



No. 58

August 2020

Equality issues in the Public Sector Pensions – McCloud / Sergeant cases

1. McCloud / Sergeant cases
2. Pensions Training
3. Social Care workers
4. Carbon divestment
5. LGPS Issues

Proposals to resolve the age equality issues in public sector pension schemes have now been published. The issue stems from transitional protections for members when the new public sector pension schemes were introduced in 2014/15. In general, members within 10 years of retirement in 2012 (so, up to 2022) were given protections when the new schemes were introduced. These were found to be age discriminatory because younger workers didn't benefit from these protections. So the [proposals](#) are to widen this benefit to offer it to all members, though the impact will depend on the situation of each member.

In "unfunded" public sector pension schemes, members had the choice to transfer to the new scheme or remain in the old scheme. So there are consultations ongoing this option to all members. Health branches have been contacted about proposals in the NHSPS.

However in the Scottish LGPS, all members were moved to the "new" LGPS scheme in 2015. The protection was that those within 10 years of retirement at 31 March 2012 were given a "statutory underpin" to ensure they would be no worse off in the new scheme than they would have been in the old scheme. So the proposal in the LGPS is to offer this "underpin" to all members. However, the protection only lasts from 1 April 2015 to 31 March 2022, after which all members will simply get the terms of the new scheme. Members joining after April 2012 are not affected by this issue.

The formal consultation on the Scottish LGPS is on [SPPA website](#) and runs until 23 October 2020. The Scottish LGPS Scheme Advisory Board will consider this on 16 September. Please send your comments for a UNISON response to s.watson@unison.co.uk.



Pensions Training

After the last minute cancellation of pension training courses due to the Coronavirus outbreak, we have now organised two online courses with UNISON's Head of Pensions, Glyn Jenkins. These are:

- 3 September – [Introduction to Pensions](#)
- 9 September – Local Government Pension Scheme

Each session will be online, in two blocks of 1½ hours with a

break in the middle.

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

Social Care Workers – defend our members’ pensions!

Social Care members have been in the front line in the battle against Coronavirus, and [UNISON](#) has been fighting for them to have adequate PPE, to get the Scottish Living Wage, and for a proper National Care Service. But at the same time a worrying number of charitable and private employers are looking for ways to cut costs at the expense of these vital workers by downgrading their pensions. This is often by pulling out of the LGPS.

It can't be acceptable for vital and often underpaid workers to sacrifice their right to a decent retirement. Here are some key questions to ask to help branches protect these members.

1. A thriving pension fund should aim to be growing and expanding membership – are pension funds working to keep members in the fund or making it easy for them to leave?
2. Public bodies are legally required to promote equality, including socio-economic equality. Does helping employers reduce the pensions of their staff comply with the [Fairer Scotland](#) duty and [Equality Duty](#)?
3. Local Authorities have a legal duty ([“Section 52”, part 9](#)) to ensure any workers who are TUPE transferred out can stay in the LGPS (or a “broadly comparably pension scheme”). This is designed to prevent a 2-tier workforce, and so this right also applies to other staff working alongside them, even if they never worked for the council.
4. The regulations [state](#) that when the last worker in an employer leaves the LGPS, that employer has to pay an exit fee to cover all its past and future pension liabilities (“cessation costs”). There is now some flexibility in this, but are pension funds using the flexibility to encourage employers to leave the LGPS, or to grow the fund? How are these costs being calculated?
5. Is removing access to a good pension scheme a cynical move to reduce costs down the line for anyone made redundant? (Members over the age of 55 get immediate unreduced access to their pension if made redundant).
6. Are councils (often the “administering authorities” of pension funds) taking on any liabilities or risks from the other employers? If so, how can it justify this in light of its own fiduciary duty to local people? Does this constitute “state aid” to support organisations who they give contracts to?



Carbon divestment – is Scotland getting left behind?

The last two months have seen a major shift in pension fund attitudes to investment in carbon industries. Funds are increasingly recognising that, as long term investors, they are at financial risk from the long term damage from climate change.

The UK's biggest pension fund is [NEST](#), a public corporation (of the DWP) which specialises in auto-enrolment schemes. It has 9 million members, and has decided to align its investment portfolio with the Paris climate change targets. It is pulling out of investments in coal, tar sands and arctic drilling, because “long-term returns to investors are likely to be more sustainable if companies consider the interests of wider stakeholders – customers, employees and the wider public as well as shareholders and lenders.”

In addition, in June the Universities Superannuation Scheme, alongside the Californian Teachers and Japanese Government schemes, decided to pull out of coal investments for similar reasons, noting “as long term investors, climate change has the potential to destroy \$69 trillion of wealth by 2100”. Since then a raft of other pension funds – including two English LGPS “Pools” and the Environment Agency fund - have [joined](#) them.

UNISON supports this [campaign](#). Why not contact your LGPS Pension Board reps (see below) and ask them to ask why your LGPS pension fund hasn't signed up yet?

LGPS Issues

LGPS Scheme valuations

Due to the potential financial implications of the McCloud / Sergeant cases, the triennial valuations of public sector pension schemes were paused. These valuations assess the schemes, and lead to changes in benefits or contribution rates depending on how well they are doing and if the “cost cap” has been breached. These valuations will now be [completed](#), taking account of the cost of resolving the equality issues.

Civil Partnerships – Bringing the LGPS into line

Recent equality [legislation](#) now allows mixed-sex couples to enter into civil partnerships. An update to the LGPS regulation aims to bring them into line with this, later this year.

Ill-health retirement – maximising the benefit for members

As part of the minor revision of LGPS [regulations](#) in 2019, a small change was included about ill-health retirement benefits. If a member is working reduced contractual hours as a consequence of ill-health, then any reduction in pay because of this should be ignored when calculating their ill-health pension.

Visit Scotland – pension consolidation proposal

Staff in “Visit Scotland” in the LGPS are currently part of different LGPS funds throughout Scotland. The Scottish Public Pensions Agency is currently [consulting](#) on a proposal to move all such staff into the Lothian Pension Fund. This will have no effect on members’ pension benefits, but should simplify the administration of their pensions.

UNISON reps (and subs) on LGPS Board reps

Borders	Campbell Hogarth Campbell.hogarth@btinternet.com
Dumfries	David Stainthorpe info@unisondumfries.org.uk
Falkirk	Tony Caleary calearyt@stirling.gov.uk , David Wilson dwilson@clacks.gov.uk
Fife	Gordon Pryde Gordon.Pryde@fife.gov.uk , Colin Paterson colin.paterson@fife.gov.uk
Highland	Liz MacKay liz.mackay3@highland.gov.uk , Donald Macsween dmacsween@cne-siar.gov.uk , Domhnall MacDonald domhnall@cne-siar.gov.uk
Lothian	Jim Anderson jimanderson.loki@gmail.com , Tom Howorth Tom.Howorth@unison-edinburgh.org.uk
North East	Morag Lawrence morag.lawrence@gmail.com , Kenny Luke kenny1@aberdeencity.gov.uk
Orkney	Karen Kent Karen.kent@glow.orkneyschools.org.uk
Shetland	David Marsh David.Marsh@shetland.gov.uk , Austin Taylor (Sub) austin.taylor@shetland.gov.uk
Strathclyde	James Corry james.corry@sds.co.uk , Stephen Kelly Stephen.Kelly2@southlanarkshire.gov.uk
Tayside	Arthur Nicholl Arthur.nicoll@dundeecity.gov.uk , Margaret McGuire margaret.mcquire@dundeecity.gov.uk



Pensions
Scotland

For further information contact: Simon Watson: s.watson@unison.co.uk