy. I think that that is why the veto was there for civil servants in particular.

Mr Beggs: I fully understand that you are arguing to protect your members' existing interests. However, do you understand that if better superannuation conditions than those in the rest of the UK are maintained here, the extra money to maintain those conditions will come out of the block grant? Some public services will suffer because the money will not be available to address issues — should they be health or education — that need to be addressed.

Mr Campfield: First, let me make the point that a commitment to there being no redundancies would leave no need for redundancy costs. Secondly, as I mentioned, were we to have redundancies now, they would be paid for from the block grant. We are not asking for anything more than we have at the moment. We are not asking for a further hit on the block grant as a result of maintaining the current arrangements. It is being proposed that the block grant be effectively enhanced, even marginally, by reducing the redundancy compensation provisions.

The argument can be turned around to say that workers who are being made redundant are helping to fund the block grant and public services, because they are taking the hit through losing their job. They are getting less compensation than they otherwise would. Therefore, they are forgoing compensation so that the money can be used on health and education services. I know that that is not what you said, but that is how to turn the argument around and look at the issue in another way. If workers are to be made redundant for less provision than there is at the moment, they are, in a sense, paying to maintain whatever else the money is to be used for. It is a bit unfair to make workers who are made redundant suffer in that way.

The Chairperson: Brian, thank you very much for your presentation. This engagement has been very useful. If there are further developments that you want to keep us abreast of, do not hesitate to contact the Committee.