

The Great Pensions Robbery (PCS)

I understand the concerns you have raised about the Government's refusal to vary the CSPS's employee contribution rates, which have remained unchanged since 2019.

I know that the CSPS includes a symmetrical cost control mechanism: where costs rise above a certain level, benefits are reduced, and where costs fall below a certain level, benefits are improved. The Government has said that in order to comply with the Court of Appeal's judgment in the case of McCloud, it will have to provide a remedy to remove the unlawful discrimination in the changes it made via the Public Service Pension Act 2013. It has argued that these remedies should be considered as additional benefits under the CSPS and that therefore the costs should be met out of the scheme itself where possible. I recognise that this decision is being challenged by PCS which is seeking a judicial review. The Government has stated that, once the cost of the McCloud remedy is taken into consideration, if any benefit improvements are due under the cost control mechanism, these will be delivered. I expect it to honour that promise.

I also recognise your concern follows a decade of pay restraint for civil servants. Public sector pay was frozen in 2010, with this followed by a six-year pay cap of 1%. As a result, the average civil servant on a salary of £26,000 is now worse off by £2,110 a year. The current year-long public sector pay freeze, which I opposed, combined with inflation, means – even including the £250 increase for those earning less than £24,000 – a real-terms pay cut for all those affected on over £18,000. Public sector workers helped to keep this country running during the COVID-19 Pandemic deserve to be treated fairly. That is why I continue to support calls for public sector workers to get a meaningful pay rise when the current pay freeze ends in April 2022.

I will continue to follow developments in this area closely and bear in mind the points you have raised.

Yours sincerely,

Mary