



Central Executive Council Finance Report

ANNUAL CONGRESS 2012

THE BRIGHTON CENTRE

**SUNDAY 10 JUNE 2012 to THURSDAY 14 JUNE 2012
9.30am–12.30pm, 2.00pm–5.30pm**

CEC Financial Proposals to Congress 2012

2011 was another successful year financially for GMB, showing once again how a relentless focus on organising principles, led by imaginative and credible campaigning is the way to build membership and further strengthen our Union. Membership rose from 602,212 to 610,116 during the year, lifting total contribution income to £58,876,000.

The CEC has continued, through the Senior Management team, to keep costs under tight control, so that the Union achieved an operating surplus for the eighth year in a row. Congress has long recognised that keeping costs within income is the essential key to stability and strength for GMB, and the CEC is committed as never before to maintain the level of financial management which will avoid any return to the life-sapping deficits of a few years ago.

These are difficult times for the UK and world economy. The British government perseveres with its mindless attacks on public service jobs, and its failure to spark any sort of growth puts ever more pressure on the job security of our members in every sector of the economy.

Faced with these challenges to our membership, the CEC has had to take a very cautious approach to budgets for the coming years. Higher VAT, energy and fuel costs are all putting pressure on our finances, as is the need to stay ahead with communication techniques to support our core organising imperative. In future years, uncertainty about legal cost arrangements - which have been subject to changes which very much favour the insurance industry as against our members – also presents a financial threat.

The CEC in recent years has shown its determination to keep a firm hand on our finances. This year again, many members will see little or no wage increase, and the decision about contribution levels has again been a very hard one. Congress policy has been for some time that contributions should rise each year with the retail price index of inflation, and the CEC has bitter experience of freezing contributions, which led some years back to a deficit of £ 3 million and ended with Congress having to put contributions up by a massive 25%.

The CEC is therefore recommending what it considers to be the minimum necessary contribution increase for this year. Increasing Grade 1 and Grade 2 both by 5p per week is less than inflation (in the case of Grade 1, approximately half of RPI). The CEC does not propose any increase on the promotional rates paid often by members on very short hours.

The rule book traditionally links the amount of weekly contributions to the amount of the political levy. This year, the CEC proposes that the political levy is frozen and that all of the contribution increase will flow to the General Funds of the Union.

There is one further area of review of which Congress should be aware. The Boilermakers' Superannuation Fund operated for many years in the Boilermakers' Society, before the amalgamation into what was to become GMB in 1982. The Fund had been made up of special contributions made by members, and was closed to new entrants in 1982. On amalgamation, the Fund paid out £13 per year to beneficiaries who had retired after completing 40 years in the trade as union members. During the 1990s, Congress raised the benefit on four occasions, so that it now pays £64 per year.

GMB Rules state that the GMB will meet the liabilities of the Fund, and the benefit now costs £270,000 per year. In 2007, the Fund was found to be in deficit, and the CEC authorised a transfer of reserves of £1 million to fund future benefits. A recent valuation has shown that the Fund is again in deficit, and the CEC is recommending that, before any further transfer of funds, steps are taken to lessen the burden on the Union.

The CEC proposes four immediate steps. Firstly that the Union ceases to charge the Fund an administrative fee (presently £25,000) and agrees to carry any other necessary charges, such as accounting, actuarial and legal fees. Secondly, that we ensure that beneficiaries are still members of GMB. Any who are not should be offered GMB retired life membership to qualify for continued membership of the Fund. Thirdly, because the benefit is payable to members who have long service in the trade, the application for benefit will require evidence that the member is actually retiring from one of the relevant trades as the rules provide. Finally, we shall carry out an existence check on current beneficiaries, something which is common among pension funds.

As one of the causes of the difficulties with this fund is the fact that GMB has increased the benefit so that it is nearly five times as big as it was at the time of amalgamation, the CEC has considered whether the benefit should be reduced. This is not recommended to Congress 2012, but it may have to be considered at next year's Congress if the funding position does not improve.

Congress is asked to make the following Rule Amendments

CECRA19.

Rule 46 Clause 1,

Line 3: Delete “£2.65”, insert “£2.70”

Line 8: Delete “£1.50”, insert “£1.55”

Clause will now read:

1 Once they join the union, members will pay a contribution in line with this rule.

Members will pay £2.70 a week and be classed as grade-1 members, **unless** they are:

- part-time members employed for 20 hours or less;

- young people under 18; or
- recruited as being unemployed;

in which case, they will pay £1.55 a week and be classed as grade-2 members. However, grade-2 members can choose to pay the contribution rate for, and be classed as, a grade-1 member.

The above grades are only used for deciding what contributions members should pay and the benefits they may receive

CECRA20.

Rule 46, Clause 2,

Line 4: Delete “£2.65”, insert “£2.70”

Line 5: Delete “£1.50”, insert “£1.55”

Clause will now read:

2 Branch committees will have the power to fix the amount lapsed members (members who joined but later stopped paying contributions) need to pay to rejoin. This amount will be between £2.70 and £10 for grade-1 members and between £1.55 and £5.50 for grade-2 members, except in particular circumstances when we may increase the amount with the approval of the regional committee.