

# Proposed reforms to cost control mechanism and discount rate methodology

The government is looking to make changes to the cost control mechanism and the discount rate methodology, which apply to public service pension schemes. These 2 methodologies support the operation and cost assessment of public service pension schemes which are a key area of expertise in the Government Actuary's Department.

## **Cost control mechanism review**

The cost control mechanism is designed to ensure a fair balance of risk regarding the cost of providing public service pension schemes between scheme members and the Exchequer.

The [HM Treasury consultation](#) on the cost control mechanism follows the [Government Actuary's review](#) carried out by Martin Clarke at the request of HM Treasury and contained a number of recommendations.

This followed concerns the mechanism was not operating in line with its objectives, in particular the intention that it would only be triggered by 'extraordinary, unpredictable events.'

## **Proposals**

In this new consultation, the government is seeking views on adopting 3 of the potential changes to the mechanism recommended by the Government Actuary:

1. removing any allowance for legacy schemes within the mechanism, so it only considers past and future service accrual in the reformed schemes
2. widening the 'corridor' to reduce the frequency of breaches
3. introducing an 'economic check' so that a breach would only be implemented if it would still have occurred had long-term economic assumptions been considered

The government believes that introducing these changes will create a more stable mechanism that establishes a fairer balance of risks between scheme members and the Exchequer.

## **Discount rate methodology review**

Contribution rates which are paid by employers into public service pension schemes are calculated using a process known as SCAPE (Superannuation Contributions Adjusted for Past Experience). A key component of SCAPE is the discount rate which is used to express schemes' future pension payments as a

present-day cost.

The [SCAPE consultation](#) seeks views on the objectives for the SCAPE rate and the most appropriate methodology for setting this rate going forward. This is in line with the government's stated intention following the last review in 2011 that the SCAPE methodology would be reviewed every 10 years.

## Proposals

The consultation invites views on 2 alternative proposals for setting the discount rate methodology in future:

- expected long-term GDP growth (the current methodology)
- the Social Time Preference Rate (this is the discount rate used in government to conduct investment appraisals of projects that involve spending money in the short term to deliver future welfare benefit)

The consultation also proposes aligning future reviews of the rate with the valuation cycle of the pension schemes.

Any changes to the SCAPE rate will continue to be determined in consultation with the Government Actuary. He advises on the appropriateness of the proposed level of the discount rate based on the prescribed methodology.

Martin Clarke said: "Both the SCAPE discount rate and the cost control mechanism are key methodologies which are used to determine and help control the costs of unfunded public service pension schemes. The consultations will seek views on the most appropriate methodologies for these areas in future."

Both consultations close on 19 August 2021.

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## [Family-run Portsmouth security company fined for supplying unlicensed security](#)

Press release

Havant-based Standeasy Security Ltd was prosecuted at Portsmouth Magistrates' Court for deploying unlicensed security.



## Security Industry Authority

On Tuesday 1 June, the company's operations manager, Ashley O'Brien, appearing on behalf of her father's business Standeasy Security Ltd pleaded guilty to employing two unlicensed people. The company was fined £220, required to pay court costs of £625 and a victim surcharge of £32.

On 16 March 2021, Steven Price of Portsmouth, was convicted (in his absence) at Portsmouth Magistrates' Court for working as unlicensed security between 1 October 2019 and 18 May 2020. He was supplied to a customer 44 times between 1 March 2020 and 18 May 2020. The court ordered Steven Price to pay a fine of £220, required him to pay costs of £625 and a victim surcharge of £32. Following his conviction, Price's licence was revoked, and he now has a criminal record.

Another man, Lee Martin of Fareham worked unlicensed at the site for Standeasy 109 times between 1 March 2020 and 31 August 2020. He was convicted at Portsmouth Magistrates' Court on 1 June 2021 and he was fined £1,000, required to pay costs of £500 and a victim surcharge of £100. He will also have a criminal record and his licence has been suspended.

Nathan Salmon, our SIA's criminal investigation manager said:

Standeasy Security Ltd has carried out numerous shifts of unlicensed security for the premises. The site is sensitive, and the unlicensed security provision put the site at additional risk. The contract between the premises and Standeasy Security Ltd specifically stated that security provided would include licensed staff. Standeasy Security Ltd have failed their client and the community it serves.

Notes to editors:

- by law, security operatives working under contract must hold and display a valid SIA licence
- [read about SIA enforcement and penalties](#)
- the offences relating to the Private Security Industry Act (2001) mentioned above are:
  - Standeasy Security Ltd: Section 5 (deploying unlicensed security)
  - Lee Martin: Section 3 (working unlicensed)
  - Steven Price: Section 3 (working unlicensed)

- [read the Private Security Industry Act 2001](#)

Further information:

- The Security Industry Authority is the organisation responsible for regulating the private security industry in the United Kingdom, reporting to the Home Secretary under the terms of the Private Security Industry Act 2001. Our main duties are: the compulsory licensing of individuals undertaking designated activities; and managing the voluntary Approved Contractor Scheme.
- For further information about the Security Industry Authority visit [www.gov.uk/sia](http://www.gov.uk/sia). The SIA is also on [Facebook](#) (Security Industry Authority) and [Twitter](#) (SIAuk).

Published 16 June 2021

Last updated 1 July 2021 [+ show all updates](#)

1. 1 July 2021

Updated to remove an incorrect figure (the number of shifts that appeared in the quote from our criminal investigations manager).

2. 25 June 2021

Updated to correct an error (Lee Martin's licence has been suspended, it has not yet been revoked).

3. 16 June 2021

First published.

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## [CMA expands senior legal team](#)

Press release

The CMA has today announced three internal appointments to the Legal Service and Policy and International senior leadership teams.



John McInnes has been appointed as the Senior Legal Director (SLD) for Policy and International (with overall responsibility for leading that Directorate) and will also provide senior legal support to the team responsible for establishing the Digital Markets Unit (DMU) within the Competition and Markets Authority (CMA).

John previously served as a Legal Director, Litigation Director, and Policy Director in the CMA.

Ronan Flanagan will take up the role of SLD for Antitrust having previously filled the roles of Legal Director and Project Director at the CMA.

Jenny Coombes will take up the role of SLD focusing on Mergers and Markets (working alongside existing Mergers and Markets SLD Chris Prevett) as well as supporting the newly established Office for the Internal Market (OIM). She was previously a Legal Director at the CMA.

John, Ronan and Jenny will be joining Chris Prevett and Stephen Blake, the CMA's SLDs with responsibility for Mergers and Markets and Cartels and Consumer Protection respectively.

All the SLDs report directly to the CMA's General Counsel, Sarah Cardell.

This expansion of the senior legal team reflects the CMA's increased responsibilities following the UK's exit from the European Union as well as the establishment of the OIM and DMU.

CMA General Counsel Sarah Cardell said:

"Our increased responsibilities require an expanded team and it is really fantastic to be making three internal appointments at this senior level.

"These appointments reflect not only the deep legal and management expertise that John, Ronan and Jenny are able to bring to the senior team, but also the calibre of the legal skills and experience gained by lawyers across the CMA's Legal Service."

The CMA will be launching a Legal and Litigation Director recruitment campaign in Autumn.

Notes to editors

- John McInnes joined the CMA in 2014. He has previously worked extensively in private practice and at Ofcom.
- Ronan Flanagan had extensive private practice experience prior to joining the CMA in 2016.
- Jenny Coombes joined the CMA at the start of 2020 and had extensive private practice and in-house experience (at Google) prior to joining.
- For media enquiries please email [Press@cma.gov.uk](mailto:Press@cma.gov.uk) or call 020 3738 6460

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## **Light aircraft accident near Goodwood – 01 July 2021**

News story

The AAIB have sent a team to investigate an accident involving a light aircraft that occurred near Goodwood in West Sussex



Our team of inspectors remain on site in Goodwood and are continuing to investigate a fatal accident involving a light aircraft which crashed shortly after takeoff.

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## **Prison term for man involved in**

## attempted child sex offences

A man who attempted to have sex with a child has had his sentence increased after the Solicitor General, the Rt Hon Lucy Frazer QC MP, thought his original sentence was too low.

Between 3 April and 10 June 2020, Ionut Voicu, 36, engaged in sexual communications online with what he thought was a 13-year-old girl, with the intention of having sex with her. He was in fact communicating with an undercover police officer.

Voicu sent a number of pornographic videos to the 'child' before arranging to meet her at a local retail park. He suggested they walk to her house once her mother had left for work. Voicu was arrested by police officers at the retail park.

Following his arrest and examination of his phone, it was discovered that the offender had communicated with another young girl between 5 and 6 May 2020. The girl could not be traced by the police, or her age verified.

On 14 May Voicu, having pleaded guilty to a number of child sexual offences at Taunton Crown Court, was sentenced to a community order for 36 months with a sex offender treatment requirement, and a requirement to complete 40 hours of unpaid work.

The Solicitor General referred Voicu's original sentence to the Court of Appeal under the Unduly Lenient Sentence scheme.

On 1 July the Court of Appeal found his sentence to be unduly lenient and increased his sentence to 3 years and 4 months' imprisonment.

Speaking after the hearing, the Solicitor General said:

I was appalled by Voicu's intentions and it was only thanks to the vigilance of our police that his criminality did not extend further. I welcome the decision of the Court of Appeal to increase his sentence to properly reflect the severity of his actions.

The Court of Appeal has decided that where a defendant sets out to sexually abuse a child, but in circumstances where the child happens to be an adult posing as a child, then the starting point for sentencing should be set by reference to the harm that the defendant intended to cause the fictional child. The fact that there was no real child for the defendant to abuse will then be reflected in a downward movement from that starting point. The extent of that reduction will be a matter for the court in individual cases to decide.