



NEWSLETTER

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Dear Colleague

INDEX-LINKING OF PUBLIC SECTOR PENSIONS

You will wish to be aware of this press release which we sent out on 15 April 2011. We will issue a further report as soon as time allows.

Yours sincerely

John Amos

John Amos
Deputy General Secretary

Legal Challenge to be Launched Against Government Pensions Shift

Five separate organisations, all representing public sector workers, are launching a Judicial Review on Monday (18th April), challenging a decision by the Secretary of State for Work & Pensions and the Treasury to change the way that public sector pensions are uprated.

The challenge is being brought by the Civil Service Pensioners' Alliance (CSPA), the Police Federation, the National Association of Retired Police Officers, the FDA, the GMB and Prospect.

Until recently, pensions have been up-rated every year according to the Retail Price Index (RPI). But as of last Monday (4th April), the Government switched the uprating to be based on the Consumer Price Index (CPI) – this is expected to be around 0.8-1.5% lower in each of the next five years. It will therefore have a significant cumulative effect on public sector workers' pension pots.

John Amos, Deputy General Secretary of the CSPA, said:

"This is daylight robbery from hard-pressed pensioners who are having to bear the brunt of increased prices for food, fuel, heating, lighting and other necessities of life.

On the basis of OBR forecasts, the change will rob existing pensioners of 8.5% of their expected pensions by 2017 and, according to Lord Hutton, up to 25% over a lifetime.

The Government claims that CPI is a proper measure of inflation for pensioners but they do not apply the principle to investments, wherein they continue to issue RPI-linked gilts."

If successful, the claim will impact on all public sector workers and pensioners; not only those from the civil service and police, but also the armed forces, the NHS and local government, as well as a number of state benefits that were also previously adjusted in line with RPI. It is also

due to impact on the basic state pension from April 2012. If successful, this challenge will reverse that decision.

Clint Elliott, Chief Executive of the National Association of Retired Police Officers said

“The Coalition Government decided to change to CPI indexation, despite clear assurances to public sector pensioners before the General Election and without seeking advice from the UK Statistic Authority. CPI does not properly reflect increases in prices and does not meet legal requirements.”