

PUBLIC SERVICE WORKERS' PENSIONS

This CLP welcomes the decision at TUC Congress 2011 for unions to take co-ordinated action to defend public sector pensions on 30 November, unless the government engages in serious negotiations.

The Hutton report shows that the current average public sector pension is worth about £5,600 per year on retirement, and that the cost of providing public sector pensions is falling – from 1.9% of GDP today to 1.4% by 2060.

Public sector pensions were neither responsible for the economic crash nor for the deficit we have today. We note, however, that the government's attack on public sector pensions is multi-faceted, including:

1. Changing the basis of indexation to uprate pensions from the Retail Price Index (RPI) to Consumer Price Index (CPI) with effect from April 2011 – reducing the lifetime value of public service workers' pensions by between 15% and 20%
2. Increasing pension contributions by an average of 3.2% of salary from April 2012.
3. Increasing the retirement age, up to 68 years old
4. Reducing the accrual rate so that pension values rise more slowly

We note that this will mean public sector workers will work longer and pay more for a lower pension – 20% to 50% lower on average than their current pension.

We further recognise that an important motivation for reducing the value of public servant's pensions is to make it easier to privatise public services. The attack upon public service pensions is part and parcel of the Tories' attack on the welfare state.

We are concerned that the Tories' attacks on public sector pensions could provoke massive opting-out of pension schemes by low paid workers, worsening pensioner poverty and imposing a cost on the state as future pensioners claim means-tested benefits.

We note that the taxpayer picks up the tab for the failure of private sector employers to provide pensions through means-tested benefits, and that some in the private sector have very generous pensions: the average value of a FTSE 100 director's pension pot was £3.4m in 2009. The failure of private sector pensions is the fault of employers not the public sector.

We therefore call upon the Parliamentary Labour Party [and our MP] to pledge to support the planned strike action on 30 November and if necessary to reverse any Tory attacks upon public sector workers' pensions.

We pledge our support to the trade unions in their campaign to defend public service pensions and agree to join demonstrations and picket lines in support of any industrial action – and to consider inviting a trade union speaker to a future meeting.