

## **Report to West Sussex Fire & Rescue Service Local Pension Board**

**3 April 2023**

### **Regulations and Guidance Update**

#### **Report by Chief Fire Officer (Scheme Manager)**

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#### **Summary**

The Local Government Association (LGA) issue a bulletin at the end of each month which provide information about key events, changes to Regulations and guidance.

In addition to information about the McCloud Remedy and Matthews Second Options Exercise the latest bulletins confirm the contribution rates payable by employers and employees for 2023/24, confirm the annual increase for public service pensions and provide an update on the Scheme Cost Cap.

#### **Recommendations**

- (1) The update is noted
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#### **Proposal**

##### **1 Background and context**

- 1.1 The Local Government Association (LGA) issue a bulletin at the end of each month which provide information about key events, changes to Regulations and guidance. The work of the Fire LGA team provides support to the Fire sector nationally and ensures that, as much as possible, there is a consistent approach for Fire and Rescue Authorities to adopt. Since the previous Board meeting the following bulletins have been received:
  - [FPS Bulletin 64 – December 2022](#)
  - [FPS Bulletin 65 – January 2023](#)
  - [FPS Bulletin 66 – February 2023](#)
- 1.2 A summary of key items has been included in this report and in Appendix A. For clarity when matters relating to McCloud and Matthews are covered within the Administration Report (Agenda Item 7).
- 1.3 Reviewing current developments helps to improve knowledge and understanding and enables the Board to keep pace with these developments as they are considered by the officers and reported to the Scheme Manager.

## **2 Contribution rates**

- 2.1 [Contribution rates that apply for 2023-24](#) have been made available, with no changes to the relevant rates for 2023-24. Employer rates are therefore 28.8% of Pensionable Pay. Employee rates range from 11.0% to 14.5% of Pensionable Pay.

## **3 Pension Increase Order**

- 3.1 Confirmation has been provided that public service pensions will be increased in line with the annual increase in the Consumer Prices Index up to September 2022 on 10 April 2023 (ie. 10.1%, except for those public service pensions which have been in payment for less than a year, which will receive a pro-rata increase).
- 3.2 This will be implemented by the administration team and will be notified to pensioners via the annual newsletter and the [website](#)

## **4 Scheme Cost Cap**

- 4.1 Public service pension schemes are subject to a cost cap mechanism. Scheme costs are measured at each actuarial valuation. If costs move too far from a target cost, then member contributions or benefits must be adjusted to return costs to the target level. The government decided that the McCloud remedy should be included in the costs compared against the target cost when the exercise was undertaken in 2016.
- 4.2 If the remedy cost was to be absorbed by employers instead of being included in the cost cap mechanism, then all schemes would have seen costs fall significantly below the target cost. This would have required increases to benefits or reductions in member contributions had the costs of the McCloud remedy not been included in the cost control mechanism.
- 4.3 The Fire Brigades Union and the British Medical Association had sought a Judicial Review against HM Treasury's decision to include the costs of the McCloud remedy in the cost cap mechanism (ie whether the cost of rectifying the discrimination should be met by scheme members).
- 4.4 This has now been dismissed in the High Court. The unions may seek permission to appeal.

## **5 Other options considered (and reasons for not proposing)**

N/A

## **6 Consultation, engagement and advice**

N/A

## **7 Finance**

- 7.1 The Scheme Advisory Board (SAB) budget for 2022/23 was approved and Fire and Rescue Authorities have been invoiced for their share of the payments. The levy is set at £6.27 per firefighter and will pay for both the work of the SAB (£4.39 per firefighter) and the Local Government Association (£1.88 per firefighter).

## **8 Risk implications and mitigations**

8.1 Risks are considered within Agenda Item X.

## **9 Policy alignment and compliance**

N/A

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## **Appendices**

**Appendix A:** Summary of LGA Bulletins

### **Background papers**

N/A