

Peredur Owen Griffiths MS
Chair of Finance Committee
Senedd Cymru
Tŷ Hywel
Cardiff Bay
CF99 1SN

13 November 2023

Dear Peredur,

I write to you to provide an update on the Civil Service Pension triannual valuation which reported in early October 2023.

You will have noted that in the Laid Draft Budget, the Commission indicated that the Commission staff triannual pension valuation was due to complete and make its recommendations shortly. We also indicated that no assumptions had been made within the draft budget for any additional cost for an uplift in pension costs in line with the budgetary process which required the Commission to use existing contribution rates. We noted as well that given the tightness of the budget, the likelihood of an increase in Employer contributions with additional funding provided by UK HM Treasury to cover the increase, we would need to prepare a supplementary budget request at the beginning of 2024-25 should there be an increase.

The outcome of the valuation is that the pension scheme is moving to a flat rate of 28.97% for all staff and has resulted in an estimated additional cost of approximately £280,000 for the Commission for next year 2024-25. The final cost is dependent on exact headcount at the time of calculating the request. HM Treasury have, as expected confirmed that all Employers with centrally funded staff costs, which the Commission is one under the definition, will receive extra funding to cover the increased cost. The Written Statement issued by HM Treasury on this matter can be found <https://questions-statements.parliament.uk/written-statements/detail/2023-03-30/hcws697>

The budget for the following year 2025-26 will be prepared with the updated employer contribution rates.

I am able to therefore confirm that the Commission will need to prepare a supplementary budget request to be able to access the additional funds which will, as we understand, be provided to the Welsh Consolidated Fund. This is unfortunately an example of how the timing of our budget



Senedd Cymru
Bae Caerdydd, Caerdydd, CF99 1SN

✉ Sulafa.Thomas@senedd.cymru
☎ 0300 200 6227

Welsh Parliament
Cardiff Bay, Cardiff, CF99 1SN

✉ Sulafa.Thomas@senedd.wales
☎ 0300 200 6227

process results in a lack of information to prepare accurate budgets and reduce the additional administrative burden for all both the Commission and the Welsh Consolidated Fund.

Should you have any further questions or queries on this specific matter, please do not hesitate to contact either myself or the Commission itself.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ken Skates', with a large, stylized flourish extending to the right.

Ken Skates MS

cc Senedd Commissioners, Manon Antoniazzi, Kate Innes,

Croesewir gohebiaeth yn Gymraeg neu Saesneg / We welcome correspondence in Welsh or English

