

## PUBLIC SERVICE PENSION SCHEMES CONSULTATION



### REPORT OF THE CHIEF FIRE OFFICER

**For Information**

#### 1. PURPOSE

- 1.1 The purpose of the report is to update the Executive Committee on the HM Treasury's proposals in regard to the Public Service Pension Scheme: Change to Transitional Arrangements of the 2015 Scheme consultation.

#### 2. RECOMMENDATIONS

- 2.1 That the Executive Committee consider and forward any views that we wish to raise on the HM Treasury's public service pension scheme: changes to the transitional arrangements to the 2015 Pension Scheme proposals.

#### 3. PUBLIC SERVICE PENSION SCHEMES CONSULTATION

- 3.1 On Thursday 16 July HM Treasury (HMT) launched a major consultation on proposals to bring the unfunded public service pension schemes in line with the result of the McCloud/Sergeant case by removing the age discrimination resulting from the limitations of the protections to older members, together with an update on the employer cost cap process. These were accompanied by a statement from the Chief Secretary to the Treasury (**Appendix 1 refers**).

##### 3.2 **Age Discrimination Remedy**

- 3.2.1 To be clear this consultation relates to members of the unfunded Public Service Schemes including Fire.

- 3.2.2 The major proposals by HMT are that: -

- Protections will be extended to cover all unfunded scheme members who were in active scheme membership on 31 March 2012 and have membership in the reformed schemes (without a 5 year break) regardless of whether they have made a claim to a tribunal on this matter
- Protection will take the form of the right to membership of the relevant unfunded final salary scheme during the protected period which runs from 1 April 2015 to 31 March 2022

- Protection will be backdated for qualifying members even if they have left the scheme since the start of the protected period
- Accrual in all unfunded final salary schemes for existing and new protected members will cease at the end of the protected period 31 March 2022
- Protected members will be given the opportunity to elect for benefits accrued during the protected period to be calculated on a CARE basis as an alternative to protected final salary benefits
- There are two proposals for when the election is to be made – immediate (soon after the proposals are in force) or deferred (when the member takes their benefits)

The Public Service pension schemes: changes to the transitional arrangements to the 2015 schemes can be found at:

<https://www.gov.uk/government/consultations/public-service-pension-schemes-consultation-changes-to-the-transitional-arrangements-to-the-2015-schemes>

For ease, we have set the consultation questions out in **Appendix 2**.

3.2.3 Attached at **Appendix 3** is a “Frequently asked questions” document which briefly outlines the purpose of the consultation.

### 3.3 **Employer Cost Cap**

3.3.1 The employer cost cap process, applicable to all public service pension schemes including the FPS is currently paused but will now be restarted. We understand the Treasury’s objective would be to complete the process by next year, taking into account the cost of the proposals to remedy age discrimination as set out in the consultation.

3.3.2 The consultation included an update on the Cost Control Element of the 2016 Valuations and a HM Treasury Information leaflet as set out in **Appendix 4**.

### 3.4 **Firefighters Pension Scheme Advisory Board**

3.4.1 The Firefighters Pensions Schemes Advisory Board (SAB), the National Employers, the Local Government Association (LGA) and the National Fire Chiefs Council (NFCC) have jointly raised a number of questions to clarify various technical components of the HM Treasury’s proposals. (**Appendix 5 refers**).

3.4.2 In addition, the SAB, LGA and NFCC submitted a pre-consultation response to the HM Treasury detailing their considerations on the proposed ‘Pension Scheme Remedy’ (**Appendix 6 refers**)

### 3.5 **Next Steps**

- 3.5.1 This consultation will run for 12 weeks and will close on Sunday 11 October 2020. To assist and guide a response to the consultation document, the Executive Committee are requested to consider and forward any views that we wish to raise on the HM Treasury's public service pension scheme: changes to the transitional arrangements to the 2015 Pension Scheme proposals.

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