



Correspondence

ESFA Update academies: 21 August 2019

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1. Action: impact of McCloud judgement on academy trust financial statements for 2018 to 2019

In 2015, the government introduced reforms to public sector pensions, meaning many public sector workers were moved into new pension schemes. In December 2018, the Court of Appeal ruled that the 'transitional protection' offered to members in these schemes amounted to unlawful discrimination. This case is known as McCloud.

The Supreme Court decision in June 2019 not to allow the government leave to appeal, means the difference in treatment needs to be remedied across all relevant schemes, including the Local Government Pension Scheme (LGPS).

Academy trust boards will need to agree actions that lead to an assessment of the impact of McCloud on pension liabilities and disclosures included in each trust's financial statements for 2018 to 2019. If you haven't already done, we advise you discuss this with your external auditors early in the process. A means of doing this will be to commission an assessment of the effect of McCloud in conjunction with your annual FRS102 actuarial valuation. This may be in the form of an estimate or a detailed analysis. You should discuss the options with your auditor, based on the information on the available approaches (and associated costs) advised by your Fund.

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