

FIRE BRIGADES UNION

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Unions to launch quick appeal against High Court ruling on pensions switch

Unions will challenge a High Court ruling that the government was entitled to switch the measure of inflation used to increase pensions. They will seek an ‘expedited’ appeal against a move they say will cut the value of pensions to millions of private and public sector pensioners.

While one of the three judges said the government’s decision to use the consumer price index (CPI) instead of the traditionally higher retail price index (RPI) was unlawful and should be quashed, the other two decided that the government was within its rights.

A judicial review by six unions challenged the switch to CPI, which was announced in the June 2010 budget, without any consultation or negotiation. Chancellor George Osborne claimed CPI was the more appropriate measure. But the unions have always said it was a deficit reduction measure and therefore unlawful under social security legislation which does not allow for national economic considerations to be used when deciding which is the best practicable estimate of the increase in prices.

While all three High Court judges agreed with the unions that deficit reduction was the motivation for the switch, two of them said the Secretary of State for Work and Pensions was within his rights to take into account public finances.

October’s inflation figures put CPI at 5% and RPI at 5.4%, meaning that the loss to existing public sector pensions is around 15%. Ministers have refused to negotiate on the issue.

The six unions are the Fire Brigades' Union, teachers' union NASUWT, Prison Officers Association, Public and Commercial Services union, UNISON and Unite.

Matt Wrack, FBU General Secretary said: “While the High Court’s split ruling is disappointing, the unions are pleased that our main argument, that the Chancellor was motivated by deficit reduction when he made the switch, was accepted. It is encouraging that one judge agreed that this was illegal and we are appealing against the majority decision as a matter of urgency.

“At a time when public sector employees are being forced to bear the burden of the financial crisis, the unions will not allow this unfair and, in our view, unlawful breach of the contracts of millions of workers to rest. This case applies to private sector pensioners who are also losing out because of a switch in the way price rises are measured and applied to their pensions.”

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