

**Report to:** Pension Board

**Date of meeting:** 7 September 2020

**By:** Chief Financial Officer

**Title:** Consultation on changes to the transitional arrangements to the 2015 schemes: McCloud

**Purpose:** Draft response to the Consultation on transitional arrangements

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**RECOMMENDATIONS: The Pension Board is recommended to:**

- 1) comment and review the draft response to the Consultation on the proposals for transitional arrangements.**
  - 2) note and comment on the proposal to commence the McCloud Working Group.**
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## **1. Background**

1.1 In 2014 the Government began to introduce extensive reforms to public service pension schemes. As part of those reforms, Local Government Pension Scheme members within 10 years of their normal retirement age on 1<sup>st</sup> April 2012 received protection against amendments to the scheme regulations, this was known as the underpin. This transitional protection was provided following negotiations with member representatives and was intended to protect and give certainty to people who were close to retirement. In December 2018 the Court of Appeal found that the reforms made in public service pension schemes unlawfully discriminated against younger members of the judicial and firefighters' pension schemes, as transitional protection was only offered to older scheme members. The Courts required that this unlawful discrimination be remedied by the government.

1.2 The government opened its consultation in July 2020 and outlined proposals which apply to all members who were in service on or before 31 March 2012 and on or after 1 April 2014, including those with a qualifying break in service of less than 5 years, across all affected public service schemes. This eligibility applies irrespective of whether the member has submitted a legal claim or not, or whether they are currently an active, deferred or pensioner member. The consultation explains the proposed method for removing the discrimination between scheme members. Under the proposal eligible members will automatically have their benefits assessed against the underpin for the period 1 April 2014 to 31 March 2022 and will not be required to make an election. The consultation also sets out proposals for moving all active members into the reformed scheme after this period.

1.3 The draft response to the consultation is being passed to the Pension Board ahead of the Committee for prior information and comment.

## **2. Supporting Information**

2.1 The consultation period runs from 16 July 2020 to the 11 October 2020 and can be accessed at this link <https://www.gov.uk/government/consultations/public-service-pension-schemes-consultation-changes-to-the-transitional-arrangements-to-the-2015-schemes> .

## **3. Conclusion and reasons for recommendations**

3.1 The Board is recommended to consider and comment on the draft response to the consultation as set out in Appendix 1 to this report.

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