



New Fair Deal in Pensions

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What is Fair Deal?

- Fair Deal was introduced in 1999 and further guidance produced in 2004. It is statutory guidance which sets out treatment of pensions for public sector workers compulsorily transferred to the private sector.
- Central government NHS staff and others were put into 'broadly comparable schemes'
- Many local government staff in 'Best Value Authorities' were allowed to stay in their current schemes under 'Admitted Body Status'.

What is changing?

- Under the Public Service Pensions Act 2013 changes can be made to whom public sector schemes cover. It is necessary but not sufficient to enable public sector workers to stay in their existing scheme.
- New statutory guidance has been published in October 2013 and regulatory changes made so that from now in the civil service workers and other public sector staff contracted out will be able to stay in their pension scheme. Timing in schemes may differ all should now be included.

Sounds too good to be true!

- In 2011 when the Treasury first consulted it looked like Fair Deal would be abolished
- Easier for employers to pay contributions into a public sector scheme than set up new ones
- The Treasury maintains some control over contractors
- Mainly down to brilliant Trade Union argument!

Moving off the contract

- Staff transferring have to stay in their roles on transfer to keep a right to stay in the public sector scheme
- Some scope with new employer agreement to move within contract or to another contract in the same pension scheme no sign yet of any employer agreeing.

Is New Fair Deal a light in a dark place on privatisation?

- New public sector schemes will have a state pension age 66/67 or older
- Can be expensive therefore unaffordable for some
- However, still defined benefit arrangements
- Guaranteed even if employer folds
- Older workers can still go at 60 in some places
- Continuous service all in one scheme easier to plan for retirement

What does it mean for those already in the private sector?

- The retendering of contracts referred to in HMT guidance deals with those transferred under previous 'fair deal' guidance bringing them back into the appropriate public sector scheme
- It doesn't cover workers who transferred pre fair deal or have transferred since, their pension provision is very complicated and allowing them the same provision as those transferred later is only fair and equitable.

Re-entering the Public Sector

- Union negotiators would need further discussion about exceptions. Unions ironically have argued that there may be cases where providing 'broadly comparable' pension provision would be appropriate in particular circumstances. When pension age changes apply in the public sector and not in a broadly comparable may be one example.
- We also wish to have further discussion about how contracting authorities can enforce the requirement that staff will continue to have access to relevant public service pension scheme on any subsequent transfer, given there is no statutory right.
