

## **Staff & Pensions Committee**

### **Consultation on the Impact of the McCloud Remedy on the Local Government Pension Scheme**

**14 September 2020**

#### **Recommendation(s)**

1. That the Staff and Pensions Committee note the consultation review and comment on the response (when shared) to the Government consultation on proposed amendments to the Local Government Pension Scheme Regulations.

#### **1. Executive Summary**

- 1.1 The Courts determined that the protections afforded to some members of the Local Government Pension Scheme (LGPS) and other public service pension schemes, following the review by Lord Hutton and introduced in 2014 (for the LGPS and 2015 for other schemes), were age discriminatory and unlawful.
- 1.2 The Government accepted the findings of the Court and has issued a consultation as to how best to amend the LGPS regulations.
- 1.3 Appendix 1 sets out the questions asked by the consultation, and a link to the consultation itself is provided below:  
  
[MHCLG LGPS McCloud Remedy Consultation](#)
- 1.4 A response is being drafted and will be shared virtually with the Staff and Pensions Committee for comment before being approved by portfolio holder. A response will be drafted from the perspective of the Warwickshire Pension Fund and from the perspective of the County Council.
- 1.5 In parallel to the MHCLG consultation on the impact on the LGPS, HM Treasury are undertaking a consultation on the impact of McCloud on the Fire pension scheme and this is considered in a separate report.

#### **2. Financial Implications**

- 2.1 Although the Pension Fund's Actuary made an allowance in the assumptions used in determining the results of the 2019 triennial valuation of the Warwickshire Pension Fund, there is likely to be a cost to employers depending on the demographic of their LGPS members. Costs will vary by

employer but on average are expected to amount to a fraction of one percent of total liabilities.

- 2.2 Because the proposed amendments are retrospective to April 2014 there will be additional administrative costs in recalculating the benefit entitlement for retired and dependant members, early leavers with a preserved entitlement and members who have transferred their entitlement to other pension schemes.

### **3 Environmental Implications**

- 3.1 None

### **4 Supporting Information**

- 4.1 The original protection was provided to members in service on 31 March 2012 and who were within ten years of normal pension age (NPA). These members were therefore better off than those who were not within ten years of NPA. It was therefore proposed that the protection is provided to those in service on 31 March 2012 who have membership in the 2014 CARE scheme and who are not within ten years of retirement.

### **5 Timescales associated with the decision and next steps**

- 5.1 The period of consultation ends on 8<sup>th</sup> October 2020
- 5.2 A draft response to questions may be shared / tabled prior to meeting if timing allows, or will be shared virtually prior to submission. The final response will be approved by portfolio holder.

### **Appendices**

1. Appendix 1 Questions from the Consultation

### **Background Papers**

None

	<b>Name</b>	<b>Contact Information</b>
Report Author	Neil Buxton	neilbuxton@warwickshire.gov.uk
Assistant Director	Andrew Felton	<a href="mailto:andyfelton@warwickshire.gov.uk">andyfelton@warwickshire.gov.uk</a>
Lead Director	Rob Powell	<a href="mailto:robpowell@warwickshire.gov.uk">robpowell@warwickshire.gov.uk</a>
Lead Member	Peter Butlin	<a href="mailto:peterbutlin@warwickshire.gov.uk">peterbutlin@warwickshire.gov.uk</a>

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

Local Member(s): None

Other members: