Scottish Pensions Bulletin

No. 60 **May 2021**

One Fund for Scotland!

Pension contributions, from members and employers, are currently managed by 11 different pension funds across Scotland. Some are small - £400m – and some are huge – £27bn at Strathclyde. Most funds simply pass the funds to external investment managers to invest. Research by UNISON and the LGPS Scheme Advisory Board suggests that funds, and therefore members, are being ripped off. A single fund for Scotland could save £100m a year, according to Lothian Pension Fund by getting economies of scale, bringing some investment management inhouse, and exposing the vast hidden fees which are charged at every opportunity. A bigger single fund could also improve the “Environment, Social and Governance” (ESG) of investments, helping to drop fossil fuel investments and invest more ethically. It could even help more local investment using inhouse expertise.

£100 million is a lot of money to win, or lose. So its no surprise that many vested interests are deeply opposed to change and this comes out in many different ways. The pensions “experts” claim change would cost too much, and be too difficult. They say this is not the time. They say you are getting a great deal already so there is nothing to worry about. Some people don’t want to lose the prestige of having their “local” pension scheme (although only 11 out of 32 councils administer funds), and some would miss attending the circuit of annual penson conferences.

UNISON members pensons keep investment bankers in the lifestyle which they are accustomed to.

UNISON Scotland believes that we can do better, but we need branches to help educate members, and to lobby politicians for change. Can you help? Get in touch – email grampianresourcecentre@unison.co.uk – and come to our pension sseminar to find out more.

UNISON Scotland Pension Seminar 2021!

Thursday 24 June
1.30pm – 4.00pm, online

It’s back by popular demand, and now online, featuring:

- Campaigning for fossil fuel divestment – Friends of the Earth Scotland
- “One Fund for Scotland” – Stopping the great pension rip-off
- Making your voice count in the LGPS – Dave Watson

If you wish to attend, please contact your branch secretary, and then email grampianresourcecentre@unison.co.uk with your membership number, branch, union position (if any), mobile number, and any special requirements.

Climate Justice Delayed is Climate Justice Denied

Earlier this year, Glasgow City Council voted to ask the Strathclyde Pension Fund Committee for a "formal commitment to fossil fuel divestment prior to COP26, with the intention of divesting completely as quickly as possible, and no later than 2029.". But instead, in June, the councillors on the Pension Committee merely decided to adopt a net zero target for 2050 – over 20 years later than the demand and five years later than the Scottish Government target. UNISON Scotland was critical of the lack of leadership, and hopes for more progress when the committee reconvenes in September.

Employers leaving the LGPS – "Cessation"

Some non-council employers, typically charities and social care providers, have been trying to leave the LGPS. This often means offering a much inferior "Defined Contribution" scheme instead. But, if an employer pulls out they have to pay all their debts in full, which includes future pension costs and past deficits. This is expensive and often prevents them leaving.

Some organisations have been lobbying the Scottish Government to make it easier for them to leave, and some changes are likely to be proposed. This is especially worrying when the Feely Review may lead to minimum sector-wide terms and conditions in social care. We can defend members pension by industrial, legal and political methods - if your employer considers leaving the LGPS, get in touch with your branch immediately.

Struggle works - Defending decent pension schemes

Dundee university UNISON strike vote wins pension concessions

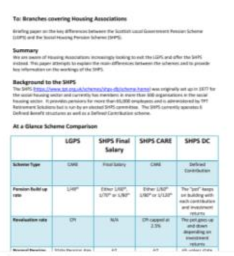
CARF campaign keeps rights to local government pension scheme

In recent weeks UNISON members in Citizens and Rights Fife and Dundee University have campaigned to defend their access to decent Defined Benefit pension schemes. As reported in "Scotland in UNISON", Fife members and stewards helped ensure due diligence took place on a proposal to leave the LGPS, supported by lobbying the local council, LGPS Fund committee.

LGPS Contribution Rates for 2021/22

The contribution bands for the LGPS went up from 1 April 2021. The current rates are below:

Table 1 - Tiered Contribution Pay Rates	
Pensionable Pay (2021/2022)	**Rate (%)**
On earnings up to and including £22,300	5.5%
On earnings above £22,301 and up to £27,300	7.25%
On earnings above £27,301 and up to £37,400	8.5%
On earnings above £37,401 and up to £49,900	9.5%
On earnings of £49,901 and above	12%



Is your employer considering moving to the Social Housing Pension Scheme?

Some Housing Association employers have recently started considering offering staff the Social Housing Pension Scheme (SHPS) instead of their existing pension. But how does this compare to the Local Government Pension Scheme? We've produced a briefing which allows you to compare the benefits of the two schemes.

Normal Minimum Pension Age

The UK government has consulted on a change to the Normal Minimum Pension Age. This is the minimum age at which a member can access their pension. It is currently 55 years old, though some members have legacy protections and can access their pension from 50. The proposal is to increase it to 57 in 2028, when the state retirement age goes up to 67. Although existing pension fund members would be protected, UNISON Scotland has opposed this as it will delay younger workers from accessing their pension – which is their own deferred wages.

LGPS Updates

McCloud

The UK and Scottish Government have both consulted on the remedy for the McCloud legal judgement. In LGPS Scotland, this related to protections for members moving to the new LGPS scheme in 2015, and involved automatically giving members within 10 years of retirement the best of the old (final salary) scheme or the new (career average) scheme. The outcome is that the UK government will be introducing legislation to widen this protection to all members, not just those within 10 years of retirement. Members will automatically get the best opton calculated for them when they retire, but are also likely to get an indication of this on their annual pension statements.

The "Cost Cap"

Every three years, the overall cost of employee benefits in the LGPS is estimated by HM Treasury, and if it has risen significantly above or below the target level (15.5% of employer costs) then changes are made. If it breaches the upper limit (2% above the target, so 17.5%) it is "too expensive", and either members contributions rise or benefits are reduced. If it breaches the lower limit (2% below the target, so 13.5%) then pension benefits are improved or contributions can be reduced. These would both involve very significant increases in funding by employers or members. The 2017 assessment was long delayed due to the McCloud ruling, but is now being finalised. It is "not anticipated to impact on the employer contribution rate(s)".

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Pensions Scotland

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