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Circular: 2024HOC0271MR

Date: 28 June 2024

To: All Members

Dear Brother/Sister

Pensions update: General Secretary Letter to Minister(s)

Circular: 2024HOC0253MR explained the current issue preventing some retired members from receiving the second part of their lump sum payment which they should have received under remedy, the issue is summarised below the update.

Update: Immediately following the General Election the General Secretary Matt Wrack will write to the relevant Minister(s) insisting that this matter is resolved immediately.

The General Secretary within the letter (attached) suggests a route to resolve this matter immediately for FBU members.

Should the timescales for remedy be breached the FBU will consider all options available, we are currently discussing the consequences of a remedy legislation timeframe breach with our legal team.

The issue as explained in circular: 2024HOC0253MR is that following consultation, the Public Service Pensions and Judicial Offices Act 2022 came into force on 1 April 2022 in order to remedy the discrimination identified in the 2015 Scheme transitional protection arrangements.

Part of the legislation detailed that those eligible under the 2015 age discrimination remedy must be written to informing them that information will be made available to them about their benefit options. The mechanism for this would be through a Remediable Service Statement (RSS) for the remedy period. The legislation informed that the RSS must be sent out by 31 March 2025, however they should be sent sooner if possible.

This circular provides an update and informs that there has been a delay in this process even though pension providers are still within the timeframe originally suggested. The FBU has been involved in the discussions to resolve this delay.

The matter affects retired members awaiting remedy under immediate choice. It is in relation to the application of tax and interest applicable to the pension lump sum payment when that payment was made in part upon retirement. Some of the issues have now been resolved. One matter remains that is preventing some retired members from receiving their RSS and therefore payment of the remaining part of the lump sum. The issue relates to the calculation required for top-up lump sums and the offsetting of previous tax paid to HM Revenue & Customs (HMRC).

The issue identified only affects members who have received an unauthorised lump sum, these are members with legacy FPS 1992 membership who when they retired received an unauthorised lump sum and paid a tax charge. This position, if left without a solution, will mean that a member is liable for more tax which is not currently reclaimable either via HMRC or the compensation mechanism in the PSPJOA.

The LGA have been liaising with HM Treasury (HMT) and HMRC on this matter and there is an agreement in principle from all parties to put in place a resolution to address this. It is likely that any resolution will **need new legislation** which will take time. In the interim, the LGA are in discussions with HMT to establish whether there could be formal assurances issued from central government which will allow this to proceed ahead of any legislation coming into force.

These discussions are progressing well, however, as we have now entered the pre-General Election period of Purdah it is unlikely that anything official will materialise before 5 July 2024.

The FBU continue to discuss this matter with the LGA and will closely monitor the situation to ensure that you are kept up to date as things progress.

Yours in unity,

A handwritten signature in black ink, appearing to read 'Mark Rowe', with a large, stylized 'M' and 'R'.

Mark Rowe
National Officer

MR/pw