



Questions for HMT: 10 September 2020

Agenda Item 2 (Cost control mechanism)

1. We understand that HMT will give directions to GAD to redo the cost cap element of the 2016 valuation and that revised benefit amendments if applicable will be applied retrospectively for benefits from 2019. We understand that the SCAPE contribution rate will not be amended. Is this correct?
2. What principles will HMT be using to direct the assumptions about members' future remedy choices? eg best estimate, most conservative. This will be important noting that the choice will lead to different valuation assessments and hence potentially benefit outcomes for different cohorts of members.
3. Will different principles be used in the cases of immediate vs deferred choice? Will there be any consultation on these principles?
4. Will the revised cost cap valuation reflect the choices which may already be known for those members who are currently in the urgent processing category?
5. Can HMT explain the reasoning for treating the remedy as a past service cost.
6. What is the timetable for producing the directions and the valuation? What information will be available to the SAB re the costs of rectification and over what time period?
7. Does that effect the calculation of CARE pension during the remedy period for the purpose of giving a choice to any member leaving under the immediate detriment guidance?

Agenda Item 3 (Retrospective Remedy)

1. There are several factors which may require extra consideration in respect of the Firefighters' Schemes remedy arising from the nature of the service, the existing benefit features (eg double accrual) and the complexity of the governance and administration arrangements. Cost of implementing the changes will impact on operating costs.
 - a) Will it be possible to recognise these in designing the remedy , eg by having different default arrangements for FPS 192 and FPS 2006 or indicative (non-binding choice) even if other services do not opt for this.?
 - b) Which parties should the SAB liaise with on an ongoing basis to ensure that the remedy is optimised for these factors?
 - c) Will top up grants reflect the additional operating costs?
2. The timescale is very short and there are a number of areas where more clarity is needed on expectations for delivery and a timescale for producing the necessary legislation. What are the roles of the various parties in this, what can we expect?
3. Are you expecting that the Finance Act will need revision to enact the tax changes and in what timescale?
4. We have a number of questions on the tax aspects regarding the availability of tax reliefs and on the operation of the annual allowance. What is the best forum to resolve these?
5. Will TPR be involved in the administration aspects of implementing the remedy?
6. There will be complex cases involving annual allowances, ability to pay second lump sums etc,in an already complex system. What can be expected from HMRC to provide specialist and centralised guidance to those administering the pension scheme remedies?
7. Might the unauthorised payments and sanctions charges regime be relaxed where they arise from rectification attempts, and what guidance will be available on this
8. HMT rightly stresses the importance of being able to communicate the options to members. Will there be any public sector-wide initiatives with regard to production of communication materials or models or facilitating the provision of financial advice?

Agenda Item 4 (Future Proposals)

1. Is the post 2022 scheme design on the table for consultation
2. The consultation asks if discrimination will be eliminated from 2022. The benefits provided under the 2015 Scheme may operate in a manner that is discriminatory by virtue of the cost cap since different cohorts of members may wind up with very different accrual rates in the future. Will the remit of GAD's future review of the operation of the cost cap include an investigation into this aspect.
3. Has an equality impact assessment for each workforce been considered?