



Central Executive Council Finance Report

ANNUAL CONGRESS 2014 CAPITAL FM ARENA, NOTTINGHAM

CONGRESS – SUNDAY 8 JUNE - MONDAY 9 JUNE

9.30 am - 12.30 pm, 2.00 pm - 5.30 pm

CONGRESS – WEDNESDAY 11 JUNE

9.30 am - 12.30 pm, 2.00 pm - 5.30 pm

CONGRESS – THURSDAY 12 JUNE

9.30 am – close of business

Financial Proposals for Congress 2014

The Financial results for GMB for 2013 show that the CEC has once again been successful in achieving an operating surplus for the year. This is the tenth year in a row in which the union has been in surplus, in marked contrast to the losses made in earlier years, which nearly brought the Union down. The Union's assets and investments have increased, the annual income has increased, and costs have been kept tightly under control. And what makes this growth possible is the continual intense focus on organising as the way to keep our Union strong.

Membership has carried on growing into 2014, and the CEC is predicting another operating surplus for this year - if the Union continues to build membership in the areas we have identified as targets and opportunities. But there are a number of major changes and challenges which will require the CEC to be vigilant in its financial management.

The Union's pension fund, in common with most defined benefit schemes, is in deficit. Following a lengthy series of investigations between the pension Trustees and the Union, and fully involving our employees, we are now close to a solution which will enable us to pay off the deficit in ten years. This is not only good news for scheme members, but it lifts a hefty debt from the Union and restores to the GMB the flexibility to design and provide the best pension cover to our employees. To maintain a final salary scheme in this current environment is an achievement – and very different from many employers who have let theirs slide. Changes to benefit levels have had to be made, with employee agreement. There will also need to be additional funds from the Union as employer, and while the CEC can meet the requirement, it will eat into the forecast surplus for 2014 and future years.

The Legal Aid, Sentencing and Punishment of Offenders Act 2012 introduced what are commonly known as the Jackson proposals which severely threatened our trade union legal service. GMB's response has been robust, and in setting up UnionLine, our own legal firm, the CEC believes we have a solution which will improve our existing high-quality legal service to members and at the same time strengthen the Union financially. There will, however be a transitional period of about two years while larger cases currently in litigation work themselves through under the old system, and this will require careful financial management.

The long-expected challenge from the Tories to trade union education has now taken effect, and colleges which formerly provided trainers are no longer able to do so without charge. Again, GMB is reviewing our options, but it is clear that the maintenance of good quality organisational training is going to be a further call on resources.

The Senior Management Team continues to develop rigorous procurement programmes to ensure GMB benefits from the best deals available in the market for energy, telecoms, photocopiers and all other types of supply.

Despite this, like all other organisations, we are vulnerable to general upward pressure on all our running costs.

The longstanding policy of this Congress is to maintain members' contributions in line with RPI inflation. Because of the CEC's consistent record of returning operating surpluses, and in spite of the challenges laid out above, the CEC is once again able to propose a contribution increase significantly less than inflation. The proposal is for an increase of 5p per week on all grades (with the exception of apprentices and full-time students whose rates were regularised last year at £2 and £1 a month respectively, and, it is proposed, will remain the same). As in previous years, we propose that none of the increased income will go into the Political Fund: it will be used in the general membership activities of the Union.

GMB introduced retired life membership twelve years ago so that retired members could continue to enjoy a limited range of benefits and could continue to stay in touch with the Union and participate in GMB events. The one-off contribution for this was set at £25, after which membership is free for life. Over the years, the value of this contribution has been eroded by inflation, and the CEC proposes that the one-off lifetime payment should be increased to £40.

We reported last year that HMRC were taking a very aggressive approach to investigating GMB's expenses policies and practices, in particular in their interest in branch finances. We are also aware that HMRC is pursuing other unions in a coordinated campaign. Even though a further year has passed, HMRC have not issued final conclusions on their investigation of GMB. In due course, the Union and HMRC will have to sit down and negotiate a new set of rules for our expenses, and there are indications that HMRC will try to attack the modest level of subsistence paid to lay members when they are doing Union work. The CEC has considered alternative methods of paying subsistence, but our proposal to Congress is that the GMB subsistence scale should not be reduced.

GMB finances have shown strong, steady and consistent progress in recent years. The proposals before you allow the Union to stick to that path. Congress is asked to pass the following Rule Changes to bring them about.

Rule 45 Clause 1,

Line 3: Delete “£2.75”, insert “£2.80”

Line 8: Delete “£1.60”, insert “£1.65”

Clause will now read:

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

Members will pay £2.80 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 £1.65 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

Rule 45, Clause 2,

Line 4: Delete “£2.75”, insert “£2.80”

Line 5: Delete “£1.60”, insert “£1.65”

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 £2.80 and £10 for grade-1 members and between £1.65 and £5.50 for grade-2 members, except in particular circumstances when we may increase the amount with the approval of the regional committee.

Rule 47a Clause 2a

Line 1: Delete “1, January 2002, they can pay £25”, insert “1 August 2014, they can pay £40”

Clause will now read:

2a If a member retires on or after 1 August 2014, they can pay £40 within three months of no longer paying contributions in line with rules 45 or 46.