



Home Office

# McCloud/Sargeant compensation arrangement

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Date: 11 June 2024

# Key Points of note

- Funded by a new AME process
- Initial forecasting will be undertaken by Home Office with support from GAD
- Compensation claims can fall into different categories outlined in the guidance and paid from operational accounts
- Supports and aligns with the compensation guidance published by LGA
- This is version 1.0 and is a living document and will be reviewed at semi-regular intervals or when appropriate substantive changes are required

# AME Process

- New AME process as this is different to the established AME process
- Will have a more regular input period (quarterly) to allow forces to better manage compensation funding
- Paid in arrears to remove forecasting burden
- Initial forecasting is undertaken by the Home Office with support from GAD due to limited data but as scheme experience develops, forecasting will be handed over to forces

# Pension Fund vs Compensation

## Pension Fund

### Expenditure:

- Additional pension arrears
- Additional commutation lump sum arrears
- Interest applied to legitimate expenditure in this category

### Income:

- Additional employee contributions (for adjustments)
- Additional employee contributions (for opt-out periods during remedy period)
- Interest applied to legitimate income in this category

## Compensation

- Contribution adjustments including interest
- Refund of 'Added Pension' contributions
- Compensation for tax relief
- Accountant/tax services and/or IFA fees
- Maintaining transfer values
- Other compensatable losses

# Questions?