

# Pensions Action Group Newsletter

Issue 26

29 September 2010

Fighting to get our pensions back

## Birmingham here we come!

**Tory party conference demonstration  
12:00 Tuesday 5<sup>th</sup> October**

**Don't let them take away your pension**

In opposition the coalition parties showed real concern and sympathy for our plight. They spoke up for us while the RBS bankers had their super-generous pensions guaranteed 100% by the Labour Government and all the savings in too-good-to-be-true Icelandic banks were repaid, even for millionaires and foreign nationals.

But now in Government, the coalition have gone quiet on the injustices in the FAS and PPF which were first highlighted by the Parliamentary Ombudsman, and then by the High Court and Court of Appeal during our 8 year struggle. All thrown into sharp relief by the way other groups are treated. The Pensions Minister Steve Webb has told us that it is *"very unlikely that there will be more resources available for the FAS"*. Worse than this, he is planning to change the calculation basis for the FAS from the Retail Price Index to the Consumer Price Index. This is being promoted as being more in tune with the way consumer prices move. That's as may be – but the effect will be to reduce our FAS payments. And the difference will get larger as time goes on. As things stand, we were better off under Gordon Brown!

In the present climate, if we let them get away with this, you can be sure that they will be back for another bite off your FAS payments. If you want to keep them, you'll have to fight for them. Don't rely on others – stand up and make your voice heard!

### **Meeting place:**

Outside the Council House in Chamberlain Square, Birmingham B1 1BB (adjoining Victoria Sq). Map at <http://tinyurl.com/39kk67w>

This is 300m NW of New Street Station and slightly less SSE of Snow Hill. National Express Coach Station in Digbeth St is just the far side of the Bull Ring and a short bus ride away.

### **Timings:**

12:00 **Meet** at Chamberlain Square  
12:30 **Move off and march** to International Conference Centre less than a mile away.  
1:00 **Demonstrate** outside ICC and distribute literature. Meet as many MPs as possible.  
2.30 **Disperse**

### **Arrangements:**

We will be marching with the Unite union who have organised and obtained permission for the route. If you have demonstrated with PAG before, please bring your red and yellow "ALL WE WANT IS WHAT WE PAID FOR/WHERE'S OUR INDEXATION?" T shirts. Fresh supplies will be available and newcomers are most welcome. Leaflets to hand out will be supplied.

### **How to get there**

Birmingham is ideally situated to reach by train leaving after 0930 from as far away as Leeds, Taunton, Cardiff, Liverpool, Manchester and London and National Express Coaches have excellent links from all over the country.

## What's been happening in PAG?

A lot has been going on behind the scenes since the election. Both the Conservatives and Libdems had spoken up for us when in opposition so we had high hopes of making some progress when the coalition came to power. We therefore felt that we should discuss with them what could be done rather than attacking them through demonstrations and the press.

We asked for a meeting with Steve Webb (the Libdem Pensions Minister) which was arranged for 14 July. We had met him on several occasions previously when he was in opposition and he had been very supportive.

Prior to the meeting, we prepared a document which costed out in detail, based on published information, the proposals which we are seeking. The results were surprising - the net annual cost would initially only be around £8 million per year. This is completely insignificant in government terms - it is less than 1% of the money that the DWP wastes every year through mistakes in benefits payments that it writes off. We have heard (unofficially) that our estimates are "broadly accurate". You can read it here:  
<http://tinyurl.com/33n4amw>

Terry Monk, Andrew Parr, Richard Nicholl and I went to the meeting, together with Willie Riggans, his colleagues and some union representatives. We each presented our case and were pleased to find that we were largely in agreement over our objectives and priorities. The minister was however uncompromising in describing the financial situation and stated categorically that 100% was not achievable. He then asked for our main objective which we were agreed was indexation to 5% including pre-1997 contributions, as this would give the greatest benefit to the largest number of people, although we also said that, if this was not possible, other smaller improvements should be considered. He did leave one small opportunity open - that if we could come up with a "pot of money" with which to fund the improvements it would put a different complexion on the issue. Mr Webb closed the meeting by saying that he would consider the issues and write to us.

As a follow-up, and to inform his consideration, we sent a further paper where we laid out the various ways in which the FAS itself is unfair, as between members, with the suggestion that any money available might also be used to address this.  
<http://tinyurl.com/2v2m6mc>

The weeks passed with no response, in spite of several polite enquiries. In mid August we were told that the response had been written but that the Minister was on holiday and wanted to sign the letter himself on his return. He was expected back by the end of August, but there was still no news.

During this period, we had been working on identifying possible ways in which the money to pay for the improvements might be raised, so that there would be no net cost to the Treasury. We produced three papers detailing these which we sent to Gordon Woods at the DWP and on 9 September Kenneth Molloy and I went to see him to present them. We talked through them and he felt that they had merit and that we should send them to Steve Webb and ask for a meeting to take them forward, which we did.  
<http://tinyurl.com/2v7ey55>  
<http://tinyurl.com/3785ptk>  
<http://tinyurl.com/34hjm4s>

We finally received the letter from Steve Webb on 22 September, the last day of the Libdem conference. In it, he merely reiterated what he had said at the meeting back in July. There was no sign that he had thought further on the matter or that he was prepared to help us to get agreement from the Treasury for improvements. The only new item was that any suggestions for raising additional sources of funding would be subject to competing claims across Government and that Government as a whole would decide on how the funds should be used.  
<http://tinyurl.com/38hzgv4>

It is clear that the letter could have easily been drafted the day after the meeting; there was no new information in it, no sign of fresh thinking, and no reaction to the papers which we had submitted. The only reason why it took two months to send that we can see is that he did not want to have us protesting outside the Libdem conference, and in that he was successful. However, he does not appear to have the same concerns about his coalition partners, who are holding their conference next week in Birmingham.

Where do we go from here? I have written to the Minister pointing out that we had been saving our best cost-saving suggestion (which would not only pay for the FAS improvements but also release several billion pounds for the Treasury) for the meeting, but there doesn't seem much point in discussing it, or the other suggestions, if we will

not see any benefit. We will also be responding formally, as PAG, shortly.

In the meantime, we will be demonstrating in Birmingham as described above and the organising committee will be discussing this further and planning more actions. If you have any suggestions, and particularly ways in which we can highlight the unfairness with which these proponents of fairness are treating us, please send them direct to the organising committee at [pensionsgroup@yahoo.co.uk](mailto:pensionsgroup@yahoo.co.uk)

The campaign continues, and we'll be back in the headlines again soon!

*Peter Lapinskas*

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### **Govt taking 20% of your indexation**

The indexation on the FAS and PPF payments is pitiful enough as it is (a maximum of 2.5% pa in respect of post-1997 contributions only), but the Coalition is planning to reduce it further. Their proposals are now in the consultation phase so we each have the opportunity to comment on them.

They are proposing to move the basis of calculating inflation from the Retail Price Index (RPI) to the Consumer Price Index (CPI). There are a number of reasons given for this but the essential point is that the CPI gives an estimate of inflation which is about 0.5% lower than RPI. Given that your indexation is capped at 2.5%, that means that you will lose at least 20% of your indexation – and an even higher proportion when inflation is lower. And each year the loss will be cumulative - you will never get it back.

Worse than this, the CPI will be used in a number of other calculations, which means that your initial payments will be lower as well. So, when you retire, you will start with less and it will grow more slowly than before. And the longer you have to wait to retire, the more you will lose.

The DWP itself puts it like this:

*“The Government considers that the CPI will on average provide a lower rate of inflation than the RPI. This means that payments to FAS and PPF members are expected to be lower over time than if inflation*

*continued to be measured on the RPI basis. Other things being equal, this suggests a reduction in the levy the Board of the Pension Protection Fund would otherwise be required to set and a reduction in the cost to the taxpayer of the FAS.”*

If you are unhappy about this – complain! You can download the consultation document from here: <http://tinyurl.com/34hmuwe>

It gives full details of how to respond. The closing date is 3 November but get your response in now. Tell your MP how you feel and how it will affect you too – don't let them get away with it!

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### **Libdem Conference**

In view of the support which we had received from the Libdems in opposition, and the ongoing dialogue with Steve Webb, we did not plan a high-profile demonstration for their conference, but they did not escape our attentions entirely. Willie Riggans and his colleagues were there in Liverpool on 21 September under the Unite banner with placards and leaflets. Over 900 leaflets were handed out (see next page) and it was explained to delegates how supportive Steve Webb had been in opposition but now he was planning to cut our FAS payments. Many delegates were under the impression that CPI would be better for us than RPI, so it was good to be able to give them the correct information. On the whole, the action was well received and it sent the clear message that we are not going to lie down quietly and go away.

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### **Keep in contact**

If you would like to keep in touch with events as they happen, to chat and to exchange notes with others in the same boat, why not join our email group? Full details at <http://tinyurl.com/ruams>

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### **Previous issues**

You can download this and previous issues of the newsletter from here:

[www.pensionstheft.org/newsletters](http://www.pensionstheft.org/newsletters)

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# Pension Justice NOW, SAYS UNITE

**Hard working people who have saved all their lives to have financial self-respect in their retirement have been betrayed by the ConDem government.**

Plans, announced in June's budget, will cut the pensions for the tens of thousands of former workers benefiting from the Financial Assistance Scheme (FAS) and Pension Protection Fund (PPF) - schemes to assist those who lost out when their pension funds were wound up or became insolvent.

Coalition plans to link the FAS and PPF pensions to the Consumer Price Index (CPI), instead of the higher Retail Price Index (RPI), will mean a substantial drop in income as the CPI is about two per cent lower than the RPI.

And any service prior to 1997 is not protected, further reducing the value of their pensions.

When in opposition, Liberal Democrat Steve Webb said in 2004: *'Compensation is a matter of natural justice. A basic injustice that must be addressed.'*

We are asking Steve Webb to practice what he preaches now he is minister responsible for pensions and reverse this cruel decision by the coalition.

You can contact Steve Webb by email: [webbs@parliament.uk](mailto:webbs@parliament.uk)

Or write to: Professor Steve Webb MP, Minister for Pensions,  
Department of Work and Pensions  
Caxton House, Tothill Street, London SW1H 9DA

For further information from Unite,  
email: [brian.gallagher@unitetheunion.org](mailto:brian.gallagher@unitetheunion.org)

[www.unitetheunion.org](http://www.unitetheunion.org)

(JN3173) HB080910



Over 900 of these leaflets were handed out by Willie Riggans and his colleagues at the Liberal Democrat's conference in Liverpool