# EXPLANATORY MEMORANDUM TO

# THE PENSIONS INCREASE (ARMED FORCES PENSION SCHEMES AND CONSERVATION BOARD) REGULATIONS

## 2006 No. 801

**1.** This explanatory memorandum has been prepared by HM Treasury and is laid before Parliament by Command of Her Majesty.

## 2. Description

2.1 This instrument will come into force on 7 April 2006. It provides that the Pensions (Increase) Act 1971 ("the Act") will apply to pensions payable under the Armed Forces Pension Scheme 2005 ("AFPS 2005") and the Reserve Forces Pension Scheme 2005 ("RFPS 2005") as if they were specified as official pensions in Part I of Schedule 2 to the Act. It provides that the Act will apply to pensions payable by conservation boards under the Local Government Pension Scheme ("LGPS") or other scheme made under section 7 of the Superannuation Act 1972 as if they were specified as official pensions in Part II of Schedule 2 to the Act.

## 3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None

## 4. Legislative Background

4.1 The Treasury is responsible for making the annual order for the indexation of official pensions specified in Schedule 2 to the Act. Section 5(2) of the Act provides that the Minister for the Civil Service may by regulations provide that the Act shall have effect in relation to pensions not specified in Schedule 2. This enabling power was transferred to HM Treasury by virtue of the Transfer of Functions (Minister for the Civil Service and Treasury) Order 1981 (S.I. 1981/1670).

## 5. Extent

5.1 This instrument applies to the United Kingdom.

## 6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

## 7. Policy background

7.1 The AFPS 2005 and RFPS 2005 are new pension schemes constituted under secondary legislation with effect from 6 April 2005. The AFPS 1975 is annually indexed by analogy to the Act. The intention of the instrument is that pensions payable under the AFPS 2005 and RFPS 2005 will be indexed under the Act rather than by analogy, as an administrative simplification.

7.2 The Local Government Pension Scheme and Management and Investment of Funds (Amendment) Regulations 2005 (S.I. 2005/2004) added conservation boards to the definition of "scheme employer" in the LGPS. LGPS pensions payable by local authorities are specified in Schedule 2 to the Act and therefore indexed under the Act. However LGPS pensions payable by conservation boards are not specified in Schedule 2 to the Act so are not indexed under the Act. The intention of the instrument is to provide that pensions payable by conservation boards under the LGPS or other schemes made under section 7 of the Superannuation Act 1972 will be indexed under the Act in the same way as LGPS pensions payable by local authorities.

### Impact

8.1 A Regulatory Impact Assessment has not been prepared for this instrument, as it has no impact on business, charities or voluntary bodies.

8.2 The impact on the public sector would be a small administrative saving to Ministry of Defence in not having to produce separate uprating information (although they still need to so for the Armed Forces Pension Scheme 1975).

## 9. Contact

Yvonne Bobb at HM Treasury Tel: 020 7270 4997 or e-mail: Yvonne.Bobb@hm-treasury.x.gsi.gov.uk can answer any queries regarding the instrument.