



Unite the Union in AXA

Unite the Union in CAPITA

Pension Contract Confusion

With effect from 1 July 2009 AXA introduced a cumulative RPI cap to its defined benefit pension schemes. This limits the potential growth of pensionable salary for members of the scheme.

On 25 June 2009 a communication was issued to managers in respect of employees that had been transferred from AXA to Capita stating that “the contract between AXA and Capita allows for changes such as this to be replicated in the AXA Section of the Capita Defined Benefit Scheme.”

This was a surprise to Unite, as when AXA employees transferred to Capita with effect from 1 June 2009, they left their AXA pension schemes and joined separate Capita pension arrangements.

During discussions with Unite prior to the TUPE it was made clear by representatives of AXA and Capita that the future pension arrangements for these employees would be completely separate from the AXA schemes following the date of the TUPE. At no point was reference made to a clause in the commercial contract between AXA and CAPITA that would allow changes in one scheme to be replicated in the other.

A number of members contacted Unite with concerns about what this communication meant and asking whether Unite were aware of this clause. Since then we have been discussing this issue with AXA and Capita and now appear to have an explanation as to what occurred. In essence, whilst the commercial contract was being negotiated between Capita and AXA, Capita were aware that AXA was discussing possible changes to the defined benefit pension scheme but were not aware of the detail of the possible changes. Capita wanted the ability to review and potentially replicate any changes made by AXA, so a clause was added to the contract.

Unite are aware of the sensitive nature of the commercial contract, however we are obviously disappointed that this information was not shared with us as part of the consultation process.



The TUPE pension benefits negotiated between Unite and AXA are well in excess of the legal minimum required. Unite are not convinced that this clause adds any value to the process for reviewing the pension arrangements, as Capita will still be required to go through full consultation if they wish to make any pension scheme changes. Capita have assured Unite that they have no intention of trying to circumvent this process and this contractual clause does not allow Capita to automatically replicate the changes made at AXA. Capita are committed to following a full consultation process.

In light of this issue Unite also asked whether there are any other clauses in the contract that could have a direct impact on employees. The response from Capita and AXA is that the commercial contract covers a large number of possible scenarios. However, they have advised that there are no "foreseeable" elements in the contract that would have such a potentially direct impact in any other areas as this specific pension clause.

Capita have further committed that they will ensure they consult and communicate with Unite and staff regarding any future elements that impact transferring employees.