

DELEGATED RESPONSIBILITIES

Delegation:	Delegated Officer(s):	Communication and monitoring of Use of Delegation
Other urgent matters as they arise.	CPFM and either CFM or CE, subject to agreement with Chairman and Deputy Chairman (or either, if only one is available in timescale)	PFC advised of need for delegation via e-mail as soon as the delegation is necessary. Result of delegation to be reported for noting to following PFC.

Subject matter - McCloud ruling and the impact on administration

Action taken

Approved:

- the CPF McCloud Principles Document
- the CPF Roles and Responsibilities Document
- the updated CPF budget which has increased due to the McCloud programme.

Background (extracted from delegation form)

When the LGPS changed from a final salary to a career average pension scheme in 2014, protections for older scheme members were introduced. Similar protections were provided in other public sector pension schemes. The Court of Appeal ruled that younger members of the Judges' and Firefighters' Pension schemes have been discriminated against because the protections do not apply to them. The Government has confirmed that there will be changes to all main public sector schemes, including the LGPS, to remove this age discrimination, some of which will be retrospective. This ruling is often called the 'McCloud judgment'.

Whilst the impact on members is not expected to be material, the implementation of the McCloud remedy in the LGPS is likely to significantly impact on administration processes and systems as well as requiring a robust communication exercise with employers and scheme members. The additional resource and administration budget requirements to implement the remedy by the CPF will be substantial.

Due to the significance of this work, CPF have established a formal programme to ensure it is delivered successfully. The attached draft Principles document summarises and captures the key elements of the work including how the programme will be managed. This will be updated throughout the document as decisions are made on how the work will be carried out and cases treated. The structure of the programme to implement the "McCloud" remedy is laid out in the attached draft Roles and Responsibilities document. Approval of these two documents is requested.

It is the intention that as much of the work as possible relating to this programme will be carried out internally within the CPF team, however this will be kept under review throughout the programme. It is also proposed that Mercer will provide ongoing actuarial and benefit advice throughout the programme and programme management will be provided by Aon.

The Pension Board members will also provide assistance as part of the McCloud Steering Group, which will increase the Pension Board budget. It is anticipated that total costs in 2020/21 for McCloud will be approximately £530k some of which was already anticipated when the CPF budget was originally approved in March. An updated CPF budget is attached for approval which incorporates the additional unpredicted costs. The overall increase in budget being requested is £202k which includes some savings in other areas.

A three page summary of the McCloud judgement and CPF programme is also attached for information.