

## **APS discretionary increase litigation court judgment**

### **Discretionary increases ruled valid by High Court**

On 19 May 2017, the High Court released its judgment in the case brought by British Airways plc in relation to APS discretionary increases. APS pension increases are based on the Pensions Increase (Review) Orders (PIRO). In 2010, the Government changed the index on which PIRO is based from RPI to CPI. In 2011, the APS Trustees introduced a discretionary increase power which would allow the Trustees to award an amount in addition to PIRO and in 2013 the APS Trustees awarded a discretionary increase of 0.2%.

The Court has ruled that both the decision to introduce a discretionary increase power in 2011, and then to exercise that power by granting a 0.2% increase effective from 1 December 2013, were valid. A copy of the full judgment will become available through the following link on 19 May 2017: <http://www.bailii.org/>

We are naturally very pleased with the clarity brought by the Court's decision. We welcome the confirmation from the Court that we and our professional advisers acted appropriately in relation to those decisions.

We are analysing the full implications of the judgment with our professional advisers and assessing the next steps, albeit the actions that we are able to take in the near term will depend on whether BA decides to appeal.

Even if BA appeals, members should be reassured that the pensions which they are currently receiving (which to date have received only PIRO increases) will not be affected. The payment of the additional 0.2% discretionary increase may depend on the outcome of any appeal process.

For further information, a Frequently Asked Questions document is available [here](#).

As before, we will keep members updated on developments as and when we are able to do so. In the intervening period, given the complex nature of the proceedings, we do not currently intend to make further public comment.

Date: 19 May 2017