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REACTION TO OFFICE FOR BUDGET RESPONSIBILITY PRE-BUDGET FORECAST

The **Public Service Pensioners' Council** has condemned the scaremongering around public service pensions following the Office for Budget Responsibility's June 2010 Pre-Budget Forecast.

The PSPC is sceptical about the OBR figures, which show a sharp increase in the 'net cost' (payments minus contributions) of public service pensions from £4bn in 2010-11 to £9bn in 2014-15. These conflict with the National Audit Office's March 2010 report *The cost of public service pensions*, which showed that the net cost of public service pensions had fallen (in 2008-2009 prices) from £6.08bn in 1999-2000 to £2.47bn in 2008-2009.

Over the longer-term, Treasury projections show that public service pension payments rise from the current 1.7 per cent of GDP to 1.9 per cent of GDP between 2018-19 and 2033-34, before falling to the current level by 2059-60.

The OBR report has been used by Nick Clegg, the Deputy Prime Minister to describe public service pensions as 'unreformed', 'not fair' and 'unaffordable'. This is unfair and untrue. Public service pensions were reformed from 2006 onwards to make them sustainable in the long-term. Schemes increased contribution rates, introduced higher pension ages for new members and introduced cost-sharing agreements to guard against future pressures. These reforms should be given a chance to work.

A large part of the rise in short-term pension costs is due to demographic factors with the post-war generation reaching 65. It would be odd if the net cost of pensions did not rise in the short-term. The idea that public service pensions are unaffordable is therefore nonsense.

Andrew Morris, General Secretary of the Public Service Pensioners' Council said:

The OBR report is being used by politicians to soften-up the public. The Government says it wants an independent enquiry into public service pensions, so it should not prejudice the outcome by scaremongering or cherry-picking figures.

The real UK pension problem is in the private sector where employers have slashed pension schemes, putting a far greater pensions burden on to the state. The way to fix the UK pension landscape is not to dismantle the one part of the system that is working.

For further details contact Nick Kirby, PSPC Secretariat, on 0207 380 4772 or n.kirby@nut.org.uk

About the PSPC

The Public Service Pensioners' Council (PSPC) represents all of the main public service pensioners' organisations. It was established more than fifty years ago with the aim of protecting the interests of retired public servants. The Council has close links with a variety of other organisations and maintains regular contact with the Government and main political parties on issues of concern to public service pensioners.