

Public Service Pensioners' Council

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To: Secretaries of Constituent Organisations

14th January 2015

Dear Colleagues

PSPC CAMPAIGNS UPDATE – JANUARY 2015

I am taking this opportunity to update constituent organisations on some important issues.

PSPC Pre-Election Conference

The PSPC will hold its pre-election conference on 4th March 2015. We have invited the main party spokespeople on pensions and pensioner issues to present their policies and take questions from the audience. Currently Gregg McClymont has agreed to speak for Labour and Steve Webb for the Liberal Democrats. We are still awaiting a Conservative speaker but are confident that one will be supplied, especially as the Conservatives are aware of the two confirmed speakers.

The conference will be held at NUT HQ in London and it will be an invitation only event. Further details will be sent out shortly.

In the meantime you can email questions or issues you would like to be considered at the conference to pspc@nut.org.uk

Johnson Review of consumer price statistics

The Johnson Review of price statistics has been published. We attach the press release and the Executive summary (42 pages). The full Review can be found online at <http://www.statisticsauthority.gov.uk/reports---correspondence/current-reviews/range-of-prices-statistics.html>

Johnson's main recommendation is that the ONS should move towards making CPIH (CPI including owner-occupier housing costs) its main measure of inflation. In the meantime, CPI should continue to be the main measure. There are problems currently with CPIH where errors in the calculation of private rents have led to CPIH understating inflation. Once these problems are rectified, Johnson recommends a move to CPIH.

Johnson does not favour a return to RPI. He believes it should be phased out as soon as possible for taxes, benefits and regulated prices (such as rail fares and student loans). Where the authorities decide to keep using it, the UKSA should ask them to set out their reasons for doing so clearly and publicly. Johnson also believes the ONS should consult on discontinuing the RPIJ measure.

Johnson recommends that ONS should develop an annual analytical publication that produces inflation indices as experienced by household types. He believes the ONS should also consult users on discontinuing the analytical series it publishes based on the RPI (including the pensioner indices).

General Secretary: ANDREW MORRIS

ASSOCIATIONS REPRESENTED: Association of HM Inspectors of Schools OFSTED Section Committee • Association of HM Inspectors of Schools (Scotland) • Association of Local Authority Chief Executives • Association of Teachers and Lecturers • Association of School and College Leaders • British Broadcasting Corporation Pensioners Association • Civil Service Pensioners' Alliance • Civil Service Pensioners' Alliance (Scotland) • Educational Institute of Scotland • Forces Pension Society • Foreign and Commonwealth Office Association • GMB • MDP Retired Officers' Association • National Association of Head Teachers • National Association of Retired Firefighters • National Association of Retired Police Officers • National Association of Schoolmasters Union of Women Teachers • National Federation of Occupational Pensioners • National Union of Teachers • Overseas Service Pensioners' Association • Prospect • Public and Commercial Services Union • Retired Police Officers' Association (Scotland) • Retired Prison Governors Association • Retired Teachers' Association (Northern Ireland) • Scottish Retired Teachers' Association • UNISON • University and College Union

Overall, the Johnson Review is not good news in that it explicitly rejects RPI on methodological grounds, which does not bode well for its return as a compensation index. There is a small crumb of comfort in that Johnson does not want RPI used for regulated prices in a form of 'inflation shopping'.

Pensions Increase 2015

The 2015 increase for public service pensions in payment is expected to be 1.2 per cent, in line with the September 2013 increase in the Consumer Prices Index. The increase would have been 2.3 per cent had the previous link with the Retail Prices Index been maintained.

The effect of moving from RPI to CPI is quite considerable. If a £10,000 pension came into payment in April 2010, then by April 2015 (assuming the increase above is implemented), it will have grown to £11,521 in April 2015 with CPI indexation. If the RPI link had been maintained, the pension would be £11,965 in April 2015.

The increase in the basic State pension will be 2.5 per cent in line with the fixed element of the 'triple lock' guarantee. The 'triple lock' indexes the basic State pension to the higher of CPI inflation, average earnings increases or 2.5 per cent.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Andrew Morris', with a stylized flourish at the end.

ANDREW MORRIS
General Secretary