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PCS going all the way on pensions

Martin John, PCS's pension lead, updates you on PCS's battles with the government on pensions.

Our Appeal

It may take months before we hear whether our appeal against the decision to uphold the government's blocking of a 2% reduction of pension contribution rates in 2019 has succeeded. If it does the government is certain to take its case to the Supreme Court on cost grounds alone.

So why are PCS, FBU, GMB and the other unions determined to go all the way?

The reason is that the valuations of our schemes have become a sham with directions imposed by the Treasury determining the outcome so that no action is required on employee cost. At 5.45%, and at the higher rates, the Civil Service Pension Scheme still represents great value because it has a good accrual rate, but distorted valuations which overstate the government's future liabilities will cause a problem.

This year the employer cost is nudging 30%, which could become a completely unnecessary obstacle to employers who may finally want to engage seriously with our goal of restoring the value of civil service pay, based on detailed pay research.

Meanwhile the government's future liabilities are actually reducing because longer life expectancy has come to such a shuddering halt. The effect of this is already clear in the funded pension schemes which are generating large surpluses. In 2016 and 2020 the raw data in our scheme valuations came in below target employer cost and in both instances the published result was adjusted by the Treasury.

The McCloud Remedy

Scheme members who are fully retiring are now able to exercise their choice under the McCloud Remedy. This was the case the government lost on the basis that it discriminated on grounds of age when introducing pension changes in

2015.

Data from the Scheme shows that 59% are opting for legacy pension for service in the period 2015 to 2022 over 41% for alpha benefits. This reflects the value attached to the legacy normal pension age of 60 but alpha has the better accrual rate so the figures may shift over time.

PCS is in regular meetings with the Remedy Project on issues ranging from partial retirement options to tax issues associated with the remedy and development will be reported via the website.

Martin John - PCS National Pensions Officer - questions can be sent direct to pensions@pcs.org.uk