

BT seeks court ruling on pensions indexation

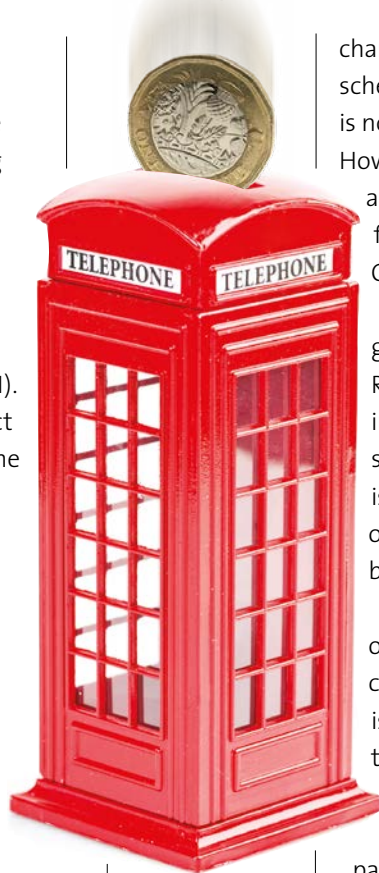
A move to switch pension payments from RPI to CPI could result in less money for pensioners, **David Luxton** reports

BRITISH TELECOM and the trustees of the BT Pension Scheme are to apply to the High Court to seek a ruling on whether they can switch the indexation for some pensions already in payment from the retail prices index (RPI) to the consumer prices index (CPI).

The change would affect members in Section C of the BT scheme, which applied to new joiners from 1 April 1986 and was closed on 31 March 2001.

Currently, the rules of the scheme state that BT must use the RPI until such time as it is no longer published or has “become inappropriate”.

Prospect has consistently campaigned against



changing indexation of pension schemes from RPI to CPI, as CPI is normally 1% lower than RPI. However, RPI lost its status as a national statistic in 2013 following a review by the Office of National Statistics.

Despite this, the government continues to use RPI for calculating increases in rail fares, water rates and student loan repayments. RPI is also still used for indexation of long-term government bonds.

It is clear that the purpose of the request for legal clarification in the High Court is aimed at reducing the long-term costs of the BT pension scheme at the expense of members in the Section C part of the scheme.

Prospect has had the

opportunity to make representations about the issue through the “representative beneficiary” taking the case forward through legal firm Stephenson Harwood LLP.

Stephen Harwood LLP, together with Michael Furness QC, will argue in court around the construction of the words in the scheme rules and whether this allows BT to make the change.

Prospect members in Section C of the BT scheme have received the contact details for the legal team advising the representative beneficiary. They can also make representations, which will be taken into account in the legal deliberations.

Public sector pensions in payment were switched to CPI indexation in 2011, as the government had linked the method of indexation to that of social security benefits. By changing the method of indexing state benefits, it was also able to implement the switch to CPI for pensions.

Pensions to rise by 3% from April 2018

PUBLIC SECTOR pensions as well as the basic state pension will rise by 3% from 1 April 2018 in line with the September consumer prices index (CPI) increase announced in mid-October.

CPI is the mechanism used for uprating all public sector pensions. For state pensions, under the triple-lock guarantee, the basic state

pension rises by the greater of the September CPI figure (3%), average earnings or 2.5%.

For those pension schemes linked to the retail prices index (RPI), including the electricity supply industry, the increase will be 3.9% as the RPI link is enshrined in primary legislation.

RPI is no longer recognised as a

relevant measurement by the Office for National Statistics but is still used as a basis for increases in rail fares and student loan interest rates.

More information:

- Office for National Statistics: <http://bit.ly/ONS-sept-inflat>
- Moneywise article: <http://bit.ly/2MW-sept-inflat>

CSPA conference mulls triple lock, intergenerational fairness and funding of care



RMG GROUP secretary **David Luxton** attended the annual conference of the Civil Service Pensioners' Alliance, which campaigns on behalf of public sector occupational pensioners.

CSPA's general secretary, **Mike Duggan**, opened with a summary of the Alliance's campaigning objectives:

- Protecting the pension triple lock or basic state pensions;
- Protecting continuation of universal benefits for all pensioners;
- Sustainable funding for social care;
- Protecting the interests of pensioners in the Brexit negotiations.

The conference heard that the triple lock — which guarantees that the

state pension will rise annually by a minimum of 2.5%, the rate of inflation or average earnings growth — was expected to be protected until at least the next election in 2022.

However, the challenge of funding social care was becoming a major crisis that needed to be addressed (*see story on opposite page*).

On intergenerational fairness, the CSPA highlighted policy changes that would be mutually beneficial to young people and pensioners without attacking pension protections such as the triple lock.

These included the removal of stamp duty for pensioners downsizing to

release more homes for young people.

A presentation on the railways delivery programme highlighted the improvements being made for people with mobility issues.

A single telephone number for requesting passenger assistance is now available across all rail networks, while a text phone service is available for deaf people.

Other initiatives taking place include plans to replace more than 25 different types of wheelchair assistance ramps across all UK rail companies with just one type for speed and consistency of disabled access.

● www.cspa.co.uk

NPC delegates lobby Parliament

INTERGENERATIONAL FAIRNESS, establishing a national care service and transparency in pension provision were just some of the themes explored in a packed committee room in the House of Commons during the annual lobby and rally of Parliament by the National Pensioners Convention.

NPC delegates were addressed by Labour MPs Kelvin Hopkins, who is the NPC convenor in Parliament, and Alex Cunningham, who is the party's pensions spokesperson.

Dr Lydia Hayes from Cardiff University spoke about social care, while Unite's Siân Errington and the UK Mineworkers Pension Association's Mick Newton also spoke.

Hopkins paid tribute to Rodney Bickerstaffe, former leader of the National Union of Public Employees (NUPE) and NPC president from 2001-05, who passed away recently.

He told the audience that the UK had some of Europe's poorest pensioners and that Labour was committed to improving public service. The solution to providing better

pensions would be for everyone to pay more tax, he said, before warning the crisis would get worse before better.

Cunningham argued that pension auto-enrolment should apply to all workers, highlighting the fact that many self-employed workers do not meet the eligibility thresholds using the current auto-enrolment framework.

He said Labour was working hard to make pensioners' lives better by "putting people ahead of profits". He said: "Fairness is what we deserve."

Hayes said she shared the NPC's interest in lobbying for a well-funded care system, arguing that it should be funded through taxation. "Home ownership is not the solution. Social care is about human dignity, not about being able to pay or the commodification of care workers."

Hayes said the care industry was worth £20bn to the UK economy, yet carers had little say in any of its outcomes and needed collective bargaining to address this. "The NPC must keep up the pressure to tackle this."



THE GOVERNMENT announced in the Queen's Speech after the general election that it would bring forward proposals for consultation "to improve the social care system and put it on a more secure financial footing".

The funding issue proved to be controversial during the election campaign, particularly a proposal, since withdrawn, to take into account house values over a threshold of £100,000.

The consultation green paper is yet to be issued, and when it is, Prospect will seek views from retired members on the funding options as part of a co-ordinated response.

In October, the government published its detailed response (<http://bit.ly/CM9501>) to the parliamentary select committee report on adult social care (<http://bit.ly/adultsocialcare>).

The report included worrying facts about the provision of social care, which affects many retired members and their families. These included:

- Fewer than 1 in 12 directors of adult social care are fully confident that their local authority will be able to meet their statutory duties in the current financial year (2017-18);
- 28% of care services are "inadequate or require improvement";
- 96% of people paying for their own care pay on average 43% more than state-funded residents in the same home and same room for the same level of care;
- Almost half (47.8%) of care workers leave within a year of starting;
- 27% of care workers receive no dementia training and 24% of those who administer medication are not trained to do so;
- A recommendation that an extra £1.5bn be made available to meet the financial shortfall in the current year.

The select committee also recommended a review of all options for future funding,

How should social care be funded?



Prospect will consult members when the government publishes its green paper, says RMG group secretary **David Luxton**

including "hypothecating national taxation (income tax, national insurance contributions, asset taxes, inheritance tax)" and "all age-related expenditure (the state pension, including the funding for the triple-lock pension guarantee, winter fuel allowance, concessionary bus fares, free prescriptions, and, indirectly, TV licences)".

The government's consultation paper on funding options will be of considerable interest to all Prospect's retired members. This issue has been reviewed on no less than 10 occasions over the past 12 years but with no consensus reached on how to handle it.

The independent Dilnot commission proposed a £35,000 cap on individual liability for care costs in a report published in 2011. The government, however, set this at £72,000 and incorporated it within the Care Act 2014, before subsequently withdrawing it.

The commission also proposed increasing the threshold for means-tested support from £23,250 to £100,000 and

recommended that those in nursing home/residential care should contribute towards their general living costs such as food and accommodation. The government set the figure for these "hotel costs" at £12,000 in the Care Act 2014.

Prospect will be working with the National Pensioners Convention and other campaigning groups on the issue of funding social care, taking membership views into account.

There is wide agreement that there needs to be a long-term solution, and it is hoped that the proposed green paper will provide an opportunity for wider debate on acceptable options.

However, as the NPC has highlighted, the social care sector still needs considerable additional funding in the short term as most local authorities believe current funding levels are not sufficient to meet the rising demand.

Prospect will issue further information to all retired members when the government's consultation green paper is published later in the year.

Upcoming meetings & AGMs

Central Southern area meetings and AGM

AGM 7 November, 11am. Guest speaker, David Luxton, RMG group secretary.

Meetings 5 December, 9 January (2018), 11am. All at Royal Maritime Club, 75-80 Queen Street, Portsmouth, PO1 3HS.

Contact Patrick Davies – email patrickm.davies@ntlworld.com.

For members in postcodes PO and SO.

Agenda and additional information can be found on the area Ebranch at https://www.prospect.org.uk/about/branch/321/member?_ts=729. Log in and scroll to “Document admin” in the left-hand menu.

East Anglia area AGM

8 November, 1pm. Guest speaker, David Luxton, RMG group secretary. Red Lion Hotel, Station Road, Whittlesford, Cambridge, CB22 4NL. **Contact** David Mills – email d.n.mills@btinternet.com. For members in postcodes CB, CM, CO, EN, IG, IP, NR, PE, RM and SS.

East Midlands area AGM

6 November, 11am, tea and coffee from 10.30am, light lunch provided after. Prospect Midlands regional office, Unit 4, Midland Court, Central Park, Leicester Road, Lutterworth, LE17 2PN (adjacent to M1 junction 20). **Contact** Tony Beech – email tony_margy@btinternet.com or call 01283 585622. For members in postcodes CV, DE, LE, LN, NG and NN.

Scotland North area meeting

29 November, 2.30pm. Station Hotel, 78 Guild St, Aberdeen, AB11 6GN.

Contact Charlie Bruce – email charlie.b@btinternet.com or call 01382 884575.

For members in postcodes AB, DD, FK (7 et seq), HS, IV, KW, KY, PA (20 et seq), PH and ZE.

South West AGM

8 November, 2pm. Fallstaff Inn, 75 Clittaford Rd, Plymouth, PL6 6DT. **Contact** Ernie Buckeridge – email buckeridge.ernie@gmail.com. For members in postcodes TR, PL, EX and TQ.

Thames Valley area AGM

7 November, 10.30am, tea and coffee from 10am, buffet after. Reading International Solidarity Centre (RISC), 35-39 London Street, Reading, RG1 4PS. National secretary Geraldine O’Connell will speak and answer questions on Brexit. **Contact** Bob Simmons – email bob.simmons@ntlworld.com or call 01635 820602. All members welcome, those from postcodes GU, RG and SL may vote.

West Midlands area AGM

14 November, 10.30am, coffee from 10am. The Pear Tree, Smite WR3 8SY. **Contact** Ian Hodges – email hodgery@blueyonder.co.uk. For members in postcodes B, DY, HR, ST, TF, WR, WS and WV.

Please tell us your email address!

WE KNOW that many of our retired members have still not told us their email addresses. If this is you, or you have recently changed your email, or any other contact details, please let us know by emailing membership@prospect.org.uk or annette.cooper@prospect.org.uk

If you are registered on Prospect’s website you can amend your own details by visiting <https://www.prospect.org.uk/member/details> and following the instructions.

RMG ADC 2018

The 2018 RMG annual delegates conference will be held at 11am on 25 January 2018 in the Council Room at New Prospect House in London.

For further information, please email RMGADC@prospect.org.uk or call Annette Cooper on 01932 577011.

About to retire leaflet

PROSPECT’S RETIRED members group helped to update a leaflet encouraging members to remain in the union once they retire. The leaflet outlines the benefits retired members continue to receive, the reduced subscription rates they benefit from and also tells people about the RMG and its work representing members.

Download it today – <https://library.prospect.org.uk/download/2016/00983>



prospect.org.uk/joinus

About to retire?
Why you should stay in Prospect

prospect
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Meetings/obituaries on the web

See www.prospect.org.uk/rmg for meeting dates. Email stephanie.bridgman@prospect.org.uk with new meeting details. To see the names of deceased members, please visit www.prospect.org.uk/obituaries. If you are not registered, first go to www.prospect.org.uk/register