



GAD ref: IC2157

Department for Work and Pensions - Single Fraud Investigation Service

LOCAL GOVERNMENT PENSION SCHEME (ENGLAND AND WALES) and LOCAL GOVERNMENT PENSION SCHEME (SCOTLAND): PRINCIPAL CIVIL SERVICE PENSION SCHEME and CIVIL SERVICE AND OTHERS PENSION SCHEME

CERTIFICATE OF BROAD COMPARABILITY

Expiry Date: 31 March 2016

Use of this Certificate

The sole purpose of this Certificate is to provide confirmation for the Department for Work and Pensions ('DWP') that its proposals for benefit provision in the Principal Civil Service Pension Scheme (Great Britain) ('PCSPS'), in the Civil Service and Others Pension Scheme ('CSOPS') and outside these schemes, in connection with the creation of the Single Fraud Investigation Service, meet the broad comparability threshold described in the Pensions Provisions Document (annexed to this Certificate) in the circumstances specified in the Certificate and Annex.

No other party should rely on this Certificate as a basis for making any decisions. Such parties should take their own advice on relevant issues. The Government Actuary's Department ('GAD') accepts no responsibility to such parties in connection with this Certificate.

Annex A of [Fair Deal 2013](#) sets out the general principles on which assessments of broad comparability should be made. GAD has also published [details](#) (dated July 2014) of the main actuarial assumptions it adopts for such assessments and which it has adopted for the purpose of this assessment. DWP should note that actuarial assumptions involve inherent uncertainties, and the benefits provided could turn out to be more or less valuable in different situations than the comparable benefits under the Local Government Pension Scheme ('LGPS').

In carrying out this assessment we have followed the general principles referred to above, taking into account guidance from HM Treasury, and have applied our normal quality processes for work conducted on public service pension matters¹.

¹ GAD seeks to achieve a high standard in all our work. Please go to our [website](#) for details of the standards we apply.



Background to the Certificate

The Government has decided to create a Single Fraud Investigation Service ('SFIS'). This will combine the welfare fraud investigation services operated by DWP, HM Revenue & Customs ('HMRC') (Tax credits only) and Local Authorities ('LAs') into a single service hosted by DWP. Staff providing those services for HMRC and LAs will have their employment transferred to DWP.

This Certificate concerns the welfare fraud investigation services operated by LAs and, more particularly, the staff providing those services whose employment is to transfer to DWP. Those staff are either employed by LAs or by contractor companies where services have been outsourced.

DWP has determined that the Transfer of Undertakings (Protection of Employment) Regulations 2006 ('TUPE') do not apply to the transfer of employment, on the basis that the transfer of administrative functions between public administrative authorities is not a relevant transfer for the purpose of TUPE. However, DWP has decided to follow the principles of TUPE so far as possible in accordance with business need, as described in the Cabinet Office Statement of Practice for Staff Transfers in the Public Sector ('[COSoP](#)'), and will follow the guidelines in COSoP in respect of staff who transfer employment.

In line with COSoP guidelines, the transfer of employment is covered by a Statutory Staff Transfer Scheme ('Transfer Scheme') in [Regulations](#) made under Section 38 of the Employment Relations Act 1999. This Certificate only concerns relevant staff who are transferred in accordance with these Regulations. The Regulations do not cover pensions. Instead, in accordance with COSoP, DWP will make appropriate arrangements to protect occupational pensions' terms for relevant staff. For this purpose, DWP has determined that relevant staff will be those who are 'eligible transferring staff' as defined in the Pensions Provisions Document in the Annex.

DWP has decided to provide such protection by following the general principles of broad comparability in the Government's Fair Deal policy ('[Fair Deal 2013](#)'), taking into account advice from HMT as to the application of those principles in connection with the transfer of employment under the Regulations. Broad comparability is assessed by reference to the pension benefits available to employees in local government.

The pension benefits available to employees in local government are either those under the Local Government Pension Scheme in England and Wales ('LGPS (E&W)') or those under the Local Government Pension Scheme in Scotland ('LGPS (S)'), depending on the location of the relevant local authority. These pension benefits will also be used in relation to staff employed by contractors who are eligible transferring staff. Staff may qualify as eligible transferring staff even if they have opted out of membership of their employer's pension scheme or have chosen not to join that scheme.

Staff will transfer to DWP under the Transfer Scheme in stages, at various dates from 2014 to 2016. This Certificate has been prepared for use in respect of all tranches of eligible transferring staff, the only exceptions being those staff who are otherwise excluded by the notes to this Certificate on pages 5 – 7.

This Certificate relates only to the transfer of staff described above. It is not valid for any other employees or any other transfer of employment.



Arrangements available to employees in local government

Different arrangements apply in England and Wales (LGPS (E&W)) and in Scotland (LGPS (S)). Since 1 April 2014, LGPS (E&W) has provided benefits on a career average revalued earnings (CARE) basis with a Normal Retirement Age equal to State Pension Age (or 65 if greater). LGPS (S) provides benefits on a final salary basis with a Normal Retirement Age of 65, but will also move over to a career average revalued earnings (CARE) basis with a Normal Retirement Age equal to State Pension Age (or 65 if greater) from 1 April 2015. Further details about these arrangements are available in the applicable regulations for LGPS (E&W) and LGPS (S).

Some LGPS (E&W) and LGPS (S) members have CRA protection, under which their Critical Retirement Age (CRA) is earlier than their Normal Retirement Age. If certain conditions can be met, these members may retire at their CRA with no reduction, or with a reduced reduction, to their accrued pension or to part of their accrued pension on account of drawing the pension before Normal Retirement Age. There are some differences between LGPS (E&W) and LGPS (S) in terms of how these regulations operate.

As a result of moving from final salary to CARE, some members have underpin protection, under which their CARE benefits would be increased in certain situations if benefits would have been higher, had final salary benefits continued to be provided.

Members of LGPS (E&W) have a '50:50 option' under which a member may choose to pay half the standard contribution rate in return for half the standard benefit. A similar option will be available to members of LGPS (S) from 1 April 2015. There is no '50:50 option' in PCSPS or CSOPS. Following advice from HMT, DWP has decided that the 50:50 option is a member option for the purposes of Fair Deal 2013; and that such members should be treated in all respects as if they were full members for the purpose of the assessment.

DWP's proposals

DWP will offer eligible transferring staff membership of the PCSPS or CSOPS, together with additional benefit commitments and pay uplifts as appropriate. Further information is set out in the Pensions Provisions Document, a copy of which is annexed to this Certificate.

DWP has asked GAD to assess whether this package of benefits meets the broad comparability threshold described in the Pensions Provisions Document. This threshold requires the package of benefits to be assessed against the pension arrangements available to staff in local government in England and Wales or in Scotland, as appropriate (i.e. under the relevant Local Government Pension Scheme ('LGPS')).

DWP offers membership of the civil service pension schemes under statutory provisions and is unable to offer any other pension arrangement to meet the broad comparability threshold. Prior to 1 April 2015, the relevant civil service pension scheme is PCSPS. From 1 April 2015, there will be a new civil service pension scheme, the CSOPS. A majority of the staff in the PCSPS will move to the CSOPS on 1 April 2015.

PCSPS and CSOPS do not have provisions which are equivalent to CRA protection and underpin protection in LGPS (E&W) or LGPS (S).



DWP has confirmed that eligible transferring staff covered by this Certificate will be offered a package of benefits from the date on which employment is transferred as outlined in the Pensions Provisions Document in the Annex to this Certificate. This package broadly comprises:

- (i) membership of the relevant civil service pension scheme(s);
- (ii) additional benefits in certain circumstances for staff entitled to CRA protection or underpin protection; and
- (iii) non-pensionable pay uplifts, where applicable.

DWP has agreed to provide relevant staff with pay uplifts as recommended by GAD. If a pay uplift is recommended for a particular employee, this Certificate will not be valid for that employee if the pay uplift is not provided for any reason. Where pay uplifts cannot be implemented on and from the date on which employment is transferred, they should be implemented as soon as possible, along with the payment of any arrears from the date on which employment transferred.

DWP has agreed to provide additional benefits for staff who are entitled to CRA protection or underpin protection under LGPS (E&W) or LGPS (S), taking into account advice from HMT, with such benefits being available at the same time and in the same circumstances as under LGPS (E&W) or LGPS (S). In broad terms:

1. Any additional benefits arising from CRA protection will be based on the benefits which have accrued in PCSPS/CSOPS since the transfer of employment (or the relevant slice of those benefits, where CRA protection is so limited); and
2. Any additional benefits arising from underpin protection will be based on the benefits which have accrued in the PCSPS/CSOPS when compared with the notional benefits which would have accrued over the same period in the final salary linked service component of PCSPS *nuvos* had benefits been accruing in that component.

DWP will augment the member's pension in the PCSPS or the CSOPS, as appropriate, to provide these additional benefits where possible; or otherwise agree appropriate compensation with the member. This Certificate assumes that DWP will make any necessary arrangements with the LGPS (E&W) and LGPS (S) to collect such data as is appropriate to be able to operate these additional benefit provisions. DWP should note that the additional benefits arising from underpin protection could turn out to be higher or lower than would apply if notional benefits were calculated precisely in accordance with the relevant LGPS regulations.

Civil service pension schemes

There will be two civil service pension schemes from 1 April 2015, PCSPS and CSOPS.

DWP will offer membership of PCSPS *nuvos* to staff who transfer employment prior to 1 April 2015. *Nuvos* provides benefits on a CARE basis with a Normal Retirement Age of 65.

The civil service will introduce a new scheme from 1 April 2015 (CSOPS) with a CARE section called *alpha* which will have a Normal Retirement Age equal to State Pension Age (or 65 if greater).

DWP will offer membership of CSOPS *alpha* to staff who transfer employment on or after 1 April 2015 unless they qualify for underpin protection, in which case DWP will offer them membership of PCSPS *nuvos*.



Staff who transfer prior to 1 April 2015 will be moved to CSOPS alpha on 1 April 2015 unless they qualified for underpin protection under the LGPS (E&W), in which case they will remain in PCSPS nuvos.

Further details about these arrangements are available in the applicable regulations for PCSPS and CSOPS.

Certificate

I have compared the package of benefits proposed by DWP with the benefits in the LGPS (E&W) and in the LGPS (S). I have considered the design of the arrangements, including the benefits which are available, when they are payable and to whom, and the level of tiered employee contributions. I have looked carefully at how the age, service, gender, partner status, and salary levels of employees would affect the comparison. The assessment has been based on current pension legislation and regulations as at the date of this Certificate.

My opinion concerns whether the proposed package of benefits meets the requirements of broad comparability as described in the Pensions Provisions Document (annexed to this Certificate). Subject to the notes below, I confirm that, in my opinion, the proposed package of benefits is broadly comparable to the pension arrangements available to staff in local government in England, Wales and Scotland under the relevant Local Government Pension Scheme based on the assumptions adopted for the assessment.

Please note:

1. This Certificate covers eligible transferring employees:
 - whose employment is being transferred under the Transfer Scheme
 - and who are transferring from local authorities or contractors to DWP between 1 July 2014 and the expiry date of this Certificate
 - and who are 'eligible transferring employees' as defined in the Pensions Provisions in the Annex to this Certificateunless they are otherwise excluded from coverage by the notes below. DWP should take separate advice on any such employees who are excluded from coverage. This certificate is not relevant to any other employees or any other transfer of employment.
2. References to the LGPS include those schemes in England and Wales, operated under the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, and also those schemes in Scotland, operated under the Local Government Pension Scheme (Scotland) Regulations 2014 and the Local Government Pension Scheme (Scotland) (Transitional Provisions and Savings) Regulations 2014. This Certificate does not cover any employees who are members of, or eligible to be members of, any other Local Government Pension Scheme.
3. This Certificate does not cover any employees who were entitled to non-standard benefits in the LGPS. In particular, it does not cover
 - certain school nurses and health visitors who retain an optional retirement age of 55
 - any employees who have received a discretionary award of 5 years' reckonable service if they are required to retire at age 60, or those who have been promised additional benefits under the discretionary powers in the LGPS
 - any Councillors in local government



- any employees who joined the LGPS as a result of the reorganisation of the Colleges of Health, the formation of the Environment Agency, or the dissolution of the Learning and Skills Council for England
 - any employees who joined the LGPS as a result of the transfer of staff from the Scottish Legal Services Ombudsman to the Scottish Legal Complaints Commission on 1 October 2008, the transfer of staff from the Scottish Administration to Learning and Teaching Scotland on 1 April 2010, the formation of Social Care and Social Work Improvement Scotland on 1 April 2011, or the formation of Skills Development Scotland on 1 April 2008.
4. This Certificate does not cover any employees for whom the transfer of employment under the Transfer Scheme constitutes a second or subsequent generation transfer under COSoP, unless the first generation transfer was a transfer of employment from local government in England, Wales or Scotland.
 5. This Certificate has been produced based on the comparison of the value of benefits before tax. This Certificate does not make any allowance or adjustment for employees who at the date of transfer of their employment were affected, or were expected to become affected during their future employment, by the annual allowance or the lifetime allowance for their total pension rights as defined in the Finance Act 2004. No allowance has been made for pension rights held elsewhere by employees (e.g. in a previous employer's pension scheme, personal pension etc.) and any impact these benefits may have on an employee's annual allowance or lifetime allowance.
 6. It is not intended that this Certificate will impose any obligation on PCSPS or CSOPS to pay benefits which would be unauthorised in accordance with the Finance Act 2004.
 7. This Certificate covers the benefits to be provided in respect of service after the individuals join DWP. It does not cover the benefits already earned before that date in the LGPS or in the contractors' schemes, which may be separately handled through a bulk transfer agreement.
 8. Redundancy benefits and injury benefits are not covered by this assessment.
 9. My opinion is based on the information made available to me about the employees and about the proposals for pension provision for the employees, including the pension scheme changes in 2015. If there are any errors or omissions in the information supplied to GAD, or changes in the proposals, this could affect the assessment and invalidate the Certificate. I have assumed that any commitments made by DWP will be fulfilled in relation to the eligible transferring staff. DWP should ensure that the employees are entered into the PCSPS or the CSOPS on the terms described in this Certificate.
 10. My opinion is based on the regulations for LGPS (E&W), LGPS (S), PCSPS and CSOPS which apply as at the date of this Certificate, allowing for regulations in relation to the 2015 scheme reforms in accordance with instructions from DWP on the advice of HMT.
 11. The assessment has been carried out as described in the Certificate based on instructions from DWP on the advice of HMT. DWP has determined the required threshold to protect occupational pensions' terms and the package of benefits to be provided to meet that threshold.
 12. GAD reserves the right to withdraw, vary or cancel the Certificate and reissue it, if appropriate, if GAD becomes aware of any matters that alter or might alter this opinion.



13. The assessment and this Certificate do not prevent those employees who transfer negotiating new pension arrangements with their employer after the transfer.
14. DWP has agreed to provide transferring employees with the package of benefits set out in the Pensions Provisions Document (annexed to this Certificate), including the pay uplifts as determined by DWP on GAD's advice. Pay uplifts are detailed in a separate report. This Certificate will not be valid for a particular transferring employee, if they are not provided with this package of benefits, including membership of the PCSPS / CSOPS and the required pay uplifts. GAD has advised that pay uplifts are only required to protect net take home pay for transfers of employment prior to 1 April 2015. In all cases, pay uplifts will cease to be payable after 31 March 2015.

Security of benefits and funding position

Benefits payable from the LGPS and the PCSPS / CSOPS are defined in legislation and are backed by government.

Further information

The following documents can be found on the [Staff Transfers section](#) of the GAD website:

- HM Treasury – Guidance Note: 'Fair Deal for Staff Pensions' (October 2013).
- Cabinet Office – Statement of Practice: 'Staff Transfers in the public sector' (December 2013).

Any enquiries on this assessment should be addressed initially to Tim Webb (email tim.webb@gad.gov.uk, telephone 020 7211 2797).

Adrian Hale

**Fellow of the Institute and Faculty of Actuaries
Government Actuary's Department**

10 March 2015



DEPARTMENT FOR WORK AND PENSIONS

CERTIFICATE OF BROAD COMPARABILITY

ANNEX – DWP'S PENSIONS PROVISIONS DOCUMENT

Our address

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Date 25 February 2015

Department for Work and Pensions ('DWP')

Single Fraud Investigation Service ('SFIS')

Pensions Provisions Document

1. Purpose

- 1.1. The purpose of this note is to set out the arrangements DWP proposes to apply in relation to the provision of future pension scheme membership for employees transferring into DWP as part of the SFIS project. These provisions will form the basis of the appropriate arrangements being put in place to protect occupational pensions. DWP will ensure that these pension promises are delivered. They will be appended as an Annex to the Broad Comparability Certificate(s) to be provided by the Government Actuary's Department ('GAD').
- 1.2. At this stage DWP is still working on the arrangements for protecting accrued rights under the pension scheme of the former employer and details will be provided in due course.

2. Addressed to

- 2.1. All stakeholders

3. Background

- 3.1. Local Authority welfare Fraud Investigation staff and contractors' staff undertaking that activity on behalf of Local Authorities are transferring employment over the period from 1 July 2014 to 1 March 2016 (inclusive) as part of the SFIS project.
- 3.2. In line with the COSoP guidelines, DWP will protect the pension rights of "eligible transferring staff" by providing such staff with a package of

benefits for future service that is “broadly comparable” to that which applied in local government under the relevant Local Government Pension Scheme immediately prior to the transfer of employment to DWP. For this purpose “eligible transferring staff” and “broadly comparable” are as defined below and otherwise described in this document:

3.2.1. “eligible transferring staff” are:

3.2.1.1. those staff who were employed by a local authority immediately prior to the transfer to DWP and who were, in that employment, eligible for membership of the LGPS; and

3.2.1.2. those staff who were employed by contractors immediately prior to the transfer to DWP, and who were originally compulsorily transferred from a local authority when the contract was first tendered, and who were, in that employment, eligible for membership of the LGPS or the contractor’s broadly comparable scheme; and

3.2.1.3. those staff who were employed by contractors immediately prior to the transfer to DWP, and who despite not having been a part of the original compulsory transfer from a local authority when the contract was first tendered, were still eligible for membership of the LGPS on the day prior to transfer to DWP; and

3.2.1.4. any other staff employed by contractors who qualify for protection as determined by DWP and notified to them.

3.2.2. “broadly comparable” benefits will be assessed by following the principles of the Government’s Fair Deal policy ([‘Fair Deal 2013’](#)), taking into account advice from HM Treasury (‘HMT’) as to the application of those principles, particularly in relation to the flexibility referred to under paragraph A.12 of Fair Deal 2013, in connection with the transfer of employment within the public sector, as explained in this document.

3.3. Other staff are not eligible for the protection outlined above but DWP will treat such staff in the same way as new joiners in offering them membership of an appropriate pension scheme.

3.4. DWP will offer all transferring staff membership of the relevant civil service pension scheme. Prior to 1 April 2015, this will be the Principal Civil Service Pension Scheme (‘PCSPS’), but, as with other public service pension schemes, the PCSPS is being reformed and a new scheme

(called 'the Civil Service and Others Pension Scheme ('CSOPS')) will come into operation from 1 April 2015 to replace the PCSPS as the scheme for new joiners. In broad terms, this means that staff who transfer to DWP prior to 1 April 2015 will be offered membership of the nuvos section of the PCSPS, but will be moved into the alpha section of the CSOPS on 1 April 2015 (unless they qualify for statutory transitional protection in which case they will remain in the nuvos section of the PCSPS); and staff who transfer to DWP on or after 1 April 2015 will be offered membership of the alpha section of the CSOPS (unless they qualify for statutory transitional protection, in which case they too will be offered membership of the nuvos section of the PCSPS).

4. Provisions

4.1 Nuvos and alpha

Nuvos is a section of the PCSPS providing Career Average Revalued Earnings ('CARE') benefits with a normal retirement age of 65. Alpha is a section of the CSOPS and will also provide CARE benefits, but with a normal retirement age equal to the State Pension Age.

4.2 Pay Uplift

In some cases, the offer of membership of the relevant civil service pension scheme, as outlined above, might not on its own provide "broadly comparable" benefits as described in this document. In those cases, DWP will supplement the offer of membership of the relevant pension scheme by additional benefit commitments and/or a compensatory non-pensionable pay uplift. GAD will carry out an assessment for all such staff to check that the package of benefits provided is "broadly comparable" in order to provide a certificate of broad comparability. DWP will provide the additional benefit commitments and/or compensatory non-pensionable pay uplifts that are necessary in order for GAD to provide this certification, based on GAD's advice.

Pay uplifts, in respect of broad comparability, and any adjustments are subject to tax and national insurance and will be non-pensionable (so pay uplifts will not be subject to pension contribution deductions and will not count for the purpose of benefit calculations in the relevant scheme).

For staff who transfer to DWP prior to 1 April 2015, the pay uplift applicable for the period to 31 March 2015 may be different from that applicable from 1 April 2015. In all cases, a pay uplift ceases to be payable if the member opts out of the relevant civil service pension scheme. There is no requirement for DWP to re-instate a pay uplift on any subsequent re-joining. Pay uplifts will be expressed as percentages, to be applied to basic salaries. The percentage rate will not normally be re-assessed if a member subsequently increases or reduces his or her working hours, or moves to a role with a lower salary, or just moves into a

different contribution band. The percentage rate will be applied to the actual rate of basic salary.

If an employee moves voluntarily to a different post with different terms and conditions, DWP may propose that a pay uplift ceases to be payable. This can only happen where the employee voluntarily agrees that the pay uplift will cease as a consequence of the move.

4.3 Broad Comparability assessment

The broad comparability assessment will be based on the terms of the relevant Local Government Pension Scheme ('LGPS'), and the civil service pension scheme (PCSPS or CSOPS) that apply at the date of transfer of employment, but allowing for the 2015 reforms (to both the civil service pension scheme and the LGPS in Scotland) and the 2014 reforms (in the case of the LGPS in England and Wales). The assessment will be carried out by GAD based on this document and otherwise in accordance with the terms for assessing broad comparability under Fair Deal 2013, including actuarial assumptions, which apply at the date of transfer of employment.

The broad comparability assessment is carried out as at the date on which employment transfers and any additional commitments and/or pay uplifts are effective from that date and any pay uplift will be backdated to that date.

The benefits payable (including the amount, the eligibility criteria and the qualifying beneficiaries) in certain events under the nuvos section of the PCSPS and under the alpha section of the CSOPS may be different to those payable under the LGPS (or those under the former employer's pension scheme where that is not the LGPS). Whilst differences between the PCSPS and the LGPS will be taken into account in assessing the value of benefits for broad comparability, staff should consider, for example, whether the differences in the actual benefits have any impact on their own circumstances or on their financial arrangements. For example, the lump sum on death in service under the relevant civil service scheme will be lower than that available under the LGPS. Further information about the nuvos section of the PCSPS and the alpha section of the CSOPS is available via the [civil service pensions website](#).

- 4.4 The broad comparability assessment will take account of the move to alpha, where staff who transfer to DWP prior to 1 April 2015 are to be moved from nuvos at 1 April 2015, so no further assessment is required to allow for that
- 4.5 The LGPS in England and Wales is a CARE scheme in respect of service on or after 1 April 2014 (with accrued benefits before 1 April 2014 continuing to be linked to final salaries for active members). The LGPS in Scotland is a final salary scheme until 31 March 2015 but will provide

CARE benefits from 1 April 2015 (with accrued benefits before 1 April 2015 continuing to be linked to final salaries for active members).

4.6 Transitional protection and 'Rule of 85'

The PCSPS and the CSOPS will not be able to accommodate, or to fully accommodate, the transitional protection available under the LGPS ('final salary underpin protection') or the critical retirement age ('CRA') under the 'Rule of 85' ('CRA protection'); and DWP is unable to replicate these protections identically.

Instead, DWP has agreed to provide additional benefit commitments for staff with such protections under the LGPS, as described below. It is intended that the effect of these commitments is for DWP to provide relevant staff with, as far as practicable, the same protections, as under the LGPS.

Additional benefits, where applicable, will only be available at the same time and in the same circumstances as the respective final salary underpin protection or CRA protection applies under the LGPS.

The additional benefit commitments for staff with CRA protection under the LGPS will be met by DWP making arrangements with the PCSPS or the CSOPS, as appropriate, to augment the member's benefit. This will apply in cases where the PCSPS or the CSOPS applies an early retirement reduction which is higher than that (if any) which would apply if the reduction were calculated in a manner consistent with the application of CRA protection in the LGPS. The augmentation will offset the effect of such higher reduction.

The additional benefit commitments for staff with final salary underpin protection under the LGPS will be met by DWP making arrangements with the PCSPS or the CSOPS, as appropriate, to augment the member's benefit. This will apply if the total benefits under the PCSPS and the CSOPS arising from service with DWP are lower than the notional benefits which would have accrued over the same period in the 60ths accrual final salary linked service component of the nuvos section of the PCSPS. The augmentation will bring the member's benefit up to the level of the notional benefits.

The cost of any augmentation will be met by DWP at the relevant time. The ability for DWP to do this through the relevant scheme may be affected by legislative or other considerations at the time. If for some reason it is not possible to make such an augmentation, DWP may instead offer the member such alternative compensation as may be agreed with the member to discharge the commitment.

GAD will take these additional benefit commitments into account in the assessment, on the basis that these additional benefit commitments are

broadly comparable to the final salary underpin and CRA protections available under the LGPS, following advice to DWP from HMT.

- 4.7 DWP will ensure that, for all eligible transferring staff, the pensionable pay in the PCSPS and the CSOPS in future will include all those elements of remuneration that were pensionable under the LGPS immediately prior to the date of transfer of employment. This is to meet the broad comparability requirements of Fair Deal. For the avoidance of doubt, any pay uplifts payable as envisaged by these provisions will not be included within the definition of pensionable pay.

4.8 Redundancy and Injury Benefits

The broad comparability assessment does not cover redundancy or injury benefits.

4.9 Shared-cost AVC arrangements

Under the LGPS, some members have shared-cost AVC arrangements, or contractual rights to participate in shared-cost AVC arrangements, under which the member's employer is required to contribute. There are likely to be similar provisions for members in broadly comparable schemes which are operated by contractors for contractor staff.

In relation to any such individuals who are eligible transferring staff, DWP will contribute to a shared-cost AVC arrangement on the member's behalf at a rate not less than the rate being paid by the former employer immediately before the date of transfer of the individual's employment. Where contributions have not yet commenced, DWP will contribute at the rate that the member had a right to require the former employer to pay. These contributions will be payable on terms as close as practicable to the shared-cost AVC arrangement operated by the former employer.

4.10 Qualifying Service

The relevant civil service pension scheme will recognise qualifying service of eligible transferring staff in the LGPS or the contractor's broadly comparable scheme, where appropriate, as qualifying service for the purpose of determining entitlement to, or level of, benefits in the civil service pension scheme for eligible transferring staff and irrespective of whether or not the member transfers their accrued rights from the LGPS (or from the contractor's broadly comparable scheme, where appropriate).

4.11 Benefit Cap

There is a benefit cap in the nuvos section of the PCSPS. This cap will not apply to eligible transferring staff.

4.12 50:50 option

Under the LGPS in England & Wales and the LGPS in Scotland (post-2015), members may choose a '50:50 option' under which the member pays half the standard contribution rate for half the standard benefit. There is no similar option in the civil service pension schemes.

As this is a member option, DWP has determined on the advice of HMT and in line with paragraph A.12.10 of Fair Deal 2013 that the option does not need to be considered in the broad comparability assessment. This option will not be available after employment transfers to DWP.

Where eligible transferring staff have exercised the 50:50 option under the LGPS, the broad comparability assessment will treat such employees as not having exercised the option (i.e. as if they were paying the full contribution rate for the full benefits).

4.13 Subsequent compulsory transfer of employees and successor organisations

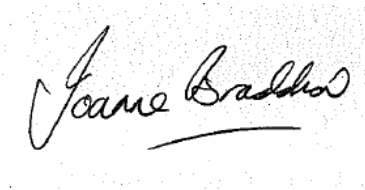
Where there is a subsequent compulsory transfer of some or all of the eligible transferring staff to another organisation, or another organisation succeeds DWP in relation to some or all of those staff, DWP will use all reasonable endeavours in seeking to ensure that appropriate arrangements are put in place by the receiving /successor organisation to protect pensions in a manner consistent with this document and that the receiving /successor organisation, where appropriate, takes over the DWP's responsibilities for additional benefit commitments and compensatory pay uplifts for those employees from the date the other organisation succeeds the DWP.

This does not affect DWP's commitments in relation to rights which have been accrued by employees prior to that date. However, if the employee elects to transfer such rights from the relevant civil service pension scheme, whether to a pension scheme of the successor organisation or otherwise, DWP will use all reasonable endeavours to make arrangements for such transfers to be enhanced to reflect the value of its additional commitments unless a successor organisation (or its pension scheme) accepts responsibility for those commitments.

If despite all reasonable endeavours, DWP cannot comply with one or both of the requirements above, DWP will make a payment to the individual as compensation for the non-provision or loss of the additional commitments and/or the compensatory pay uplifts, calculated where necessary by an actuary.

5 Disclaimer

- 5.1. The DWP will provide the provisions as outlined in this document.
- 5.2 However, the DWP reserves the right in future to make proposals to alter, delete or otherwise vary the additional benefit commitments (set out in 4.6 above) for which it is responsible or any compensatory pay uplift after the transfer of employment has occurred.
- 5.3 Such proposals shall be the subject of negotiation with a view to reaching agreement and bargaining with trade unions before any alteration, deletion or other variation can be made.
- 5.4 This will not affect any rights which individuals have accrued up to the date of any such change.
- 5.5 All proposed changes to these provisions (including any agreed changes following negotiation and bargaining under clauses 5.2 & 5.3 above) will be subject to independent assessment and certification by GAD to ensure that 'Broad Comparability' is maintained.

A handwritten signature in black ink, reading "Joanne Bradshaw", with a horizontal line underneath the name. The signature is positioned on a light grey, textured background.

JOANNE BRADSHAW
Fraud, Error and Debt Programme Director