

25 March 2019

Christine Jackson  
Director of Reward and Pensions  
**By email**

Dear Christine

### **CONSULTATION RE PROPOSED CLOSURE OF 'THE UTV SCHEME'**

We are responding to the statutory consultation about the proposed closure of the Ulster Television Pension and Assurance Scheme ('the UTV Scheme') on behalf of the NUJ and BECTU members affected.

Our members are naturally disappointed with the proposal and this is reflected in the comments below. There are also a number of practical questions arising and we would appreciate any responses you are able to give to those.

- Fairness / Rationale for scheme closure

The main reason cited for closing the scheme is fairness. NUJ and BECTU members have a fundamentally different perspective on the fairness of the proposal. From our members' point of view, it is unfair to unilaterally impose hugely detrimental changes to an important element of their overall terms and conditions. Our members think that fairness requires their employer to continue to honour the terms and conditions they were offered when they started working for UTV (according to data from the latest actuarial valuation of the scheme, their average length of service is over 25 years).

It is particularly galling for the consultation documentation to specifically mention "the ITV group ethos of promoting fairness amongst colleagues" when the defined contribution alternative that is being offered is substantially inferior to the provision for an income in retirement that ITV is making for its Chief Executive.

For these reasons, we strongly disagree with the stated rationale for the proposal and ask the company to reconsider.

- Financial impact of the proposal

The financial impact of the closure of the UTV Scheme is not cited as a reason for this proposal. Indeed the financial impact of the closure is not mentioned in the consultation documentation at all.

It is very important to appreciate the financial impact of the closure of the scheme both on the company and on the remaining active scheme members.

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According to the latest actuarial valuation of the UTV Scheme, the employer future service contribution rate is 42.1%. The maximum proposed employer contribution rate to the alternative defined contribution scheme is 9%. This proposal would therefore deliver huge savings to the company in relation to the cost of future service (about £12,000 per annum for each year of service lost for an average member) at the expense of the members affected.

Furthermore, there will also be significant savings in relation to the past pension accrued by members. This is because deferred pensions only attract statutory revaluation in line with the requirements of the Pension Schemes Act 1993 under the scheme rules whereas active members retain a final salary link for their accrued benefits. Based on the demographic data and assumptions used for the last actuarial valuation of the UTV Scheme, we have calculated that the average member will lose approximately £750 per annum in pension income as a result of this change; in capital terms this will be equivalent to an average loss per member of the order of £20,000 on past service benefits alone.

Given the enormous savings from this proposal for the company and the huge losses that members will incur, we believe there is a very strong case for compensation for members to mitigate the impact of the proposal and to share the financial gains more fairly. We think it is incumbent on the company to propose a compensation package for members.

- Impact of deferred status

We have outlined the impact of moving to deferred status on the growth of accrued pension until retirement. We have not identified any other potential impacts of moving from active to deferred status in the scheme rules but we would appreciate if you could confirm that the company's understanding is that there are no other negative consequences of becoming a deferred member.

- Drawing pension from the UTV Scheme while working for the company

We were not able to determine conclusively whether the scheme rules permitted deferred members to draw pension while continuing to work for UTV. Can you say whether this is the case? If this is not possible then the level of actuarial enhancement of pension on late retirement becomes more important. Can you say what the current factors under Rule 17.1 of the scheme are?

- Consultation

It is extremely disappointing that the proposed date of closure is just one day after the end of the statutory consultation period. The NUJ and BECTU have taken the time to request relevant additional information and analyse it and explain what it meant to our members and to collate and review their responses. This process has naturally taken some time and consequently we are submitting our views close to the end of the consultation period. The implication of implementing the proposal a day after the end of the consultation period is that the outcome is a *fait accompli* and that no weight will be given to members' views. This is unfortunate and contrary to the intentions behind the 'Occupational and Personal Pension Schemes (Consultation by Employers and Miscellaneous Amendment) Regulations 2006'. We believe that there could be grounds for referring the consultation process to the Pensions Regulator.

We believe it would be appropriate for the company to defer implementation of its proposal for at least a month in order to properly assess and respond to the various points made by scheme members and their representatives.

- Joining the defined contribution scheme

The consultation documentation states that current UTV Scheme members will be "invited to join the ITV DC Plan". Can you confirm that they will be automatically enrolled into the ITV DC Plan by default? Can you confirm what level of contribution they will be defaulted to? If they are not defaulted to the 6% member contribution rate can you confirm that they will be given time to choose to contribute at this level from 1 April 2019?

- Pensionable salary

It is not clear whether there are any significant differences in the definition of pensionable salary between the UTV Pension Scheme and the ITV Pension Plan. Can you state whether there are any and what those are? We believe that any elements of pay that are pensionable in the UTV Pension Scheme should also be pensionable in the ITV Pension Plan. In fact there does not seem to be any good reason for any element of pay not to be pensionable in a defined contribution pension scheme such as the ITV Pension Plan.

- Ongoing employer contributions to the ITV Pension Plan

We referred to the disparity between the level of employer contribution to the ITV Pension Plan and the provision for an income in retirement for ITV executives. The latest company accounts record that company contributions in relation to retirement provision on behalf of the chief executive are 15%. While the company contribution in relation to a more recently appointed executive director is 9%, this is still likely to be far in excess of the average employer contribution rate to the ITV Pension Plan on behalf of the rest of the workforce. We believe there is a strong case for the company to increase the average employer contribution to the ITV Pension Plan.

Yours sincerely

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BECTU

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