**GENERAL SECRETARY’S REPORT 2017-2018**

Welcome everyone to our Annual General Meeting 2018

I think we would all agree that with so much going on with Brexit and other issues occupying the Government, that we need to keep our eye on the ball. It is good to see you all here supporting the PSPC.

**General Election 2017**

When we last met, we were in the throes of preparing for the snap General Election to be held on 8 June 2017. As agreed, PSPC wrote to all the main political parties throughout the UK, outlining our requirements for their election manifestoes. The four main themes were:

* **The maintenance of Triple Lock and State Pension set well above the poverty level**
* **Universal Pensioner Benefits to remain in place**
* **A commitment to ensure that all widows and widowers public service pensions are pensions for life**
* **A commitment to ensure that those in receipt of a UK state pension living in the EU will continue to receive uprating after Brexit**

Among the replies we received, was one from the DUP which promised to uphold our requests. And who would’ve forecast that they would now be propping up Theresa May’s Government?

The DUP’s subsequent statement making the Triple Lock and Universal Pensioner Benefits non-negotiable is reassuring, but we know from experience that we cannot be complacent.

**Leaving the EU**

Even though we are now less than a year away from leaving the EU. We are still none the wiser about the aim of the negotiations and how the outcome may affect our members. We are ensuring that we are focusing our efforts where they are most effective to seek a good outcome for pensioners. A letter was sent to David Davis during the year to ensure that he is aware of our concerns about the possible effects of Brexit on State Pension and Universal Pensioner Benefits, and the need to continue the uprating of pensions for those receiving a State Pension who are resident in the EU.

**Intergenerational Fairness**

The Intergenerational Fairness game continues to be played in the media with older people blamed for problems around housing shortages, the NHS and Social Care, the cost of pensions and Universal Pensioner Benefits. PSPC’s terms of reference take account of the needs of not only current pensioners, but of those “pensioners in waiting” due to receive pensions in the future. We are keeping an eye on the intergenerational fairness question and are alert to any developments. We will continue to campaign to keep both the triple lock and UPBs and to highlight the positive contribution made by the older generation, whilst being realistic and pragmatic about the need to carry out periodic reviews of the State Pension Age as life expectancies change.

**State Pension**

You will be aware that there are now two state pensions operating in parallel. We are continuing our campaign to secure an early review for the possible inclusion of existing pensioners in the single tier state pension; a 15-year transitional period for derived rights accrued under the current system; maintenance of pass ported benefits for those with single-tier pension and no other income and an increase in all state pensions (including S2P/SERPS currently increased by CPI) in line with the triple lock or prices, earnings or 2.5 per cent.

**State Pension Age**

During the year, the Government announced that it would accept the recommendations of the Cridland Review of State Pension Age, meaning that it would rise to 68 years between 2037 and 2039, seven years earlier than currently legislated for. They did, however, state that they would carry out a further review before legislating to bring forward the rise in State Pension Age. PSPC had previously responded to the Turner Commission paper on the state pension age published in 2006 that State Pension Age may have to be increased to maintain a State Pension, but that measures should be taken to support workers in high stress or manual occupations. A motion to be debated at the AGM covers the acceleration in the State Pension Age increase.

Our response to the Labour Party Consultation *Dignity and Security in Older Age* : The State Pension (available to download via the PSPC website) indicates our support for their proposed review of the pension age tasked with developing a flexible retirement policy, provided it takes into account differences in life expectancy across the UK and in different occupations.

**Inflation Indexation**

On indexation, a Motion moved by the Executive Committee, carried at last year’s AGM, has formed the basis of our work in this area over the past year.

*“This Annual General Meeting (AGM) welcomes the decision of the Executive Committee to consult with constituent organisations, by way of* ***Campaigns Update 63/2016****, on which future measures of inflation should be used for the indexation of pensions.*

*This AGM further notes that the outcome of that consultation was that, on balance, the PSPC should, in view of the decision of the National Statistician to make CPI (H) the ONS’s preferred measure of inflation from March 2017 and the recent consistently higher recorded rates for CPI (H) over those of CPI, press the Government to accept CPI (H) as the indexation for use in annual pay increases, along with other pensioner organisations, and endorses that approach.*

*In addition, the AGM notes the promising work being undertaken by the Royal Statistical Society (RSS) and others on progressing a new Household Inflation Index (HII) and the endorsement of those efforts by the National Statistician; the AGM welcomes these developments and instructs the Executive Committee to maintain a watching brief on the work on the HII and to consult with constituent organisations and/or the AGM when there is clarity on the status of the HII.”*

The motion stated that the PSPC should engage with Government Pensions Scheme providers to ask that the CPI (H) be included as a measure for uprating pensions, whilst we reserve our position on the Household Inflation Index, which requires further work.

The Executive Committee has been monitoring the rates of CPI, RPI and CPI (H) over the past months, and have also written to the Chief Secretary of the Treasury to clarify and draw attention to the use of different rates of inflation for different purposes.

Copies of these letters have been circulated with campaigns updates, and are also on the website for you to see. The general gist of them is that although the Government is aware that the RPI is flawed, it will not review its use of RPI for indirect taxes (for example air passenger duty) until “fiscal consolidation” is complete, or in English, once National Debt levels fall.

The use of RPI by Transport Companies and on student loan repayments is not of concern to the Government, even though the Governor of the Bank of England has echoed the calls of the National Statistician to stop the use of RPI. They will not intervene for example with Commercial Companies like EE, a mobile phone provider using RPI to increase prices, because Ofcom allows them to use RPI at their annual price setting review.

The use of CPI (H) as an alternative measure does not show sufficient signs of stability for the Government to adopt its use, and so we will continue to review and observe developments. Our recent monitoring shows that it has been lower that CPI in recent months and this would not be a good outcome for pension increases.

Household Cost Indices (also referred to as Household Inflation Indices) have just been introduced by the Office National Statistics (ONS) to show how prices are changing for different household types. The new indices allow changes in the cost of household outgoings to be compared with changes in their incomes. An example given for retired households states that costs between 2006 and 2016 rose by 31% but that incomes grew by 41%. Over the same period, the costs facing non-retired households grew by 27% while the incomes of these households grew by 26%. The ONS is also working on an all Households index which in view of these figures would presumably work more favourably for PSPC members. The EC will monitor and review these figures and keep you informed.

**Universal Pensioner Benefits**

As I mentioned in my introduction, the results of the General Election held on June 8th 2017 have meant that Universal Pensioner Benefits are protected for now. The Conservatives signed a deal with the Democratic Unionists after two weeks of talks when the election resulted in a hung parliament. The deal will see the triple lock on state pensions and existing universal winter fuel payments maintained throughout the UK.

Brexit of course continues to loom over everything and PSPC will continue to lobby to protect Universal Pensioner Benefits, including free TV licences for those over 75 years old.

**State Pensioners living overseas**

The PSPC has long supported the International Consortium of British Pensioners (ICPB) in their campaign to secure fair indexation of the state pension for 544,000 British pensioners living overseas, in countries which are not party to a reciprocal social security agreement with the UK. Their dilemma was again highlighted at the Heads of Commonwealth countries summit in London held in April.

The decision to leave the EU has also thrown up questions on the position of 476,000 pensioners currently retired in EU countries and PSPC has outlined this concern in its letter to David Davis. The Department for Exiting the EU has stated that it has every intention of continuing to pay and uprate State Pensions for those resident in EU countries, subject to a reciprocal deal with the EU.

Britain’s desire for new trade deals after Brexit might offer the best opportunity for change for those currently affected. It is highly likely that frozen pensions will be raised in the context of future trade negotiations.

**WASPI - Women against State Pension Inequality Campaign**

The PSPC are continuing to support the campaign established by WASPI (Women Against State Pension Inequality) around the acceleration of state pension age under the 2011 Pensions Act. This did not allow the women affected enough time to make alternative financial plans. Their campaign is growing stronger, but unfortunately there is still no solution to their dilemma. The Council recently responded to the Labour Party Consultation: *Dignity and Security in Older Age: The State Pension*. In our response we called for all those women adversely affected to be properly and fully recompensed.

**Survivor Benefits**

During the year, constituent members have been kept updated with developments in court cases concerning Public Sector Pensions

To recap, one case concerned a Mr Walker who took legal action as he wanted to ensure that, should he die first, his husband would receive an adequate pension.

Many occupational pension schemes give 50% of the value of a pension to a spouse for the rest of their lives after their husband or wife dies - without taking the marriage date into account.

The Equality Act 2010 made an exemption for employers, allowing them to exclude service of civil partners from spousal benefits before December 2005 (when civil partnerships became legal in the UK) The Supreme Court has now ruled the exemption under the 2010 Act is "incompatible with EU law"

HM Treasury is considering the position of all Public Service Pension Schemes in the light of this ruling. We are keeping our eye on developments and will keep you all informed via campaign updates. A motion to be considered at the AGM covers this.

**Pension survivor benefits - nomination forms**

Some of you may remember the case of Denise Brewster, 42, who successfully challenged a ruling that she was not automatically entitled to a ‘survivor’s pension’ as she would have been, were she married to her partner when he died.

Pension schemes are now considering how this may apply to their members. The requirement for formal nomination of a co-habiting partner has already been removed for the Local Government Pension Scheme in England, Wales and Scotland.

Administering authorities are required to be satisfied that certain conditions are met when considering paying a survivor’s pension. Many schemes use a 'notification' form as part of this process but its completion is not a requirement. However, a formal nomination continues to exist in other public sector schemes, including for teachers and civil servants, so there will be implications for those schemes from this judgment.

**Pensions for life**

Several constituent organizations are working to try and secure pensions for life, so that widows and widowers who remarry or cohabit, can continue to receive their widow(er)s pension. The provision of pensions for life varies in public sector pension schemes.

**Reconciliation of Guaranteed Minimum Pension (GMP)**

Members of public service pension schemes, which opted out of the second state pension may be contacted by their pension administrator next year, following a reconciliation exercise on GMP. Some people who reached state pension age after 2008, may have been overpaid. This was caused by elements of increases in their occupational pensions being paid with both the occupational and state pension. Each individual scheme will be considering whether to seek reimbursement from pension recipients, and for some there will be a correction of the pension received going forward.

**Government consultation on uprating and equalization of GMP**

The Government has recently announced the result of its consultation on how government should continue to meet its obligations to index (price protect) and equalize (make equal payments to men and women) the pension entitlements of a group of public servants with an occupational pension known as a GMP.

The government consulted on three options to resolve these issues:

* Case by case basis
* Full indexation paid with Public Service Pension
* Conversion on a 1:1 basis of GMP into a public service pension benefit

A “interim solution” is being operated between 6 April 2016 and 5 December 2018 that GMPs earned in public service would be fully indexed by the public service pension scheme. The outcome of the consultation is that this solution will be extended for a further two years and four months up until April 2021.During this period, the government will investigate the possibility of an alternative long-term methodology, known as “conversion" whereby GMP is converted into a normal public service scheme benefit.

**Executive Committee**

During the past year, the Executive Committee has met four times to co-ordinate the above work to protect the interests of public service pensioners. As always, thanks are due to Brian Sturtevant, Chair of PSPC, Steve Edwards, Treasurer, Carol Regan, Vice Chair and the other PSPC officers and members of the Executive Committee. The General Secretary is also grateful for the support of Marion McAuliffe and Mike Duggan and Linda Smith, Minutes Secretary at CSPA HQ.