# WRITTEN STATEMENT

# BY

# THE WELSH GOVERNMENT

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| **TITLE**  | **Allocation of funding to meet additional public sector pension costs in Wales in 2019-20** |
| **DATE**  | **7 March 2019** |
| **BY** | **Rebecca Evans AM, Minister for Finance and Trefnydd** |

The UK Government announced plans last year to introduce further changes to public service pension schemes from April 2019, on top of changes, which had been previously announced at the time of the Budget 2016.

These changes primarily relate to the SCAPE discount rate and will result in increased employer pension contributions from next month. They place additional financial pressure on our already hard-pressed public services as a result of the UK Government’s continued policy of austerity.

Ahead of the UK Government’s Autumn Budget 2018, the Welsh Government wrote to the UK Government, to highlight our concerns that these proposed changes to the SCAPE discount rate, combined with the impact of broader pensions' revaluation factors, would place significant additional and unsustainable pressures on the public sector.

We sought urgent confirmation the UK Government would meet the costs associated with these changes for devolved and non-devolved schemes to ensure vital funds were not diverted from frontline public services.

The UK Government set aside £4.7bn in the autumn Budget to help public sector organisations meet these costs in 2019-20 but it provided no detail about how this funding would be allocated.

The Welsh Government, together with the Scottish Government, and jointly with local authority leaders, have pressed the UK Government for early certainty about what this means for public sector organisations to enable them to set their budgets for 2019-20 with confidence.

Despite this, it is only in the last few weeks that the UK Government has provided further details about the Barnett consequential for Wales. The Scottish Finance Minister and I sought further clarification and assurance about the figures following last month’s finance quadrilateral meeting with the Chief Secretary to the Treasury, in Cardiff.

I can today confirm the Welsh Government will provide additional funding to public sector organisations in 2019-20 to enable them to meet the additional costs associated with these pension changes.

I will be writing to my Ministerial colleagues shortly to confirm the additional funding available for each public sector pension scheme. Funding for future years will be discussed as part of our preparations for this year’s Comprehensive Spending Review.