



# **Central Executive Council Finance Report**

## **ANNUAL CONGRESS 2015 CITYWEST, DUBLIN**

### **SUNDAY 7 JUNE**

**9.30 am - 12.30 pm, 2.00 pm - 4.30 pm**

### **MONDAY 8 JUNE – WEDNESDAY 10 JUNE**

**9.30 am - 12.30 pm, 2.00 pm - 5.30 pm**

### **THURSDAY 11 JUNE**

**9.30 am – 12.30 pm, 2.00 pm - close of business**



# Central Executive Council

## Financial Proposals to Congress

At Congress this week, delegates will be hearing about and sharing numerous examples of GMB successes and innovations, as our union continues to grow and thrive. These advances are rooted in our political and industrial strategies, the commitment of employees and postholders and the organisational strength of GMB@Work. But another essential component of what GMB has built over the last decade is the insistence by Congress that the financial health of the union is maintained. This means that expenditure cannot be allowed to outstrip income, that we take steps to avoid future financial risks and ensure the union is covered against future costs. Many delegates will not be aware that GMB was not always in the present position of relative financial security, and achieving this has not been easy. But delegates with longer memories will know that any return to the precarious financial state of a few years ago, and to the weaker union, vulnerable to predators, of those days must at all events be avoided.

The accounts for 2014 show that a steady operating surplus has again been achieved, but as income has grown, there have also been essential cost increases. We will always find resources to back members' aspirations and there were extra costs in 2014 surrounding the local authority dispute and in supporting the historic court action on blacklisting, which continues into this year and next. Your new legal firm, UnionLine, has outstripped our expectations and built up a fantastic reputation for service across the union and beyond. The business plan for UnionLine shows significant returns in Year 3, as cases come to maturity, so for this year and next there is some pressure on legal costs as the old system unwinds. After a lengthy and sometimes arduous engagement with the Pensions Regulator over our employees' pension fund, the Pension Trustees and the union agreed last year to a settlement involving an amended benefits structure and additional contributions from the union, which aims to accelerate paying off the pension fund deficit.

The union's budget for 2015 aims for another modest surplus, and results for the year to date show that we are on track. Going into 2016, we know what costs we need to meet, but the new and unwelcome political environment is already presenting threats to our members and their union which will cost money to combat. When the new CEC is elected at the end of this year, they will need the financial tools to rise to their task.

For most of the last decade, Congress has agreed to a contribution increase below the rate of inflation, contrary, as it happens, to the longstanding policy that contributions should always keep up with inflation. Careful cost control and membership growth has made this affordable and allowed the union to invest for the future. But it has made it harder to return an operating surplus, certainly in the context of the cost pressures we now have to deal with. Inflation currently is very low, but it is expected to increase later this year, when any contribution increase would come into effect.

In order to sustain the growth and future strength of the union, the CEC is recommending an increase in the weekly contribution rate for Grade 1 of 10p, and an increase in the Grade 2 and promotional rates of 5p per week. The CEC conducted a

survey of other union's rates, and, even after the recommended increase, our rates remain lower than most, often significantly so.

There are two areas where the CEC seeks the agreement of Congress either to increase costs or reduce income. In recent years, Congress has taken the opportunity to enhance the value of funeral benefit, either by increasing the amount, or easing the qualifying criteria. The CEC recommends that this year funeral benefit is increased by £50.

Congress last year increased the cost of becoming a retired life member by 60%. This was because the amount had been frozen for a dozen years since life membership was introduced. The increase had no major impact in the number of members opting for life membership, which was steady at about 3000 per year. However, at Congress last year there were some thoughtful and emotional comments made from the rostrum which caused the CEC to consider the matter again when it came to reviewing the union's financial needs for this Congress.

The CEC recommends that a portion of the funds raised from the contribution increase should go towards eliminating the lump sum fee charged to retired life members. If Congress accepts this report, members retiring in future, after at least five years' membership will be entitled to free life membership.

These are the Rule Amendments required to give effect to the proposals:

**CECRA6.**

**Rule 45 Clause 1,**

**Line 3: Delete "£2.80", insert "£2.90"**

**Line 8: Delete "£1.65", insert "£1.70"**

**Clause will now read:**

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

Members will pay £2.90 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 £1.70 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

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## **CECRA7.**

### **Rule 45, Clause 2,**

**Line 3: Delete “£2.80”, insert “£2.90”**

**Line 4: Delete “£1.65”, insert “£1.70”**

### **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 £2.90 and £10 for grade-1 members and between £1.70 and £5.50 for grade-2 members, except in particular circumstances when we may increase the amount with the approval of the regional committee.

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## **CECRA8**

### **Rule 47a**

**Clause 1, Line 3: Delete “will pay a lump sum and”, Insert “may apply in writing to”**

**Line 4: Delete “they pay the lump sum”, Insert “their application for retired life membership has been accepted”**

**Clause 2a, Line 1: Delete “August 2014, they can pay £40” Insert “July 2015, they can apply for free retired life membership”**

**Clause 2b, Line 1: Delete “they pay the lump sum”, Insert “their application is accepted”**

**Clause 4, Line 6: Delete “a fully paid-up”, Insert “registered by the union as a retired”**

**Clause 5, Line 3: Delete “they paid the lump sum”, Insert “their application for retired life membership was accepted”**

**Clause 6, Line 3: Delete “when”, Insert “if”. Insert after “member”, “before July 1, 2015”.**

### **Rule with now read:**

1 When retiring permanently from paid work, people who have been members for at least five years and who want to stop paying contributions under rules 45 and 46 may apply in writing to become retired life members of the union. Until their application for retired life membership has been accepted, members will continue to pay their contributions in line with rules 45 and 46.

2a If a member retires on or after 1 July 2015, they can apply for free retired life membership within three months of no longer paying contributions in line with rules 45 or 46.

2b If the member owes contributions on the date their application is accepted, they will need to pay them. If they fail to do this, the member’s name will be taken off the books and they will lose all the contributions they have made

3 A retired life member will be a financial member within rule 45.4, and may be a full financial member.

4 A retired life member will not be eligible for any benefits we provide, except the following.

a Legal assistance under rule 26, as long as they:

- are 60 or over;
- have been a member for 10 years; and
- are registered by the union as a retired life member.

If they meet these conditions, they will not need to pay any contributions while we are dealing with a legal claim on their behalf.

b Funeral benefit under Rule 53.

5 Where this applies, the contributions a retired life member pays under rule 18.2 will depend on their grade on the day immediately before the date their application for retired life membership was accepted under this rule.

6 If a retired life member returns to paid work, they will no longer be a retired life member and will start to pay contributions in line with rule 45. We will refund the lump sum they paid if they became a retired life member before July 1, 2015.

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#### **CECRA9**

#### **Rule 53, Clause 1**

**Line 4: Delete “£300”, Insert “£350”**

#### **Clause will now read**

1 If a full financial member, who has been a continuous member for 5 years dies, the regional secretary will, having been given a copy of the death certificate, pay the widow, widower, member of the family or nominated person a funeral grant of £350. (This person will need to show that they are responsible for paying funeral expenses.)

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