



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

National Chair: Mark Fairhurst
General Secretary: Steve Gillan

Headquarters:
Cronin House
245 Church St.
Edmonton
London N9 9HW
t. 020 8803 0255
f. 020 8803 1761
e. general@poauk.org.uk
w. www.poauk.org.uk

North Regional Office
1 Linden House
Sardinia St.
Leeds
LS10 1BH
t. 01132 428833
f. 01132 429075
e. adminnro@poauk.org.uk

Northern Ireland
Castell House
116 Ballywalter Rd.
Millisle Co Down
BT22 2HS
t. 02891 861928
f. 02891 861839
e. adminni@poauk.org.uk

Scotland
21 Calder Rd.
Edinburgh
Scotland
EH11 3 PF
t. 0131 443 8105
f. 0131 444 0657
e. adminscot@poauk.org.uk

POA Circular 015/2020

Action	Information
England/Wales	England/Wales <input checked="" type="checkbox"/>
Scotland	Scotland <input checked="" type="checkbox"/>
Northern Ireland	Northern Ireland <input checked="" type="checkbox"/>
Special Hospitals	Special Hospitals <input checked="" type="checkbox"/>
Private Sector	Private Sector <input checked="" type="checkbox"/>
IRC	IRC <input checked="" type="checkbox"/>

14th February 2020

Dear Colleagues

PENSION CONTRIBUTIONS COST CAP BREACH

As members are aware there has been a cost cap breach of 5.4% identified in the 2016 valuation of the Civil Service pension scheme which the members of the Scheme Advisory Board (SAB) of the Civil Service Pension Scheme (CSPS) have been advising the Minister for Cabinet Office on.

The SAB made the following recommendations to the Minister

1) A reduction in average member contributions,

A reduction in the headline contribution rate paid by all members of at least 2%, plus a restructuring of the contribution rate structure to address anomalies in the current system, that would lead to a somewhat larger reduction in contributions for some members.

This headline reduction and structural reform would account for [2.5%] of the 5.4% cost cap breach.

2) An increase in alpha, nuvos and classic death benefits to 3 x final pay.

Current alpha, nuvos and classic scheme rules are that a dependant of a scheme member who dies in service receives the higher of 2x annual salary and 5x accrued pension. This is lower than in most other schemes in the public sector and considerably lower than many private sector schemes where multiples of around 5-8x annual salary are common. SAB therefore recommends an increase to the alpha, nuvos and classic death in service benefit to the higher of 3x final pay and 5x accrued pension. This would align the scheme with others in the public sector and would provide assurance to scheme members that their dependants would be better provided for should the worst happen.

This would account for 0.1% of the 5.4% cost cap breach.

3) An increase in the alpha scheme accrual rate to [2.5%]

Having considered different options for improving member benefits, SAB believes that making up the remainder of the remedy through an increase to the scheme accrual rate would be most consistent with its objectives. This would provide a proportionate benefit to all active members of alpha through increasing the amount of pension they accrue each year and would be relatively straightforward to communicate to members and to administer.

This would account for the remaining [2.8%] of the 5.4% cost cap breach.

Government have so far refused to address this as they are on record saying they will use this to pay for the McCloud judgement.

All public sector pension SAB's are having the same problems trying to address the cost cap breach.

Therefore, the NEC at their meeting on the 12th February 2020 have agreed to join with our colleagues in the Fire Brigades Union (FBU) and Public and Commercial Services (PCS) in commencing a Judicial Review on the cost cap remedy. If we are successful there will be no costs to the Union, however if we are unsuccessful, we will share the costs with the other trade unions.

Please bring the contents of this circular to the attention of our members.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Steve Gillan', written in a cursive style.

STEVE GILLAN
General Secretary