NEWSLETTER

Number 63 **18 November 2010**

Dear Colleague

INDEX-LINKING OF PUBLIC SECTOR PENSIONS

Here is a brief update on our campaign. We have been exploring all possible avenues. Some may well fail but we are leaving nothing to chance. If you can think of anything else which you think we should be doing, please let us know.

- We will be meeting with our lawyers later this month to further explore the legal remedies open to us. We hope to be able to have a report for consideration by your Executive Council towards the end of January, after which we will issue a substantive brief to Groups, Branches and members.

- We have lodged four Freedom of Information requests to try to ascertain what advice the Government has received. We are particularly concerned to highlight the fact that the Government failed to consult its own statisticians. We would also like to see their legal advice. However, the DWP has refused to divulge details, hiding behind technical defences in the relevant legislation.

- We have submitted evidence to the Hutton Inquiry into public sector pensions but, as yet, the Inquiry has not supported our case. We will be submitting further evidence to the next stage of the Inquiry via our colleagues in the Public Service Pensioners' Council.

- We are still awaiting a reply from the Chief Secretary to the Treasury to my letter of 18 October 2010 (copied with Newsletter Number 62).

- I have lodged my own personal complaint with Cabinet Office. As expected, they have rejected my complaint. It is now with The Pensions Advisory Service before I send it to the Pensions Ombudsman.

- We have issued umpteen press releases and will continue to do so.

- We are holding a conference on 23 November 2010 in order to build wider support for our campaign. We have secured support for the event from the Public Service Pensioners' Council, the Occupational Pensioners' Alliance, the National Pensioners Convention and Age UK. We have invited representatives from the main political parties, statisticians, think tanks, pensioner and associated organisations, the TUC and public sector trade unions.

- We have sent a detailed briefing on our case to all MPs.

- We will be asking MPs and Peers to oppose the Order to impose CPI when it is laid in December or January.

- We are meeting with sympathetic MPs and Peers to try drum up support for our campaign and to ask them to put down oral and written questions in order to ascertain the information denied to us by DWP

- We have asked friendly MPs to lodge a suitable Early Day Motion. EDM 1032 has now been laid and is couched in terms designed to secure maximum cross-party support. You will see that it does not go as far as supporting the retention of RPI but asks for a proper evaluation before any changes are made. It will not preclude us from continuing our campaign for retention of RPI. Indeed, it will provide us with another avenue for arguing our case. **Therefore, we urge all members to contact their MPs to ask them to add their signatures to EDM 1032. I attach a draft letter for members to use. It is important that members include their full address at the top right-hand corner and in any e-mail which they might send. You can find your MP on the Parliamentary website http://www.parliament.uk/mps-lords-and-offices/mps/**

EDM 1032

That this House notes the Government's proposal to use the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) for the price indexation of benefits, tax credits and public service pensions; further notes that the CPI is consistently lower than the RPI; expresses concern over the impact that this will have on the incomes of pensioners and other vulnerable groups; recognises the concerns held by the Royal Statistical Society and the UK Statistics Authority that CPI excludes many housing costs which are borne by the majority of pensioner households; and calls on the Government to take these concerns into account and postpone the change from RPI to CPI until the appropriateness of CPI as a measure of price increases borne by pensioner households can be fully evaluated.
We will continue to keep you posted as our campaign proceeds.

Yours sincerely

John Amos
Deputy General Secretary

November 2010

MP
House of Commons
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Dear

INDEX-LINKING OF PENSIONS AND BENEFITS

You will, no doubt, be aware that the Government proposes to change the index-linking arrangements for pensions and benefits. The Government intends to replace the Retail Prices Index with the Consumer Prices Index. This will leave millions of pensioners much worse off financially and will force some of them, particularly women, into poverty.

The Government makes much of its "triple lock" guarantee for the basic state pension but this will not apply to the Second State Pension, nor will it apply to occupational pensions. Nor will it improve the lot of state pensioners in the short to medium term because prices are forecast to outstrip earnings for some time to come.

The CPI is usually about 1% less than the RPI. The OBR forecasts that by 2017 the CPI will result in pension increases of 8.5% less than the RPI would have produced. The Emergency Budget Red Book said that by 2015 pensioners would be collectively worse off to the tune of £6 billion. Lord Hutton has said that public sector pensioners would be between 15% and 25% worse off over a life time. These are losses too large for pensioners to bear. The financial penalty will stretch far beyond the term of this Parliament, during which time the Government hopes to resolve the current financial deficit.

The Government has not consulted with the UK Statistics Authority over the change and the Authority does not agree that the CPI, as it currently stands, represents a proper measure of inflation. The Government, itself, is committed to including housing costs within the CPI index but does not expect to be able to do so before 2012. The purpose of Section 150 of the Social Security Administration Act 1992 is to protect the value of pensions against the ravages of inflation, which pensioners do not cause. A Minister who lays an increase order on the basis of a measure which does not reflect the "general level of prices" specified in the Act would be acting outwith his legal responsibilities.

Therefore, a number of Members of Parliament have laid EDM 1032 in the following terms:

That this House notes the Government's proposal to use the Consumer Price Index (CPI) rather than the Retail Price Index (RPI) for the price indexation of benefits, tax credits and public service pensions; further notes that the CPI is consistently lower than the RPI; expresses concern over the impact that this will have on the incomes of pensioners and other vulnerable groups; recognises the concerns held by the Royal Statistical Society and the UK Statistics Authority that CPI excludes many housing costs which are borne by the majority of pensioner households; and calls on the Government to take these concerns into account and postpone the change from RPI to CPI until the appropriateness of CPI as a measure of price increases borne by pensioner households can be fully evaluated.

This is a matter of grave concern to pensioners. There is no good reason why we should suffer a lifetime of financial detriment to solve a short-term deficit, which is not of our making.

I, therefore, ask you to support EDM 1032 and to make suitable representations to Ministers.

I look forward to hearing from you.

Yours sincerely