



**The Professional Trades Union for Prison,
Correctional & Secure Psychiatric Workers**

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Dear Colleagues

FURTHER LEGAL CHALLENGE ON PENSION COST CAP

The POA have been in dialogue with the FBU, PCS and GMB regarding legal action against the Government which has been led by Deputy General Secretary Joe Simpson and have filed Court proceedings on 24th April 2020 as an interested party alongside the 3 other Unions over the Government's withholding of improved pension benefits from thousands of POA members and hundreds of thousands of public service workers.

In 2012 the Independent Public Service Pensions Commission recommended that the Government establish a mechanism to control the future costs of providing public service pensions. The Government took forward this recommendation by putting in place an employer cost cap in the new public service schemes. This cost cap should have ensured that risks associated with pension provision are shared between employers and scheme members. The Public Service Pensions Bill provided the necessary legislative framework for this cap to operate. The upper margin will form a 'ceiling' on the employer contribution rate, with the lower margin forming a 'floor'. The contribution rate needed to meet the costs of providing the Bill specified that all schemes must set a cap, expressed as a percentage of pensionable pay. If a valuation shows that the costs of a scheme have risen more than two per cent above the cap, or have fallen more than two per cent below the cap, action will be taken to return costs to the level of the cap. This may be achieved via adjustments to member benefits accruing in respect of future service, adjustments to member contributions, or via some other method. In effect, if costs fall below a certain threshold, the savings should be used to the benefit of scheme members.

The POA (and other Unions) say that the Government is in breach of this as the costs have fallen below the threshold and the savings have not been used to the benefit of our members. The latest valuation in 2016 demonstrated that the costs of the scheme were below this predetermined level and that from April 2019, the benefits for thousands of scheme members should have been improved.

However, Chief Secretary to the Treasury, Liz Truss, announced in January 2019 that the process of implementing these improved benefits would be “paused” until the Government digested the consequences of an earlier age discrimination case of the pre-April 2015 schemes, which the Government had lost.

The POA says that this delay is nothing more than a sham which seeks to pass on the cost of a number of unlawful discrimination cases onto members of the new 2015 scheme and by incorporating these extra costs the government will try and claim that the cost of the scheme had risen above pre-determined levels, thus reducing employee benefits.

The claim filed by the POA as an interested party and three other public service unions, intends to force the Government to lift the pause and improve employee benefits in line with their own regulations. The outcome of the case could affect anyone who joined the pension schemes on or after 1st April 2012.

The POA are happy to bring this claim in conjunction with the FBU, PCS and GMB and we will keep the membership informed of any developments.

Yours Sincerely



STEVE GILLAN
General Secretary

Yours Sincerely



MARK FAIRHURST
National Chair