

Cost Cap Rectification

Background

The government legislated in the Public Service Pensions Act 2013 for a framework for new public service pension schemes, to be introduced from April 2015 (2014 for local government). The new structure is designed to manage some of the costs and risks to the Exchequer of providing public service pensions. For example, providing benefits based on career average revalued earnings rather than final salary removes much of the 'salary risk' and adjusting normal pension age in line with longevity through linking it to the State Pension age (except for the 'uniformed services' which have a pension age of 60) removes much of the risk of future increase in longevity.

Update

As you may be aware, Her Majesty's Treasury has made an announcement regarding the recent judgements on the McCloud and Sargeant cases. A copy of the judgement can be found here:

<https://www.judiciary.uk/wp-content/uploads/2018/12/lord-chancellor-v-mcloud-and-ors-judgment.pdf>

The announcement can be found here:

<https://www.parliament.uk/business/publications/written-questions-answers-statements/written-statement/Commons/2019-01-30/HCWS1286/>

As a result of this announcement, the cost cap rectification process for the Firefighter Pension Scheme will be suspended, pending the results of the Government's appeal.

HM Treasury has also advised that the employer rate that Fire and Rescue Authorities pay towards firefighter pensions should be increased as of 1 April 2019. Following this announcement GAD are able to calculate the individual employer contribution rate for the four firefighter schemes which we will confirm these rates as soon as possible.

There will be no changes to firefighter pension schemes member's contribution rate or the accrual rate at this stage. There will also be no change to the member contribution banding rates therefore you should continue to use the bands that came into effect April 2018.

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