

Warwickshire Fire and Rescue Local Pension Board of the Firefighters' Pension Scheme

5 June 2023

Governance and Policy Update

Recommendation

That the Warwickshire Fire and Rescue Local Pension Board notes and comments on the Regulatory updates affecting Firefighter Pension Schemes set out in this report.

1. Regulatory Update

- 1.1 On 28 February 2023, the Home Office published a consultation on the Firefighters' Pensions Schemes (Remediable Service) Regulations 2023. These regulations concentrate on the retrospective elements of the 2015 Remedy that are required to fully deliver the remedy. This includes establishing the deferred choice underpin (DCU) and the changes needed to offer pensioners and beneficiaries of deceased scheme members an immediate choice between legacy or reformed scheme benefits. All interested parties are encouraged to respond to the consultation by 23 May 2023. the Council has provided a response to the consultation questions.
- 1.2 On 10 March 2023, the High Court ruled that HM Treasury's decision to include the McCloud / Sargeant remedy in the cost cap mechanism was not unlawful. The judge ruled in favour of HM Treasury 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.
- 1.3 On 2 March 2023, the government confirmed its intention to legislate to amend schemes' connection deadlines for the Pensions Dashboards Programme. This follows a written ministerial statement issued by DWP announcing the delays. Delays are necessary to give the Pensions Dashboards Programme (PDP) the time it needs to meet the challenges in developing the digital architecture. DWP will provide an update on dashboards to Parliament before Summer 2023 recess. It is not clear if connection deadlines for public service pension schemes will change.
- 1.4 On 15 March 2023, the Chancellor of the Exchequer delivered his Spring Budget 2023. The Finance (No.2) Bill 2022/23 was published on 23 March 2023. With effect from 6 April 2023, the Bill proposes to enact some of the changes announced at the Spring budget. This includes:
 - increasing the annual allowance from £40,000 to £60,000

- increasing the money purchase annual allowance from £4,000 to £10,000
 - increasing the adjusted income level for the tapered annual allowance from £240,000 to £260,000
 - increasing the minimum tapered annual allowance from £4,000 to £10,000
 - abolishing lifetime allowance (LTA) charges arising in relation to benefit crystallisation events occurring on or after 6 April 2023
 - allowing members to accrue new pension benefits, join new arrangements or transfer, without losing enhanced protection or fixed protection where the protection was applied for before 15 March 2023
 - changing the taxation of the LTA excess lump sum, so that it is taxed as pension income (taxable at marginal rate rather than 55 per cent)
 - notwithstanding the LTA charge being abolished, ensuring that payments of (or any part of) serious ill-health lump sums, defined benefit lump sum death benefits or an uncrystallised funds lump sum death benefits that would have incurred an LTA charge remain taxable payments, with the excess taxed as pension income (taxable at marginal rate rather than 55 per cent).
- 1.5 The Council commissioned a member communication fact sheet that has been shared with members of the Firefighter Pension Schemes who could be affected by these changes.
- 1.6 On 30 March 2023, the UK Government announced the publication of its response to the June 2021 consultation on the methodology used to set the SCAPE discount rate. This is a discount rate used in the valuation of unfunded public service pension schemes to set employer contribution rates. The Government concluded that the existing methodology best meets the balance of its objectives for the SCAPE discount rate, and therefore does not intend to modify the methodology. Based on these figures, the new SCAPE discount rate is CPI+1.7% p.a. Administrators will have to suspend CETV calculations until the factors can be amended in line with the new SCAPE rate.
- 1.7 On 3 April 2023, the Government Actuaries Department published revised Commutation on retirement factors. The revised factors only apply to the 1992 Firefighters Pension Scheme and are to be applied with immediate effect.
- 1.8 On 31 March 2023, the Home Office launched the formal consultation on Retained Firefighters' Pensions: Proposed Changes to the Firefighters' Pension Scheme (England) 2006. This consultation focuses on the government's commitment to provide further remedy to those individuals who were employed as retained firefighters between 7 April 2000 and 5 April 2006 inclusive by providing access to the modified section of Firefighters' Pension Scheme 2006 (referred to as 'the modified scheme'). It contains the proposed amendments to the Firefighters' Pension Scheme (England) Order 2006 and the Firemen's Pension Scheme Order 1992 to achieve this outcome. This consultation document seeks views on proposals for achieving this outcome, and whether the proposed amendments achieve this policy intention for all

eligible individuals. The consultation will close on 9 June 2023. The Council will be responding to the Consultation as there are some concerns over the timescales listed for the provision of information to members. This will also coincide with work required following the regulations for Sargeant/McCloud being implemented from 1 October 2023. The Council will need to consider how this work will be resourced.

2. Financial Implications

2.1 None arising directly from this report.

3. Environmental Implications

3.1 None arising directly from this report.

4. Timescales associated with the decision and next steps

4.1 None

Appendices

None

Background Papers

None

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The report was circulated to the following members prior to publication:

Local Member(s): n/a

Other members: Cllrs Jenks and Gifford