

# Revolt at BT: Profits hammered and staff uproar over pensions as telecoms giant goes to war with the regulator

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BT faces a damaging row with its own staff as bosses struggle to draw a line under a year of turmoil. After profit warnings, clashes with regulators and criticisms over awful broadband, the telecoms giant was last night on course for a fresh bust-up – this time over pensions.

The latest row leaves Gavin Patterson, BT's beleaguered chief executive, fighting battles both inside and outside his company. Union chiefs have warned proposals to plug a massive hole in the pension scheme have sparked fury among 21,000 workers. Patterson, paid £1.4million last year, insists the changes are needed to rein in an estimated £14billion pension deficit and to make sure employees are treated equally.

But last night, union chiefs said their members had overwhelmingly rejected the plans put forward by BT.

## £14BN BLACK HOLE

BT closed its final salary scheme to new entrants in 2001 but thousands of staff are still using it to build up their retirement pots. Other workers at the company are enrolled on a defined contributions scheme.

Bosses say the only way to plug a £14billion black hole is to overhaul the pension scheme. They have proposed closing the final salary scheme to accruals after April and moving those on that scheme to defined contributions, with the company offering to increase its own contributions.

Another option would see the defined benefit scheme kept open for non-managers but with members contributing more. Unions have dismissed both plans.

The revolt will pile further pressure on the 50-year-old, who has been dogged by recent speculation about his position after the arrival of chairman Jan du Plessis.

BT's share price has tanked by nearly 30 per cent since the start of the year, with the company hit by a £500million Italian accounting scandal, criticisms of its broadband services and pressure from regulator Ofcom and the Government to invest billions of pounds in infrastructure.

It is also bracing for the next costly auction of Premier League football rights in February, where it could be challenged by the likes of Facebook and Amazon.

BT has tried to avoid a dispute over pensions. The Communication Workers Union has warned it could consider strikes if BT doesn't back down. The union is also in a dispute with Royal Mail.

Andy Kerr, CWU deputy general secretary, said: 'BT is making billions of pounds of profits and paying out billions of pounds in dividends every year. Our members deserve better and BT can afford it.'

One union source told the Mail last night: 'If these changes are pushed through, we would have no choice but to ballot for industrial action.'

BT says it hasn't made any firm decisions. Its pension scheme has about 300,000 members and is the biggest private sector retirement fund in the UK.

Patterson said last month: 'We need to balance a number of things – affordability, fairness, making sure that there is not one group of employees being treated unfairly.' BT said yesterday: 'We understand the importance of these proposals and have spent considerable time developing them, working with BT's recognised trade unions. But, at the same time, we need to take action to address the risks and costs of the defined benefit BT pension scheme. If we do nothing, BT will be facing hundreds of millions in extra contributions to the scheme, on top of our current costs.'