

WHAT THE POLITICIANS SAY ABOUT THE LGPS

Public Sector Pension Schemes are under almost daily attack in the press. Claims that the schemes are unaffordable, gold plated or featherbedded have become automatic in many areas. Statements like pensions 'black hole', 'pension apartheid', 'unsustainable perk' etc. are heard repeatedly. This is what the politicians are saying...

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Conservatives:

The comments below are directly attributable and reflect a range of attitudes, giving credence to the notion that there may not be a broad consensus on policy.

“We have got to end the apartheid... We have got to close the MP’s final salary scheme because we have got to be able to turn around to the rest of the public sector and say that over time it does makes sense to move towards defined contribution. There is an issue of fairness between the private sector and the public sector but there is also an issue of economic efficiency. We do not want to make it so hard for people to move from the public sector to the private sector or from the private sector to the public sector. My vision over time is to move increasingly towards defined contribution rather than final salary schemes.”

(David Cameron speech to Manchester Chamber of Commerce – November 2008)

“We need serious pension reform in local government and we need people to be reassured about financial security in their retirement.”

(Boris Johnson quotation in Evening Standard 24 March 2009)

“Public sector pensions need to be reformed – we are not bound by the deal done between the Labour party and the unions... But we don’t want to do these things in a confrontational way,” he said. “If we can work with the public sector unions... then we will.”

(George Osborne quote in FT 17 April 2009)

“We are going to have to close all public sector pension schemes to new entrants.”

(David Davis article in FT 30 April 2009)

“... public-sector workers deserve security in retirement, and that is why all pension rights that have already been accrued should be protected. It would be wrong for an opposition party to propose any detailed reforms to public sector pension schemes without full consultation with everyone involved... we will address the woeful lack of transparency in the system. We will set up an independent office for budget responsibility, which will carry out a comprehensive audit of all off-balance sheet liabilities, including public-sector pensions.”

(Phil Hammond article in Evening Standard 26 March 2009)

“The Government should find ways to cap the biggest government pensions, including those for senior civil servants, local council executives and Quango managers. This cap should prevent any taxpayer-funded increase in senior government pensions already worth over £50,000 a year, and stop all taxpayer-funded pensions for these groups in future exceeding £50,000 a year. This would reduce the growth of public sector pension liabilities by hundreds of millions of pounds over the next decade.”

(George Osborne speech to Tory Conference 2009)

Lib Dems:

Moving to the Lib Dems, whose approach has been more tempered, if not more consistent, and they have quoted many numbers in backing up their claims without reference to the context.

“At a time when private sector pensions are being cut to ribbons and taxpayers are struggling to pay their bills, these ballooning pension costs are the real future liabilities, not the measures announced yesterday. Every year the Treasury persistently and grossly underestimates the cost of public sector pensions. It must be down to either incompetence or wishful thinking. The Government is making a great play of its plans to give pensioners an extra £60 each. But if ministers had kept public sector pension costs down to what they had estimated only three years ago, they could have given each pensioner closer to £200 extra each.”

(Lord Oakeshott response to Pre-Budget Report figures indicating that public sector pension expenditure will increase from £1.2bn in 2006/07 to £3.8bn in 2009/10)

Private sector workers shouldn't unfairly subsidise public sector workers pensions – savings from public sector pension reform will be used to boost the state pension for everyone.

(Liberal Democrat Policy Briefing 10)

“It's very clear from the Pre-Budget Report that public sector pension commitments are skyrocketing. This is a serious long-term issue which must be dealt with

honestly. That is why we have called for an independent commission to review public sector pensions.”
(Vince Cable Press Release in response to Pre Budget Report 2008)

“Buried in the small print of the Budget paperwork is the admission that the estimated cost of public sector pensions has risen by £700m compared with the estimate made just before Christmas. We need an urgent review of public sector pensions, especially for those on the highest earnings, so that taxpayers can be sure that they are getting good value for money and that there is fairness between public and private sector workers.”
(Steve Webb response to Budget 2009)

“On pensions. Of course, we will guarantee every penny of entitlements you've already built up. But we do need to have a proper, independent review of what's fair, not just for public sector workers, but also for the taxpayers who pay your salaries. Let me reassure you: my particular focus will always be on the gold-plated pensions enjoyed by senior civil servants, quangocrats, judges – and MPs. At a time of pressure for everyone, it's only right for those with the broadest shoulders to take the greatest weight.”
(Nick Clegg speech to Lib Dem Conference 2009)

Labour:

Labour Ministers have taken a more measured and considered approach to potential reform:

“I don't want to see the pay or the pensions of local public servants dragged down by public anger at the excess of a few. But I do want to limit the pension entitlements of the very highest earners. With every council publishing details of high-paid posts, their pay, pensions, bonuses and allowances.”

(John Denham speech to Labour Conference 2009)

“If we are to defend local government pensions, we can't let the public sector become an easy target for headline-

grabbing criticism. Part of that consideration needs to be a look to the future of how the LGPS will work for the next generation of workers and beyond. Any changes must be made for the long term viability of the scheme, not simply as a knee-jerk reaction to keep the media's rent-a-quote pension commentators happy. Local authority pensions are the model of pension prudence remaining affordable, solvent and fair to taxpayers.”
(John Healey speech to NAPF Local Authority Conference 2009)

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