

How the battle for



Community
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pensions was won

How Community secured workers' pensions after their companies collapsed - and what that victory meant to the lives of four members whose futures were under threat.

Community's pensions campaign has been described as one of the greatest victories in trade union history. 'We fought a tough six-year battle which resulted in hundreds of Community members, who thought they would receive little or nothing, getting 90 per cent of their pension guaranteed,' explains General Secretary Michael Leahy. 'Not only that but hundreds of thousands of other workers, similarly affected, benefited too.'

'Our campaign persuaded the Government to put in first £400 million, then £2.3 billion, then £8 billion and finally £12.4 billion. This was a remarkable campaign with a remarkable result, and one that will go down in history and it is all down to the strength, ingenuity and bravery of Community and its members.' Here's how it all came about...

Hundreds of thousands will benefit

Kaye Aluminium, near Doncaster, collapsed in 2001. It was taken over by a Spanish company that same year and it is operating today.

'At the time of the collapse we were all worried about our pensions,' explains Peter Brown. 'In the end we were told we'd probably get about 60 to 65 per cent of our pension money.'

'Our union, Community, decided to add our plight to the case they were pursuing for ASW workers and so we became part of the campaign. Now we know the result, we get 90 per cent of our pensions. Brilliant.'

'The union has fought magnificently. I was a branch secretary, now I am a quality control manager and can't praise the union highly enough.'

'And, of course, hundreds of thousands of workers all over the country will benefit from Community's fantastic victory. If their companies go down, 90 per cent of their pensions are safeguarded.'



2002

Down but not out

Receivership and redundancies

Steel plant Allied Steel and Wire (ASW) went into receivership on 10 July 2002 and its Cardiff workforce were told they would be made redundant.

Paid in but no pensions

On 27 July the Cardiff workers discovered that their expected pension wasn't protected. People who had contributed to their pensions for up to 40 years were told they would get little or nothing.

Failure to protect

On 19 November Community was alerted to the fact that the British Government had failed to adequately implement Article 8 of the European Union's Insolvency Directive, which should have protected employees' pensions in the event of their employers' insolvency.

Lawyers advise

Community announced on 5 December that it had instructed a team of top lawyers to advise on possible legal action against the Government.

Government U-turn

On 10 December the Government announced the establishment of a Pension Protection Fund (PPF) just a week after saying it couldn't introduce such a fund. However, the Government said the Fund would only be used to help workers who lose their pensions in the future not to help the ASW workers or any others who had already lost out.

Commons motion

MP for Cardiff West Kevin Brennan, encouraged by Community, tabled a motion in the House of Commons calling for ASW pensioners to be compensated in line with the European Union Directive.

continued overleaf...





2003

Ready to fight

New year, same battle

On 31 January, Community prepared for a legal battle.

ASW wind up

Three months later, on 24 April, Community went to court to wind up ASW to trigger the Insolvency Directive.

Writ served

On 24 June Community wrote to the Government asking it to honour the Directive. We waited and waited and eventually, Community and its sister union Amicus served a writ on the Government.



2004

Reinforcements

MPs back campaign

By 31 January more than 200 MPs of all political parties had signed Kevin Brennan's motion demanding that ASW pensioners be compensated.

Rhodri speaks out

On 4 February Welsh First Minister Rhodri Morgan announced his support for Community's campaign.

Lobbying Parliament

A mass lobby of Parliament on 2 March was timed to coincide with the second reading of the Government's pensions bill which set up the Pension Protection Fund from which ASW workers were excluded. This shook the Government.

Fighting on

On 14 May Brennan dropped an amendment he was putting to the pensions bill in return for a Government promise that a Financial Assistance Scheme would also be set up to help ASW workers and an estimated 90,000 other workers whose companies had already collapsed. However, the Government only put £400 million into the scheme. Our union welcomed the money but said it was nowhere near enough and vowed to continue the campaign.

High court ruling

On 9 November our union won a High Court ruling that the case could go to the European Court of Justice.

How would Dad and I cope?



'When Allied Steel and Wire collapsed in 2002 we, in Cardiff, were devastated to learn that there may be little or no pension money as there was a shortfall in the pension fund,' says Carole Robins. 'I had my dad to look after so the pension was very important to me. 'I was a senior purchasing clerk in the rod mill and I could hardly believe it. We were all gutted. I had 40 years' service and was looking forward to a really good pension - years of contributions and all gone down the drain. 'When we got the news that our union, after a terrific fight, had secured us 90 per cent of our pension there were tears of joy. Without our union we would not have got anywhere.'

2005 – the long wait



2007

Winner takes it all

Court ruling

The next year, on 25 January, we won the European Court case. And the Court ruled that, just as Community had said, the money going into the Financial Assistance Scheme was inadequate.

Nothing less will do

On 22 March the British Government announced in its Budget that the Financial Assistance Scheme would be increased from £2.3 billion to £8 BILLION. Again our union said it wasn't enough. We wanted our members to get the same as workers benefiting from the Pension Protection Fund. They were getting 90 per cent of their expected pension payout and nothing less than 90 per cent would do.

Room for review

On 18 April Julie Morgan MP for Cardiff North tabled an amendment to the Pensions Bill which would give ASW workers and others the 90 per cent. Julie Morgan withdrew the amendment when the Government agreed to review the Financial Assistance Scheme to see if it could deliver more.

The full 90 per cent

On 17 December Pensions Minister Peter Hain met Community General Secretary Michael Leahy and ASW members and announced that the Financial Assistance Scheme would increase to £12.4 billion - and that 90 per cent would be paid to everyone.

2006

The turning point

EC backs case

On 13 February the European Commission stepped in and backed the union case.

Still not enough

On 25 May the Government announced that the amount of money for the Financial Assistance Scheme would be increased from £400 million, which our union had said was not enough, to £2.3 billion. But our union said it was still not enough.

Court hears case

At last, on 1 June the European Court heard the unions' case against the British Government.

Important milestone

Two weeks later, on 13 July, the European Court gave an interim ruling which said the British Government had indeed failed to adequately implement Article 8 of the Directive.



Hell of a fight

'I was a metallurgist at the other ASW plant in Sheerness when we heard the news that there may be no pension. It hit us really hard,' says Pat Wiggins.



'I remember that day when the administrator of the company told us that our money was lost. Community went into action and I myself have been to the European Court, Downing Street and Parliament - the campaign involved the workers - and it has been a hell of a long fight.

'We had a series of campaign successes till achieving the final victory of 90 per cent. One of the most recent successes was getting the lump sum paid to pensioners reinstated. A lot of people have a shortfall on their mortgage and were relying on that lump sum. Well now they are going to get it. When I heard the news I put the phone down and if anyone had been with me they would have thought I was crazy because I jumped up and danced a jig,' Pat adds.
'Community's success has been one of the greatest trade union victories in history.'

Our shock at missing £1.5 million



'When the heavy end at UNSCO Steel in Sheffield closed it wasn't long before the whole company shut. It went bankrupt. That was a shock and so was the fact that we found £1.5 million was missing from our pension fund. The management had moved it and used it. So we didn't know if there would be any pension at all,' explains Terry Storey.
'I remember thinking that here was I, having contributed for 40 years, seeing my pension disappear! We were originally part of the Wire Workers' Union and we merged with the ISTC to eventually become Community. So could Community help?
'My goodness, I have never seen a union fight for its members like Community did. Fantastic!
'Everyone is overjoyed that they are going to get 90 per cent of what their pension was going to be. People are still going around saying it's amazing. Now we can relax and enjoy our lives.'