



Northern Ireland
Assembly

Committee for Finance and Personnel

**OFFICIAL REPORT
(Hansard)**

Superannuation Bill: Trade Union Briefing

27 March 2012

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Mr Conor Murphy (Chairperson)
Mr Dominic Bradley (Deputy Chairperson)
Mr Leslie Cree
Mr Paul Girvan
Mr David Hilditch
Mr William Humphrey
Mr Ross Hussey
Mr Paul Maskey
Mr Mitchel McLaughlin
Mr Adrian McQuillan

Witnesses:

Mr Jim Caldwell	FDA
Mr Alan Perry	GMB
Mr Brian Campfield	Northern Ireland Public Service Alliance
Mr Billy Lynn	Northern Ireland Public Service Alliance
Mr Gareth Scott	Unite

The Chairperson: You are very welcome. We have Brian Campfield, general secretary of NIPSA; Billy Lynn, a member of the general council of NIPSA; Jim Caldwell, secretary of the FDA; Gareth Scott, regional organiser for Unite; and Alan Perry, organiser for GMB. Another member was due to attend, but he is unable to make it. We have had some discussions on the Superannuation Bill prior to your coming in. The Second Stage was debated in the Assembly yesterday. We are now moving into the Committee Stage, during which we intend to hear a range of evidence from stakeholders, people who have an interest and people who may be affected by the Bill. You are all very welcome. I will leave it up to you to make some opening remarks. I will then invite Committee members to ask questions or raise any points of discussion.

Mr Brian Campfield (Northern Ireland Public Service Alliance): Thanks for the invite and for giving us the opportunity to make a few comments on the Superannuation Bill. Before I touch on the specifics of the Bill, I will make some general comments. The proposed changes to the compensation scheme and the changes to various public sector pensions are, from our perspective, all part of the UK Government's austerity agenda. I know you have received evidence in the past on this, and it has to be said that changes to the compensation scheme started with the previous Labour Administration. However, we see these changes as being part of the general austerity programme.

We take the view, from a trade union perspective, that public sector pensions are affordable. I know that there is a debate about that, but, for the record, we take the view that public sector pensions are affordable. We hear a lot of talk about comparison between pensions in the private sector and pensions in the public sector. We emphasise that the real divide in pensions is between those who receive very, very high pensions, primarily in the private sector, and the bulk of the rest of the workforce, who do not get a proper pension. We carried out some research on pensions last year, and every MLA got a copy of that publication. The purpose of the research was to strengthen the arguments that we are making. We do not see the attacks on public sector pensions or the compensation scheme as justified. We think that they are driven by political ideology.

The Bill itself is designed to replicate the GB position, where there has been, I suppose, enforced changes to the compensation arrangements for civil servants. There is a long history to this. I looked at the evidence given to the Committee on 15 June 2011 and earlier this month by the Department of Finance and Personnel (DFP), which provided some papers giving a history to this. Changes to the Superannuation Bill were basically forced upon the unions. At one stage, that did result in strike action by the Public and Commercial Services (PCS) union across the water.

I am anticipating some of the questions that you might raise. The question for us is this: what is our attitude to the Superannuation Bill? The Bill is designed to take away the veto that the Superannuation Order (Northern Ireland) 1972 gives to the trade unions. I know that parity is an issue that is exercising the minds of Committee members. Certainly, it is an issue that is exercising our minds as well, and it presents us with somewhat of a dilemma. Generally, in the past, we have been fairly supportive of parity. We still are supportive, in many respects, of the parity approach. I will say that we do not have exact parity in the Northern Ireland Civil Service (NICS) on pay. Pay rates in the Northern Ireland Civil Service are not the same as those in the UK Civil Service. They vary. In fact, they vary from Department to Department in the UK or Home Civil Service, or whatever you want to call it. It used to be the situation, when there was national pay bargaining, that the rate of pay for every job in the Northern Ireland Civil Service was equivalent to that of its counterpart in the UK Civil Service. That has not been the case for quite a number of years. In a sense, parity has been diluted by those changes. However, it has to be said that we have generally had parity in pensions and compensation schemes.

If we had a direct rule Administration and this legislation were being dealt with by an Order in Council in Westminster, our members would probably have understood that we would have little or no opportunity to properly argue for their interests to be protected. We now have an Assembly and an Executive, and the question is this: what do our members expect us to do? Do we say that there should be strict application of parity, which will result in a detriment to our members, or do we say that we should depart from parity? That has its own problems in respect of us being able to ensure that our members get the best possible deal in any negotiations with government on the pay and conditions of not only civil servants but public servants.

It is not quite like trying to square a circle, but some people call the view that we have taken on the parity arrangement a principle while others call it a policy. By and large, the arrangement that is in place is not strict or absolute in its application. From a trade union perspective, we also take the view that, when terms and conditions are being worsened, we generally argue for no detriment. In order for us to square the circle, particularly when we are talking about people being made voluntarily or compulsorily redundant, we are saying that the Northern Ireland Assembly, with the powers that it has, and the Executive should not worsen the terms and conditions of employment in that respect.

We are aware that some people may think that taking that approach is a hostage to fortune in respect of something further down the road in relation to parity. We know that there are issues with the compensation scheme and issues relating to age discrimination and parity, and the trade unions in Britain were aware of those issues. The difficulty was that they did not reach a point at which there was a sufficiently good offer on the table, and a number of unions recommended acceptance of the UK Government offer because they were told that, if they did not accept it, a worse offer would be imposed.

In Northern Ireland, we have that power, but I do not think that our members would thank us if we were to say, "Go ahead and apply parity absolutely, even though it might be to our detriment". Our colleagues who we deal with on the management side in DFP have advised us that they do not anticipate any redundancy situations at the moment. There are no redundancy schemes for our members to avail themselves of.

You could argue that this is an academic change, but we know that our union members who work in non-departmental public bodies (NDPBs) that follow Civil Service terms and conditions of employment are in a more difficult position with their budgets. Those bodies do not have the scope to redeploy people because their organisations are not large like the Northern Ireland Civil Service. Therefore, we could find that some NDPBs might have voluntary or compulsory redundancy schemes. In those circumstances, particularly in Northern Ireland, where employment is at a premium in the sense that it is not easy to find a job, we could not justify a dilution in the compensation terms for people who are made redundant.

I appreciate that these are difficult issues. I will let some of my colleagues make comments in a moment. Broadly speaking, we are supportive of parity. In the Civil Service, we do not have it in absolute terms, and, if there are potential redundancies, the best terms should be made available. If we were to say to the Committee that the Bill should not be passed, we would be happy to sit down and have our own negotiations in Northern Ireland with the Department in respect of a scheme that addresses the age discrimination aspects of the current scheme. On those age discrimination aspects, I will say that there is a vulnerability, but the new scheme also has a vulnerability. There is a judgement to be made on the level of risk that needs to be taken on a lot of these things.

We are happy to sit down with the Department. I know that there are issues of cost and various things, and I am happy to pick up on any questions on that. We are happy to sit down with the Department to see if we can come up with an alternative scheme that does not create difficulties for people who find themselves being made redundant, whether on a voluntary basis or on a compulsory basis.

The Chairperson: OK. Thank you very much.

Mr Gareth Scott (Unite): Our position has been summed up very well. We generally agree with parity, although it is not total parity. We are not here to argue for a detriment for our members. We are talking about the compensation scheme. From what has been explained to us about what is happening, my understanding is that, under the current rules, you need the agreement of the trade unions to change that scheme; certainly to reduce it. The viewpoint that is driven by Westminster is that the legislation should be changed to remove that agreement. My understanding is that the Westminster Government are pursuing the matter to reduce the level of the compensation scheme. There may or may not be reasons for that in England and Wales — I do not know; I do not represent members in England and Wales. Certainly, however, our understanding is that there is no great cost driver in Northern Ireland for that. Our understanding from the Department is that there is not any intention to have any large-scale redundancies in the Civil Service in Northern Ireland. We take that very much at face value. We recognise the efforts that have been made by the devolved Government and the Civil Service in Northern Ireland to try to ensure that we avoid that situation. At the moment, whatever reductions there have been have happened through natural wastage. That is positive; we recognise that. We welcome the fact that that has been done by the devolved Government. If there are cost issues, we are quite happy, as Brian said, to talk about them. We have been informed that there may be some concerns about age discrimination. You do not need a change in the legislation to address that. We do not wish there to be any problems with age discrimination or any discrimination. We will happily sit down with the employer side to address any concerns in that regard after taking legal opinions.

I am the secretary for the non-industrial — sorry; the industrial trade unions. *[Laughter.]*

Mr McLaughlin: You are in trouble now.

Mr Scott: I am the secretary for the industrial trade unions. All civil servants deserve a fair package if they are made redundant, or even if they volunteer for redundancy, because, at the end of the day, that

is only to bring about efficiencies for the Civil Service in Northern Ireland. Remember that there are a lot of low-paid civil servants as well. I would certainly argue with anybody, regardless of what the Tory-led Government at Westminster say, about the idea that the packages are lucrative. The package that we have is not lucrative; it is a fair package for people if they lose their job. For the low-paid people whom I represent, it is certainly not a lucrative package at all. Some employers in the private sector pay the statutory minimum, and they would pay even less than that if the statutory minimum were reduced. That does mean that we should have a drive to the bottom. We have to establish a principle of good governance; absolutely, there is no doubt about that. However, good governance must also be about the way in which you treat your employees. In this instance, we make the argument for the non-detriment situation. We do not believe that there is a need for this change to the legislation. Remember that no one sat down with the trade union side to deal with any issues. Someone has concluded that there is no point in sitting down with the trade unions to discuss a change in the legislation that would take away their veto. They decided to make the change without our involvement. There is no need for that. If there are issues such as age discrimination or whatever, sit down with us and you will find that we are willing to talk about them.

Mr McLaughlin: Thanks very much for the presentation and for responding to the Committee invitation. The Department has informed us that, although the trade unions have been briefed on the proposals, there has not been a formal response. Gareth and Brian, you explained the context, which is that you supported the PCS action. That legal challenge did not succeed, and the other legislation rolled forward. We are now dealing with it. Has there been any impact on your normal response as a result of the court action?

Mr Campfield: Perhaps I should explain. I noted Grace Nesbitt's evidence to the Committee earlier this month. All the unions, both industrial and non-industrial, are involved in the Civil Service pensions forum.

Mr McLaughlin: Do you ever think of getting rid of that, by the way? I mentioned that last week. It is historical, is it not?

Mr Campfield: They are actually separate Civil Services, so that is the basis for having it.

We have been involved in discussions, and although we knew that it was DFP's intention to proceed, at some stage, down the road of application of strict parity on the same terms as GB, DFP had delayed taking any action because of the uncertainty arising from the court decisions. It was only fairly recently that it became clear that DFP is going to proceed. It has been the subject of considerable internal debate in the trade union movement because it is not a straightforward issue. More recently, at the pensions forum, we expressed to the management side that we were likely to take the position that there is no requirement to proceed with the legislation because, as far as we are concerned, a no-detriment approach should be taken.

There have not been any negotiations on what the alternative will be. Evidence was given, and it is true to say that, traditionally, particularly during periods of direct rule, the provisions that go through are taken through lock, stock and barrel and translated into orders for Northern Ireland. Given the political context in which we were in, it was, by and large, accepted that, if we did not win the argument on those things in the UK, we had also lost the argument in Northern Ireland. The existence of the Assembly potentially changes that situation because it is the Assembly's legislation.

It presents us with obvious dilemmas and difficulties, but we are very much of the view that the Bill, which is primarily designed to remove the veto that the trade unions have over any detrimental changes to the compensation scheme, is not the right approach to take, certainly not at this stage. We think that proper negotiations should take place. We have not had negotiations. We have only had information-provision sessions on what the Minister was thinking and where the court cases were at in GB, and we were told that the intention was probably to proceed down that route at some stage. At that point, we were not being forced into a position in which we had to make a decision on what way we wanted the process to go. However, once it became a reality, it exercised our minds, and that meant that we had to articulate some view on the legislation. We are torn between the strict application of parity and the implementation of a parity arrangement that will be detrimental to

members. As I said, we have tried to square that circle, and we are reasonably comfortable with it in the sense that, as I said, in the Northern Ireland Civil Service, we do not have strict parity on pay. Certainly, in a redundancy compensation scheme, there is scope for us to not introduce detrimental changes, at least not for a number of years anyway. I do not know whether that answers your question.

Mr McLaughlin: In a sense, but I am getting at a particular point. You said that you are generally happy with the parity arrangement, but the circumstances have now changed quite dramatically as regards the consequences of sticking strictly to parity with Westminster. I am interested in the quality of your engagement with the Executive here, and, for that matter, with the 108 MLAs. What if you were to look at that changed reality and decide that you would inform the public debate and especially the Assembly and the Executive? Have you considered drawing up a formal response? That, at least, would add quality to the debate, because, clearly, you have a very important perspective to add. If you are standing back because you did not engage up to now, the existence of the Assembly requires that you act, according to that logic.

Mr Campfield: That is where the logic takes us. We would not have any difficulty in articulating our position on the Bill. I am not sure that we would want to get into a philosophical or political debate about parity. We recognise that, from a trade union point of view, in order to be able to protect our members' interests, we need to maintain a degree of flexibility in any approach that we might take to any manifestation of or departure from parity, because circumstances will vary. We are more than content to put down on paper why we think we should not proceed with the Bill and should not change the requirement to get agreement from the trade unions in a situation where, clearly, the purpose of removing that veto or the requirement for that agreement is to make detrimental changes to compensation for workers who find themselves being made redundant.

Mr McLaughlin: Is it about engagement with the Executive, who are driving and have tabled the legislation? Sammy Wilson is representing an Executive intention to mirror what happened at Westminster in this instance. Are we going to have a didactic debate as opposed to a negotiation or an engagement? It is just so that we know how you are coming at it. Have you considered what you should do in response, and does that involve setting out a detailed presentation that we can learn from and share?

Mr Campfield: I thought you could listen as well as you could read, Mitchel. We can do that. Part of the difficulty has been that —

Mr McLaughlin: I am not hearing an answer now; maybe I am not listening. I have not heard you say yes.

Mr Campfield: Let me tell you frankly that we have been struggling with this issue. It is only fairly recently that we worked out the position that we should be adopting on these things. We will say to DFP and the Minister what our position is on the Bill. I know that there are broader and more general principles that will, perhaps, come into play, but we want to confine our arguments to the Bill itself. We are happy to have a debate about parity and all the ramifications of departing from it, but we are looking at the matter specifically in a situation where there is a potential detriment to public sector and Civil Service employees and we are dealing with it in that context. Sometimes, we have to act like politicians as well, whether we like it or not. We have to take into account other things that might be coming down the road. We have to retain a degree of flexibility that does not tie us up or prevent us from properly defending our members' interests.

Mr Billy Lynn (Northern Ireland Public Service Alliance): Mitchel, I am going to confuse the issue even more, because NIPSA's position could veer from parity, warts and all, to parity plus whatever else we get. It is a debate that we are having among ourselves, but, at the end of the day, we want to ensure that our members in the Civil Service are not worse off than they would have been under this new scheme.

Mr D Bradley: Good morning. One of the issues that you have with the Bill is the removal of what is called the veto. You could say that the Bill removes the veto from the trade unions and hands it to the

Department of Finance and Personnel, because the Department will be able to make detrimental changes to your members' compensation schemes and present the Assembly with a fait accompli. The report on the negotiations and so forth has only to be laid before the Assembly. There is no opportunity for the Order to be annulled either by affirmative or negative means. Would you agree that, if the Bill were to go ahead, there is a need for a mechanism to be included in it that gives the Assembly some real influence over the report that comes from the Department of Finance and Personnel on the negotiations with the trade unions?

Mr Campfield: I understand the point that you are making. That is almost like a fallback position in trying to make sure that the Committee, for instance, would be assured that DFP had entered into the negotiations in good faith. The fact that the removal has taken place across the water and the objective of some in DFP to strictly apply the parity rules does not necessarily give us a great deal of confidence that, if the provision was removed, DFP would be compelled to negotiate in a more meaningful and real way. We would prefer that the Bill was not changed to remove that requirement.

I think your question was, if that was removed, whether there should be some provision in the Bill that allows changes to be made, rather than it being a matter of DFP laying it before the Committee. There are broader issues there; it is not something that we have given a lot of consideration to, and any changes to schemes or regulations would be a political matter. The 1972 Order deals with the Civil Service scheme. There are somewhat different provisions for the health service scheme and the teacher scheme, so the schemes vary to some extent. We were a bit surprised when it became clear that there would be no debate in the Assembly or Committee about the changes to the pension scheme regulations or rules. Although the compensation scheme is separate from the pension scheme in this case, it appears that it just requires a change to the pension scheme rules.

This may not be a direct answer to your question. However, if, in the context of the current Bill, real and meaningful negotiations took place between the Civil Service, the Department of Finance and Personnel and the trade unions about a replacement scheme, and we were unable to resolve that or come to a reasonable conclusion, people might say that the trade unions are being unreasonable, are not prepared to negotiate meaningfully and that they simply want to say, "What we have we hold" or whatever various phrases people in this part of the world use. I can think of "No surrender" and other phrases, and we are quite happy to use those phrases.

Mr McLaughlin: I have used those myself on occasions.

Mr Campfield: It would be useful to have the opportunity to engage with the Department in real negotiations, particularly if their outcome influenced the way in which the Committee viewed things and the view of whether the trade unions are being unreasonable in trying to negotiate a resolution with the Department. If the provision was removed and if there was some Committee scrutiny and some Assembly influence over it, I would not be overly confident that anything other than what DFP wanted would go through.

It would be useful to test our and the Department's bona fides by entering into negotiations to address some of the Department's concerns. I know that the Department has issues about the costs on two counts: the compensation levels and the administration of the scheme. However, the costs would be minimal and there is an absence of any real information on them. I suggest that the trade unions and DFP should be allowed to have some negotiations to see whether we can reach agreement. If that is not the case and there is no agreement, I am sure that people will interpret who is being reasonable and who is not. It would be useful to test the commitment of the trade unions in Northern Ireland as it has not been tested before. There have been negotiations across the water, but there have not been any negotiations as such here. Those negotiations would maybe inform views about whether we should change the Bill, and, if we should change the Bill, whether there should be some other scrutiny provision for the Assembly in the matter.

Mr D Bradley: So, you are happy enough to enter into negotiations with DFP on those issues.

Mr Scott: There are a few facets to your question. First, as we said in the introduction, our position is to come here to say that we do not believe that there is a need for a change to the legislation. I

suppose that remains our position. Although we keep talking about a veto, the legislation, as it is currently, still allows for the employer's side to meet the trade union side to discuss, and possibly negotiate, whatever changes they want to have. That has never happened. The viewpoint has always been this: let us not bother with that; we know what they are going to say, so let us change the legislation so that we do not have to do that. So, we would argue that the legislation stays the same and that DFP should engage with the trade unions, and we will see where that leads us.

I will go back to what Brian said. Obviously, if there were to be a change in the legislation and if the trade union side were involved in genuine negotiations about what shape or format a new scheme or new legislation would take them, we would like to be involved in that. Yes; Brian has just said that now, and I concur.

That brings me to the other point. In your question, you said that, under the current proposals, DFP would negotiate with the trade unions and then have to report back to the Assembly. I think your question should be this: should there be some overseeing power in the Assembly, or something along those lines? I want to take up one point there. The proposal is not that DFP would negotiate with the trade unions, but that it would consult with the trade unions. That is a significant difference for us, because, unfortunately, our experience, particularly in England and Wales and even in the private sector, is that the true meaning of consultations in an industrial sense means very little these days. As such, it would mean what you went on to say, which was that, in essence, we would have very little influence in that decision-making. We have stated our primary position, but, as Brian said, if there were to be a change in legislation, there should be some sort of overseeing provision or accountability to DFP and the Assembly as a fallback position. However, I think that that would be our secondary aim rather than our primary aim. It is important to say that the proposal is not that DFP would have to negotiate with trade unions, but to consult with us. We see a significant difference through our experience in how employers engage when they have to negotiate and when they have to consult.

Mr D Bradley: The papers that we received from the Assembly's research service indicate that some commentators say that it is very expensive to make civil servants redundant and that the legislation could be a Trojan Horse, in so far as it would lessen the cost of making civil servants redundant and, therefore, could enable more civil servants to be made redundant because it would not cost the Government as much. What is your view on that?

Mr Campfield: I think that was one of the big drivers in the UK. Jim will be able to confirm that, because his organisation has been involved in the discussions. One of the big drivers was to reduce the cost of redundancy in a situation in Britain where the previous Labour Government and the current coalition Government intended to reduce significantly the numbers of civil servants. There was a big cost factor involved in that, and I think there was an ideological approach to it as well. They mentioned age discrimination, but the unions would have negotiated an agreement to cover age discrimination, providing that the terms for those people who were being made redundant would have been satisfactory. Jim might want to comment on that.

Of course, the more expensive it is to make people redundant, the less likely an employer is to make them redundant. That is the basic trade union principle. We have been criticised by some quarters and asked why we would negotiate a redundancy agreement when trade unions are opposed to redundancy. In the practical world, we know that a redundancy procedure with good levels of compensation is a disincentive for employers to make people redundant. I think that remains to be the case.

Mr Jim Caldwell (FDA): The FDA was involved directly in the "negotiations" that took place with Cabinet Office and Treasury before and after the most recent general election. It was clear that the main driving force was not any threat of age discrimination, although that was an issue, but to reduce costs. That is the same as the argument in respect of pension changes, which is to reduce costs. Through the pension changes, we have seen that all it means is money going into the Treasury's coffers to offset the deficit.

The figures that we were given during the negotiations, which we remain unconvinced about, meant that changing the compensation scheme arrangements would save £500 million over three years. That was based on some obscure formula and calculation produced from somewhere in the bowels of the

Treasury building. That was the main driver. It was not about improving or altering the scheme to produce a better impact. It was about cost savings. Ultimately, four of the six unions agreed the new proposals but that was on the basis that that was the best that could be negotiated, because, if they had not reached agreement on the improved proposals, worse legislation had been tabled in the Commons by Francis Maude, the Minister for the Cabinet Office. Really, it was a bit of a hostage to fortune.

One of the difficult positions that trade unions are always in is whether to recommend something that is a detriment rather than have something imposed that is even worse. So, the negotiations were not genuine negotiations because the employer's starting point never changed from beginning to end. We finished up having four of the six unions agreeing the changes, albeit we recognised that they were worse than what had been in force but were better than what was being proposed. That is where we finished up. It was all about cost.

I will pick up on the 1972 Order. It seems to me that legislation that survived for 38 years without causing any problems or issues must have been reasonable legislation. Changes were proposed only latterly because the Treasury wanted things driven through with no arguments. It lasted for 38 years without any issue on the employer's side or the trade union side. It must have been decent legislation at the time and right up to 2010, when it was changed in GB.

The Chairperson: Mitchel has a brief supplementary question to ask.

Mr McLaughlin: Are you finished?

Mr D Bradley: Yes.

Mr Scott: Can I add to that?

The Chairperson: We are trying to keep it tight because of the time.

Mr Scott: Whether a package is good or not is relative. Many people at the head of industry get very big packages when they go. It seems that, when an economist comes out with that argument, they compare it with what I would see as the poorest employers in the private sector who pay the statutory minimum. We have to remember that the statutory minimum in the United Kingdom is one of the lowest in Europe. It is easier to hire and fire people in the UK than anywhere else in Europe.

A lot of people in a redundancy situation seem to forget that it is not about just the redundancy package. The intention in the redundancy situation is to look at the problems causing that redundancy situation and try to avoid the redundancy. That is good practice. The intention of a good employer, such as the Civil Service and the Assembly, which they have been doing and I commend them for, should be to avoid redundancies, not because redundancy packages are expensive but to try to avoid redundancies because that is the right thing to do as a good employer. To be fair, that is what the Northern Ireland Civil Service has endeavoured to do.

It seems to be an ideological argument. I know of no statistical information showing that there has been a problem with the levels of redundancy, and that has prevented redundancies in the Civil Service in Northern Ireland. My understanding is there have been no redundancies in the Civil Service because there has been planning and management of the situation so that cost reductions can be dealt with through natural wastage because that is the policy and principle of the Assembly and Executive.

Mr D Bradley: Is there any arrangement in the Civil Service for transferred redundancies?

Mr Campfield: The Civil Service, at the moment and for some time, has had the opportunity of redeploying people across Departments. It also has the opportunity, after consultation with the trade unions, to redeploy people from one discipline to another. In fact, at the moment, we have a surplus of planners and we are trying to redeploy them in the general service grades because of the funding in the Planning Service. So, there is that scope. I know that you are talking about the education situation, in which teachers can avail themselves of transferred redundancy. I suppose that, because

the Civil Service is the one employer, it can manage it. In other words, someone can go into a particular post, and that post can be filled by somebody who might have been surplus elsewhere. In a way, the answer to your question is yes, but it does not take the same form; it is a lot easier to administer. At the moment, we have the example of planners in the Department of the Environment (DOE).

Mr McLaughlin: Gareth responded to Dominic's line of questioning about the difference between consultation and negotiation. I think that he then chickened out. The question is this: how meaningful was negotiation when the unions had a veto under the current system?

Mr Campfield: This veto has been here for a considerable —

Mr McLaughlin: I know how long it has been there.

Mr Campfield: Let me tell you that it has been there since 1972. However, changes to the compensation scheme have been negotiated in Britain. In fact, the compensation scheme used to be part of the Principal Civil Service pension scheme. That was then removed and dealt with separately, and changes have been negotiated, which would have involved detriment for some people. There were different categories of staff in the Civil Service who could avail themselves of different redundancy compensation terms. I cannot tell you quite when, but since 1972, and I think that it was through the 1980s, changes were made to the Civil Service compensation scheme, negotiated by the then Council of Civil Service Unions and the Cabinet Office or Treasury, whichever was appropriate. Those were agreed changes, despite the fact that —

Mr McLaughlin: You could probably research that for us.

Mr Campfield: I could, yes.

Mr McLaughlin: That would be helpful, because I would like to further explore the point that Gareth made about the qualitative difference between consultation and negotiation.

Mr Scott: Currently, there has been no engagement in negotiations regarding changes to the scheme. It has really just been about consulting us about changes to the Bill, which will take away the need to negotiate with us.

Mr McLaughlin: Oh, I know. They describe it as a briefing.

Mr Scott: Yes, a briefing, and that is our issue. Engage with us on that, because if there was a negotiation about the need to change the compensation scheme, which is the real end goal of changing legislation, we would expect the employer's side to sit down with us and put its arguments for the need to change it. That would be the employer's presentation. As I said, regardless of what is happening in England and Wales, where I know that there have been lots of redundancies, no one in Northern Ireland has indicated to us that, over the next years, there is a need to reduce the compensation scheme. In fact, we are being told by the employer's side that it can manage to achieve savings that are needed through natural wastage. So, I find it hard to believe that employers would be able to put a sustainable argument that there is a need, even from an economic point of view, to change the scheme. However, they have failed to negotiate with us on that.

Mr McLaughlin: You know what they have done in Westminster. You know what the Executive have tabled through the Finance Minister. So, would a formal response by you not escalate this engagement?

Mr Campfield: It could. We do not have any criticism of officials regarding the approach that we took. That would be the traditional approach that is taken in respect of these things. However, as I said, we have had to have our own internal deliberations on these issues, and they have not been easy. For a whole range of things, the issues can be hard to manage. We are now in the position of having a position. We will engage with the Finance Minister's officials and can make representations to him. We can do that formally; there is no difficulty with that. However, there was a delay and we were not

going to start raising big issues if there was no impetus on the employer's side to make the changes. For a long time, we let the hare sit, because, for a time, the current rules would have applied in the event of redundancies. We did not want to intervene in a way that would have triggered a change to that, but now that the Bill has triggered that change, we have been forced — if I may use that term — into taking a more coherent and consistent position on the issue.

The Chairperson: I think that Paul wanted to explore the consultation issue further, although I am not sure that there is much left in it.

Mr P Maskey: There is probably not much left that others have not explored for me. Are there any other examples of comparable negotiations or consultations between the Civil Service here and you that had a good outcome for the trade unions?

Mr Campfield: I do not want to pre-empt anything, but we are involved in negotiations on the pay and grading review, and Derek Baker was up here not that long ago to talk to you about that review. We will not say anything more at this point in time. We hope that many of the problems that face the Civil Service, ourselves and our members will be resolved as a result of the outcome of the pay and grading review. It is subject to negotiation, but that is what we do day and daily.

Over the years, we have negotiated outcomes in a range of things. We have had to disagree with some things, and they have been implemented without our agreement, especially where there has been a GB Treasury-imposed pay limit and the hands of negotiators have been tied because of the pay remit that exists for the Civil Service. We are heavily involved with DFP officials on the pay and grading review, and we hope that, within the not-too-distant future, some product will come out of that. It is not much good if it is not of benefit to our members, but I also think that it will resolve a range of concerns that the management side has identified.

Mr Lynn: One example from 2009 was, as you will be aware, the outcome of the equal pay negotiations.

Mr P Maskey: I take Gareth's point that there is a vast difference between consultation and negotiations. It will be good to look at that further.

Mr Cree: Good morning, gentlemen. The Bill, as you know, basically has two clauses, and we have discussed the one on consent. However, on the question of the compensation scheme, you gentlemen represent the lion's share of the trade unions. Can you provide the Committee with a general perspective of how civil servants will be impacted by the change in compensation arrangements, taking into account that this applies to different grades and different staff levels? Could you give us some idea of how that will work out?

Mr Campfield: We have not done a separate analysis. In his letter of 27 June, Norman Irwin provided you with the details of the types of changes that were being made and a breakdown of the current terms, the proposed terms and the terms that apply in GB. Some examples are given in there, and we can work up examples of specific detriment to, for example, somebody who has worked for 30 years in a certain grade and at a certain age and do a comparison of what they get under the current scheme and how much less they would get under the new scheme. That has been done. I do not have the figures here, but we can provide information along those lines.

Mr Cree: In that area, is there a big difference between the lower-paid grades and the higher-paid grades?

Mr Campfield: There are differences in the impact, but I am unable to explain exactly what they are at the moment. If we were involved in detailed negotiations with DFP, it may well be the case that that issue could be factored into those negotiations on both sides to reach a reasonable outcome. Because the compensation terms are related to salary and service, the higher paid you are, generally, the more compensation you will get. There are limits on that. That is a legitimate issue to consider to get a proper balance in the compensation scheme to take account of lower-paid people as well as higher-paid people and to get the right balance for the needs of those categories of individual.

Mr Cree: I cannot resist the temptation to go back to Gareth. He said that no redundancies are scheduled anywhere on the horizon. Are you concerned for the medium to long term?

Mr Scott: Let us be clear about this: on the industrial side — I can only talk for that side — there has been a reduction in the number of posts, which, up to this point, has been achieved through natural wastage. The viewpoint that we are getting is that that will continue and that there may be reduction in posts through natural wastage.

At some point, there may be the possibility of voluntary redundancies, but we are certainly being informed by the employer side that it does not envisage any plans for forced redundancies at this stage. We welcome that. However, I have to put that into context. We do not welcome the fact that there is a reduction in jobs; I make that very clear for the record. We are opposed to the cuts that have been imposed by the Westminster Government. However, if they are going to be forced on us, we take the view that we should try to avoid forced redundancies wherever possible, and that is right and proper for an employer.

Mr Cree: Of course, but you welcome the redeployment. Obviously, that policy is very important.

Mr Scott: Yes. If we were in a debate about why the compensation scheme needs to be cut, something that we would point out is that one advantage the Civil Service has is that it is a very large employer. For example, if we had something like that on the industrial side, we would try to find alternative work within the department or agency. You can then do a job search throughout the wider Civil Service, so that gives us the scope to avoid redundancies. I come back to the argument that, based on everything that we have been told, we do not see that there is even an economic or financial argument to cut the compensation scheme.

Mr Campfield: One of the issues is that redundancies are not on the horizon immediately in the Civil Service. We have just come through the second year of the UK Government's austerity programme. There is a view that the cutbacks have been backloaded and we have not seen the worst of things. There is worse to come. It is not just going to be for the life of this Parliament, because the UK Government have said that it will continue until 2017. Therefore, there are real prospects of redundancies in the Civil Service. They might not be there at the moment, and they are not planning for them at this stage, but it certainly cannot be ruled out. It is a question of watching this space. However, because of the way in which the austerity programme is progressing without any change, alternative or plan B, we will find ourselves in a situation where, I suspect, there could well be a redundancy situation. For example, we could be in that situation with specific groups of staff who are difficult to redeploy. At the moment, we are trying to facilitate and ensure the redeployment of planners who are prepared to go into general service grades and work at something other than what their professional training qualifies them to do. However, at the end of the day, from a trade union point of view, we are not expressing optimism when we say that there are no redundancies on the horizon immediately; it is a relief to some extent, but we know that things could, potentially, get worse and we could be in a compulsory and a voluntary redundancy situation.

Mr McQuillan: I find it a bit strange that the unions have not done any homework on the pay grades, what the current scheme is getting and what you would get in the new scheme. I would have thought that you would have had that all done before rejecting the Bill or coming to talk about it.

Mr Campfield: We know what the differences are. We can go and dig it out. We just did not prepare it for today's discussions. We know how much worse off people will be. A lot of work has been done across the water in respect of that, and that can be laid out, and is laid out.

Mr McQuillan: We are taking the Department's word for it here. I would like to hear what the unions are saying about it as well.

Mr Caldwell: The point is that we can give examples and general overall costs as to our view of the detriment, but, at the end of the day, the way that the scheme is applied will be different for each member of staff, because the current scheme, and, to some extent, the new scheme is based on

length of service, how much you earn, etc. We can give examples, and Brian said that we are happy to do that.

I want to pick up briefly on two points.

The Chairperson: We are really up against time now.

Mr Caldwell: Brian was right about the long-term financial position. I am sure that you all listened intently to the Chancellor's autumn statement when he talked about an additional £30 billion being taken out of the public sector in 2016-17, and he confirmed that in his statement last week. Therefore, things are going to go on for some time. The other thing is that, if the Assembly agrees the new scheme, it does not resolve all the ills. We are constantly coming across issues that are being thrown up by the new scheme since it was introduced in 2010 and having to deal with those and the implications of what has happened because of the application of the new scheme. It is not all sweetness and light under the new scheme, if that is the route that you choose to go down. Another reason why we are suggesting that it would be sensible to have some discussions and negotiations is that those problems could be pointed out and dealt with. We could retain the old scheme, as would be our preference, or, if we get into a parity situation, we could at least say, "Here are issues in the new scheme that you need to address before you introduce it."

Mr Girvan: Not today but previously, Brian alluded to the reductions in staff in the Civil Service and the public sector in Northern Ireland that would result from the austerity measures put in place by the British Government. He said that 4,000-plus jobs would disappear from the public sector. In light of that, how would you calculate the implementation costs under the current system? How much more would it cost us to make redundancies on that basis? I am just using your own words; you said that 4,000-plus jobs would disappear.

Mr Campfield: It would have been nice to be notified that you were going to quote my words from some other occasion.

The Chairperson: If you have not got a response to that now, can we come back to it in a written response? It requires a calculation that you, like me, could not do in your head right now.

Mr Hussey: That was a very sneaky question.

Let me declare an interest: I am still a member of Unite, I believe, but after today I could be expelled. *[Laughter.]* In exploring the consequences of what is proposed in the Bill, a House of Commons Committee considered the relative terms and conditions that apply in the public sector versus the private sector. What is the view of the unions on the relative differences and how they underpin the arguments around the Bill?

Mr Campfield: This issue has arisen over the previous number of years. Myths are peddled about how well off the public sector is in comparison with the private sector. We mentioned to you that we have tried to debunk that argument in relation to pensions by exposing the pensions of directors at the top of industry and finance. The real division between the public and private sectors is not between the vast majority of workers in those sectors; it is between those at the very top and the rest of us. We made the point that the private sector — this is not a criticism of the private sector as a part of the economy — generally can pay its top people pretty handsomely, whereas it tends not to pay the people at the bottom quite so well. That applies to pension provision as well. Over the past five, six and seven years, a large number of big corporations have withdrawn from their final salary occupational pension schemes, yet, at the moment, their bank accounts are filled with money as they cannot find anywhere to invest it because of the general economic climate. The coffers of a lot of large corporations are overflowing because they do not see sufficient investment opportunities to invest their money and make a profit. That is one of the reasons why we have not got out of the recession.

Of course there are differences between the public and private sectors and, generally speaking, yes, public sector workers have better pensions than private sector workers. However, the real issue is this: because private sector employers have jumped ship and pulled out of decent pension schemes,

why should the Government or the Assembly and the Executive follow that race to the bottom and say, "Well, the private sector has done it, so we are going to do it. It is not fair that the pensions of private sector employees are not as good as ours, so we are going to dump or dilute the pension scheme for public servants."

We have always made the argument that, in Northern Ireland, thousands of families have family members who work in the public sector as well as family members who work in the private sector. The private sector has taken a hit in pensions and pay. We all know people in that position; friends of mine are in that position. It does not do the family or the community any good to say to a husband working in the public sector, "Your wife has lost her job in the private sector and has taken a hit on her pension or pay, so you must take a hit as well because we have to treat both sectors the same. Therefore, we are going to freeze your pay, reduce it or make you pay more for your pension." What that does for that family and those communities is make everybody worse off. We see that distinction as being artificial.

Mr Hussey: My own background is in financial services, so I understand where you are coming from in relation to the pension schemes and the ifs, buts and maybes. However, to play devil's advocate, if ordinary people who are not civil servants find that their pensions are going to be restricted because of changes in the private sector — because of the fact that final salary schemes will be unheard of in the next 10 or 20 years — why should civil servants be exempted from that?

Mr Campfield: I thought that I gave you an answer to that. The solution is that the private sector should treat its staff better. It should not be involved in a race to the bottom. Unfortunately, for private sector companies, the bottom line is their priority. It is about shareholder value and profit. That is what the private sector is about. Therefore, although it is not exclusively the case, those companies tend not to treat their people at the bottom and middle grades as well as they treat people at the top. The answer to the question is that it is a race to the bottom. If we follow everything that the private sector does, including employing hordes of accountants to ensure that as little tax as possible is paid, where would that take us?

Mr Hussey: I agree with what you are saying. There is no doubt that we are wavering on the brink of a pensions crisis, but, as we go further down the line, it is going to be a hell of a lot worse.

Mr Caldwell: It is important to recognise that there have been changes in public sector pensions. There were changes in 2007, when virtually all of the public sector unions negotiated changes that led, certainly in the Civil Service, to the introduction of a career average scheme as opposed to a final salary scheme. Indeed, all the unions were out on industrial action over the pensions issue on 30 November, and most of the unions, certainly in GB, are now consulting their members about the outcome of negotiations on the individual schemes. In the Civil Service scheme, there will be a new career average scheme from 2015. The unions have always been prepared to sit down and negotiate those matters and negotiate change, and that is what we have done. That change will mean that there is less cost to the public purse over a period of time. As anyone who has dealt with pensions will know, you look at pensions over 25, 30 or 40 years. We believe that the cost is already reducing, but we certainly believe that it will reduce even further from 2015 and beyond. So, there have been changes in the public sector pension scheme arrangements, and in the Civil Service arrangements in particular.

Mr Hussey: The fact that people are working longer also reduces the overall bill. The standard retirement at age 65 is gone and people will work longer. I do accept that.

Mr Scott: We also have funded and non-funded schemes within the public sector, so we are not always comparing apples with apples when we make comparisons with certain things in the private sector. Funded schemes in the public sector have much bigger pots to invest, and long-term investments are much more affordable. We believe in the research. People are telling us that, in the longer term, the amount will reduce, even without changes. To come back to an earlier point, changes were brought about by negotiations in 2007, so it is not the case that trade unions have tried to oppose changes to pension schemes. To get back to this particular issue, which is more about the compensation scheme, I do not necessarily agree with some points. The terms are all relative. I look at company accounts all the time, not because I necessarily understand them but because I have to do pay

negotiations. I can assure you that, if you compare the pension provision for directors in many private companies with schemes in the Civil Service, you will find that the Civil Service schemes are not that good.

Mr Hussey: If you compared most schemes with those for directors —

Mr Scott: Yes, exactly, but that is never mentioned by the Confederation of British Industry (CBI) when it is comparing the public sector with the private sector. I know that most directors do not pay a penny into their schemes; the contribution is paid totally by the employers. We could get into all of those debates about relative arguments.

Mr Lynn: The problem is not the generosity or otherwise of public sector pension schemes; it is that the private sector abdicated the responsibility to pay its workforce semi-decent pensions.

Mr Scott: That aspect is important. We are not saying that all employers in the private sector are bad employers. That would be a ludicrous statement to make. Just as employers say that there are good employees and bad employees, there are good employers and bad employers. That is life. Some employers in the private sector, such as DuPont and Invista, with which I deal, pay good redundancy packages. You get small companies that pay only the statutory minimum because that is all they can afford to pay. However, you also get a number of employers that can afford to pay more but just pay what they can get away with. The statutory provisions in the UK are the lowest in the European Union. I genuinely believe that it is about the fairness of the package that goes to the person. I do not like to take the human element out of all these things. We can always compare who is cheaper and drive to the bottom. However, I think that we should set an example by saying, "Here is what we can afford, and here is what we believe we should be paying our people regardless of what anybody else says."

The Chairperson: I am conscious that we are up against it. David, you have not had an opportunity to ask a question yet. Do you want to ask one?

Mr Hilditch: We have covered the issue of parity fairly well. You indicated the variation in pay rates and that there is not absolute parity in the Civil Service. You also said that you would not take a position that would be detrimental or disadvantageous to your membership. Are there other examples where the Department has departed from parity with regard to terms and conditions? If so, could they be used to show how a departure from parity could be managed?

Mr Campfield: Nothing immediately comes to mind.

Mr Caldwell: It departed from parity in respect of Senior Civil Service pay, which impacted on my members. It moved away from that at least a couple of years ago.

Mr Campfield: That was in respect of the bonus.

Mr Caldwell: Yes, that is right. To be honest, we were quite content with that because it was a sensible move. It put what would have been bonus payments into the overall pay pot to lift the bottom of the salary ranges. So, it was a sensible move. It was just unfortunate that the Finance Minister announced it on radio before he told us. That aside, it was a sensible move. That is an example of where the Department moved away from parity.

Mr Campfield: There are other terms and conditions. For instance, we still have the Civil Service Appeal Board here. It is a very useful mechanism for making sure that civil servants who are dismissed do not end up at a tribunal, which costs the Department a fortune. They have an opportunity to have the matter heard by the Civil Service Appeal Board, which is a very fair approach. That has been done away with in Britain; there is no appeal board there anymore. There are differences and a number of variations. That is one example, and the removal of the bonus scheme for the Senior Civil Service is, of course, another one, as Jim says.

The Chairperson: OK. Thank you very much for that. There were a couple of other issues, but given that we are very much up against it in respect of time and have a few other bits and pieces to do, we will correspond with you and get some answers.

There was quite a lengthy discussion on the issue of consultation versus negotiation. Obviously, one of the main clauses is around that. We have asked our research people, who will supply us with information for our deliberations, for some research on that issue and on the legal definition of consultation versus negotiation, because such a definition has been set down. We as a Committee can also write to the Finance Minister and ask him to enter into negotiations with you, now that you have agreed a position among yourselves.

We are now at the Committee Stage of the Bill, which lasts for a certain period, but we can ask for an extension. I think that we have to ask for an extension by 21 May. There seems to be good cause for us to ask for an extension. If we did so, it would create a window of opportunity, if you like, for you to open up some dialogue with the Department. As part of our deliberations, it would be helpful to get feedback at some stage from you and perhaps the Department on where those negotiations have led. We will then go through the Bill line by line. So, it would be helpful if we knew whether there was agreement on certain issues and whether the Department intends to make changes to the Bill as a consequence of that. We are trying to get the maximum amount of information and take the best approach we possibly can.

Mr Scott: I could save you a lot of money on the legal bill. My experience of consultation is that they ask you what you think and then carry on regardless.

Mr McLaughlin: You must have gone to the same one as I did. *[Laughter.]*

Mr Campfield: It was not always the case.

Mr Scott: No, it was not always the case.

The Chairperson: Earlier, when we were talking to the researcher, we made the point that there is a legal definition, and the consultation has to have some possibility of achieving a difference. If people are following strictly what has happened in Britain and are just importing it here, there is no prospect of change as a result of the consultation. These are issues that we want to explore, so that we are very clear, when we are getting assurances from the Finance Minister, that there is going to be meaningful dialogue, with an attempt to reach an agreement. We want to be sure exactly what that means.

Hopefully, if we can get agreement, we will encourage the Department to begin negotiations with you in order to talk through all these issues. We will be keen to get some feedback. We are going through Committee Stage now, and we could well extend it, but we would have to signal that by 21 May. There is a time frame in relation to dialogue between you and the Department and any feedback on that.

Thank you very much. I know that our discussion has been condensed, and there were quite a few issues, but it has been very helpful to the Committee.