



Response to Consultation on Increasing the Normal Minimum Pension Age

UNISON is the largest trade union in Scotland, representing over 150,000 workers. Our members work in public services – local government, health, social care, further and higher education, the police and the utilities. We welcome the opportunity to comment on the UK Government proposals on raising the Normal Minimum Pension Age.

We have already seen public service workers suffering because of changes to pension ages. Many of our members have been badly affected by the raising of the State Pension Age for women. The further plans to raise the State Pension Age to 67 and beyond have a direct impact on the Normal Pension Age in pension schemes provided for many public service workers.

The jobs of workers in many industries involve substantial physical effort, and an increasing Normal Retirement Age means their bodies are worn out before they can normally access their pension. This is not just the traditional manual jobs. Social care workers are looking after elderly service users, who may be younger than themselves. The NHS Job Evaluation Scheme grades the physical effort required of a homecarer as 4 out of a maximum 5 due to “a frequent requirement to exert moderate physical effort for several long periods during a shift” and Estates Support Worker’s score the highest 5 because of an “ongoing requirement to exert moderate physical effort” or “a frequent requirement to exert intense physical effort for several short periods during a shift”. But the punitive effect of actuarial reductions means that workers simply cannot afford to retire before the Normal Pension Age. Compounding this by raising the Normal Minimum Pension Age is an unnecessary move, that is likely to create additional hardship.

The increase in the State Pension Age (and consequentially the Normal Retirement Age in many public sector pension schemes) was justified by arguments around the cost being “sustainable now and for future generations”. However, the same arguments cannot apply to access to pension benefits which workers have already accrued, because these have already been paid for. In a funded scheme like the Local Government Pension Scheme, the assets physically exist in the shape of fund investments.

This change goes against the government policy of giving “more freedom to people in how they use their retirement savings” and allowing pensioners to “be able to draw benefits under their scheme even if they are still working” by restricting access to pensions. Quite clearly, an overwhelming number of people accessing their pension in

their mid-50s are doing so to provide “income and security in later life” – in line with government policy. Therefore, access should not be restricted to those over 57.

The 2015 reforms to public sector pensions promised to usher in stability in public sector pension scheme design for the next 25 years. Therefore, it is right – as is proposed - that existing scheme members should not suffer detrimental changes. There should be an explicit assurance on this for members of public sector schemes. However, it is proposed that joiners to schemes after the date of this consultation would have a later NMPA. Therefore, any adverse impact will disproportionately affect younger workers.

Simply not being able to access a pension until later in life is a disadvantage in numerous ways. But there are other specific impacts as well, for example on redundancy rights.

In the Local Government Pension Scheme, for example, if a worker is made redundant above the age of 55 (or 50 for some with protections) they are currently able to gain immediate unreduced access to their pension. This is right and just, in part because there are many hurdles which older workers seeking employment face, including discrimination based on their age. The UK government recently recognised the position of these workers when it appointed a “Business Champion for Older Workers” earlier this year. They are also more likely to be further along in their careers, and so face a disproportionate drop in earnings when made redundant. Although this effect will be delayed due to the protections, it will still have an effect on affected younger workers when they reach this age.

Raising the NMPA will mean more workers facing redundancy will do so without the safety net of access to their pensions. This risks leaving more workers in poverty late in their working lives, and placing an additional demand on the state to support them. This is wholly unnecessary, when the resolution would be to continue to allow them access to their own pension, their own deferred wages.

We believe that there is no objective justification for this change, and the inequality it causes. Section 1.8 of the consultation concedes that a 10-year gap between the NMRA and SPA is largely arbitrary, and section 1.11 suggests it is merely based on a belief around “changing expectations of how long people will remain in work” and on increases in longevity, which current evidence indicate has plateaued. These are subjective and unjustified reasons.

UNISON Scotland is opposed to this damaging proposal and calls on the UK Government to retain the Normal Minimum Pension Age at its current level.

Contact: Simon Watson,
UNISON Scotland
s.watson@unison.co.uk

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