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Letter to Ariel:

I am writing as the chairman of the BBC Pensioners' Association to express concern at the way active members contributing to the pension scheme have suddenly had the rug pulled from under their feet. Many joined the BBC not only because they believed in all the values the DG invoked in his recent letter to staff but also because of the final salary pension scheme. I know I did. It's sad to see our future members justifiably up in arms. Every employee I've spoken to believes that what has been put on the table by the BBC constitutes a breach of trust.

Can the BBC redefine the final salary scheme in the way it proposes? Perhaps, but these are uncharted waters. The Trust Deed refers to 'basic salary', which is left to the BBC to determine. However, the pension promise has always been considered 'deferred pay' and appeared inviolable until now. Those expectations were based on assumptions about the kind of employer the BBC was: one that didn't concoct ingenious ways of sidestepping its obligations. Jeremy Peat, Chairman of the Pensions Trust, says in his letter to Ariel that the trustees are getting advice from a leading QC on their responsibilities. We welcome this.

Has the BBC jumped the gun? We think so. If it wanted radically to change conditions of service it should have waited for the outcome of the triennial valuation of the pension fund next year and then begun a genuine consultation with staff rather than presenting them with a fait accompli.

Is there an immediate crisis? There are two ways of looking at this question. In one perspective, it can be said that the fundamentals remain the same. At the BBC Pensioners' Liaison meeting at BH in October last year pensioners were told, as they have been on many previous occasions, that the scheme is cash positive. It is also true that the value of the investments as at 31st March this year was £8.1 billion, the highest ever. The Chairman of the Scheme has said that it does not have to sell assets to meet the current liabilities. From another perspective it can be said that because the viability of the pension promise has always depended on the strength of the covenant by the BBC there is an immediate crisis which has been created by the doubt that Zarin Patel and Lucy Adams have thrown over the BBC's commitment to the pension scheme. There is of course also a longer-term problem for the BBC as with all final salary pension schemes: namely longevity. On top of this are the 'known unknowns': a volatile market, inflation, the BBC's future income and

indeed the BBC's future itself. This is all the more reason to wait for the outcome of the actuarial review and a reasoned consultation not precipitate and damaging action.

Do we support the proposed meeting between active members and the BBC Pension Scheme Trustees? We're agnostic. It probably will have no legal value but might usefully highlight concerns.

The BBC has yet to provide details of acceptable alternatives to what it is clearly hell-bent on abolishing and we support effective action to get meaningful negotiations and a fair solution to a difficult problem for the Corporation. It's between a rock and a hard place, but the battering it's received in the press is partly self-inflicted.

The BBC Trust has made it very clear that it wishes the BBC to improve: to do less but do it better and more efficiently. BBC management accepts this. The Association does not understand how this can happen if the BBC is potentially locked in a bitter industrial dispute, bitter because it now seems to be about trust as much as money. Those staff in mid-career on old and new benefits who will be the most affected by the proposed changes to the pension scheme are the very people the BBC and the Trust will rely on most to produce the new BBC and - with pensioners - be its greatest future supporters. There is a lot more we could say - and we do: www.bbcpa.org.uk.

David Allen

Chairman

BBC Pensioners' Association