



**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Firefighters Pension Board

Purpose: Noted

Date: **17 APRIL 2023**

Title: **LEGISLATION AND LOCAL GOVERNMENT ASSOCIATION
(LGA) UPDATE REPORT**

Report of Chief Financial Officer

SUMMARY

1. This report, together with attachments, provides the framework for this agenda item.

FPS BULLETINS

2. LGA issue a bulletin at the end of each month, they are emailed out to a variety of contacts but can also be accessed via the www.fpsregs.org website. The bulletins contain a lot of information, and the key items are highlighted in this report.
3. There have been three bulletins issued since the last Fire Pension Board reports were written. Bulletins 65, 66 and 67 can be found in APPENDICES A – D.

SAB REMEDY ENGAGEMENT SESSIONS (BULLETIN 65)

4. The Fire SAB were invited by the Home Office to take part in a series of joint engagement sessions with the Police SAB to consider scheme specific versions of the Provision Definition Documents (PDDs).
5. Sessions took place each month between June and January 2023 and have covered a range of subjects with the last two being:
 - (a) Annual Allowance
 - (b) Bereavement

PUBLIC SECTOR UNIONS GRANTED JUDICIAL REVIEW OVER McCLOUD COST REMEDY (BULLETIN 65)

6. In July 2022, the Public Sector unions were granted a judicial review in relation to the McCloud remedy costs in the cost control mechanism.
7. The Public Sector unions argue that the cost of rectifying the discrimination should not be met by scheme members. The provisional results of the 2016 cost cap valuation showed that all public service schemes were cheaper than expected. This would have led to a reduction in contribution or improvements in benefits from April 2019 had the cost control process not been paused.
8. The hearing for this was allocated 5 days and commenced on 30 January 2023 and we now wait for the judgement to be handed down.

NEW WEBPAGE ON FPS MEMBER WEBSITE (BULLETINS 66)

9. The LGA have published a new page for members relating to the 2015 remedy. The aim of the page is to provide a useful timeline for those affected with the aim of helping to manage expectations. The timeline is in broad terms and is not very specific but gives indications of when members may expect their own remedy choices.
10. The page sets out various topics,
 - (a) Whether members may be affected by remedy,
 - (b) What they can expect if they have already retired,
 - (c) What members can expect if they plan to retire before October 2023,
 - (d) What active and deferred members can expect

MATTHEWS PRE WORK FACTSHEET (BULLETIN 66)

11. FRAs only have 18 months to implement the second options exercise and therefore it is crucial that as much pre work as possible is carried out prior to the start of the second options exercise.
12. The Employer Pension Manager drafted a pre work document which was reviewed by the Matthews Technical Working Group. This sets out all the work that FRAs can do in advance of the Matthews legislation coming into force. The pre work factsheet can be found in APPENDIX C.

TAX RULES FOR 2015 REMEDY LAID (BULLETIN 66)

13. On 6 February 2023 the Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulation 2023 were laid. They apply to relevant Public Service Pension Schemes in England, Wales and Scotland and come into force on 6 April 2023, with some provisions having retrospective effect.
14. The regulations set out changes to how the pension tax rules will apply to pension scheme administrators and members of pension schemes because of the 2015 McCloud remedy. The regulations make changes to how pension tax legislation operates under certain circumstances, including how schemes will need to report and pay extra tax charges or reclaim overpaid tax.

PUBLIC SERVICE PENSIONS INDEXATION AND REVALUATION (BULLETIN 66)

15. On 20 February 2023, HM Treasury (HMT) issued a written statement confirming the Public Service Pension Indexation and Revaluation for 2023.
16. This confirmed that for pensions that are in payment they will be increased from 10 April 2023 by 10.1% except for those which have not been in payment for a full year which will receive a pro-rata increase.
17. The statement also confirms that for active members in the 2015 FPS their CARE pensions will be revalued by 7% on 1 April 2023.

CONFERENCES - SAVE THE DATE! (BULLETIN 66)

18. The NPCC and the LGA will be holding a joint data conference on 17 May 2023 at LGA offices in London. The conference will concentrate on understanding and controlling data and will include panel sessions and a data planning workshop.

19. The Fire Pensions annual conference will take place from 19 to 20 September 2023 at LGA offices in London. The two day programme will allow delegates to network with fellow colleagues and hear the latest news on the FPS from key stakeholders.
20. The full programme for both events and booking link will be available in due course.

APPOINTMENT TO THE BLUELIGHT TEAM (BULLETIN 66 & 67)

21. Following a successful recruitment campaign, Tara Atkins from West Sussex County Council has been appointed to the Bluelight team in the role of Firefighters Pension Adviser (Communications) and joins the LGA on 20 March 2023.
22. This is a welcome addition to the Bluelight team as there will be a requirement for a lot of consistent national communications over the coming months.
23. Tara joins Claire Johnson Firefighters Pension Adviser (Employers) and Elena Johnson Firefighters Pension Adviser (Governance). Following an extremely competitive recruitment process Claire Johnson has been appointed to replace Claire Hey as the Senior Firefighters Pension Adviser. As Claire is currently on maternity leave Elena Johnson has been promoted on temporary basis to lead the team.

JUDGMENT ON COST CAP MECHANISM (BULLETIN 67)

24. The Board will recall that public sector unions had been granted a judicial review in relation to the McCloud remedy costs in the cost control mechanism. The review took place from 31 January to 3 February 2023.
25. On 10 March 2023, the High Court ruled that HM Treasury's (HMT) decision to include the McCloud remedy in the cost cap mechanism was not unlawful. The judge ruled in favour of HMT on all grounds. The judge also refused permission to appeal, but the FBU and other parties are able to apply for permission to appeal directly to the Court of Appeal.

SCAPE DISCOUNT RATE METHODOLOGY CONSULTATION RESPONSE (BULLETIN 67)

26. The Government published a consultation on changing the methodology for setting the SCAPE (Superannuation Contributions Adjusted for Past Experience) discount rate in June 2021.

27. On 30 March 2023 the Government announced their response to this consultation and that they would be keeping the same methodology based on GDP growth.
28. The SCAPE discount rate to be used as part of the 2020 valuations will therefore be based on the expected long-term GDP growth figures, published by the OBR in July 2022. Based on these figures, the new SCAPE discount rate is CPI + 1.7%pa.
29. The updated SCAPE discount rate will generally lead to higher employer contributions rates for unfunded public service pension schemes resulting from the 2020 valuations. Changes to employer contributions rates are therefore expected from April 2024.
30. In recognition of the cost pressure that an increase to the employer contribution rate would bring to existing budgets, the Government has committed to providing funding for increases in employer contribution rates resulting from the 2020 valuations, as a consequence of changes to the rate.

RECOMMENDATION

31. That the content of the report be noted by the HIWFRA Firefighters' Pension Board

APPENDICES ATTACHED

32. APPENDIX A – [FPS Bulletin 65](#) (January 2023)
33. APPENDIX B – [FPS Bulletin 66](#) (February 2023)
34. APPENDIX C – [Matthews pre work for FRAs factsheet](#)
35. APPENDIX D - [FPS Bulletin 67](#) (March 2023)

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