

Public Service Pensioners' Council

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To: Secretaries of Affiliated organisations
PSPC EC

PSPC 2/20

30 March 2020

Dear Colleagues

GOVERNMENT ANNOUNCEMENT ON REMEDYING 2015 PENSION REFORMS DISCRIMINATION

Last Thursday (26 March) the Economic Secretary to the Treasury, John Glen, gave a written statement to the House of Commons on the current position to remedy the Appeal Court `McCloud` judgement on the 2015 pensions reforms. The Minister said that the Government are developing proposals, tailored for each public sector pension scheme, to address the unlawful age discrimination identified by the Court of Appeal in the 2015 reforms to the judicial and firefighters' pension schemes. He noted that the Government are considering the initial views of stakeholders and continuing to work through the details of the technical design elements of the proposals. He confirmed that detailed proposals will be published later in the year and will be subject to public consultation.

Affiliates will be aware that the Treasury did release to stakeholders in early February a technical working draft of potential options, which are expected to form the basis of the Government's proposals subject to comments received. These were discussed at the last meeting of the PSPC Executive Committee on 25 February, before the current Covid-19 lock-down.

The announcement also confirms that the consultation later in the year will also `include an update` on the outstanding issue of the cost-cap actuarial review, which was paused in January 2019, and on which some affiliates are pursuing legal challenges.

The full text of the Economic Secretary's Statement is set out below:

"The Government are developing proposals to address the unlawful age discrimination identified by the Court of Appeal in the 2015 reforms to the judicial and firefighters' pension schemes.

On 15 July 2019, the Government announced they would take steps to remove this discrimination retrospectively [HCWS1725]. It confirmed that this would apply to pension scheme members with relevant service across all those public service pension schemes that were introduced in 2014 and 2015, regardless of whether individuals had made a claim. This is a complex undertaking, and it is important to get it right.

General Secretary: David Luxton

Since February 2020 relevant pension schemes have been conducting technical discussions with member and employer representatives to seek initial views on the Government's high-level proposals for removing the discrimination.

I am grateful for the constructive engagement of trade unions, staff associations, public service employers and other stakeholders in these discussions. The Government are considering the initial views of stakeholders and continuing to work through the details of the technical design elements of the proposals. Detailed proposals will be published later in the year and will be subject to public consultation. The Government will welcome views on these proposals.

For the avoidance of doubt, members of public service pension schemes with relevant service will not need to make a claim in order for the eventual changes to apply to them.

I would like to reassure members that their pension entitlements are safe. The proposals the Government are considering would allow relevant members to make a choice as to whether they accrued service in the legacy or reformed schemes for periods of relevant service, depending on what is better for them. The Government will provide more detail later in the year, but if an individual's pension circumstances change as a result, the Government may also need to consider whether previous tax years back to 2015-16 should be reopened in relation to their pension.

The Government will also set out their proposal to remove the discrimination for future service in the forthcoming consultation.

In January 2019, the Government announced a pause to the cost control mechanism in public service pension schemes, due to uncertainty about benefit entitlements arising from the McCloud judgment. Alongside their proposals for addressing discrimination, the Government will also provide an update on the cost control mechanism."

PSPC will endeavor to keep affiliates updated on relevant public sector pension during the current lock-down.

Stay safe.

Kind regards

DAVID LUXTON

General Secretary