

Public Service Pensions and Judicial Offices Bill

The purpose of the Bill is to:

- Ensure equal treatment for all members within each of the main public service pension schemes. Reforms to these pension schemes were introduced in 2015 which, among other things, changed the schemes so that pensions are calculated on the average salary throughout an individual's career rather than their final salary. At the time the Government agreed, following negotiations with trade unions, to protect those closest to retirement, allowing them to remain in the final salary schemes. This was challenged in the Courts and found to discriminate against younger members. The Bill will remedy this.
- Reform the pension arrangements and increase the mandatory retirement age for the judiciary and to put judicial allowances on a firmer legal footing.

The main benefits of the Bill would be:

- Providing public service workers with greater certainty of their benefit entitlements, as they will make their choice at retirement.
- Ensuring public service pensions continue to reward public servants for their dedicated service, whilst being fairer – especially for lower earners – and more affordable to the taxpayer.
- Supporting recruitment and retention in the judiciary and ensuring our judiciary can continue to meet the demands of the justice system, by reforming their pension arrangements and increasing the judicial mandatory retirement age.
- Increasing flexibility to tackle recruitment and retention issues in the judiciary by putting allowances on a firmer legal footing.

The main elements of the Bill are:

- Implementing changes across all the main public service pension schemes in response to the Court of Appeal judgment in the *McCloud* and *Sargeant* cases:
 - Eligible members will have a choice of the benefits they wish to take for the “remedy period” of April 2015 to 31 March 2022.
 - From 1 April 2022, when the remedy period ends, all those in service will be members of the reformed pension schemes, ensuring equal treatment from that point on.
 - Bespoke measures to implement corresponding changes in the Judicial

Pension Schemes and Local Government Pension Scheme to reflect their different arrangements.

- Transfer members of the judiciary into a reformed pension scheme owing to the judges' unique circumstances of appointment.
- Raising the mandatory retirement age of judicial office holders from 70 to 75.
- Placing the power to set judicial allowances on firmer legal footing.

Territorial extent and application

- The Bill's provisions will extend and apply to the whole of the UK. All substantive pensions measures will apply UK wide but some elements of the judicial measures will apply to England and Wales only.

Key facts

- The 2011 to 2015 reforms to public service pensions are estimated to save over £400 billion across the 50 years following their introduction.
- The cost of providing additional pension benefits during the remedy period (April 2015 to 31 March 2022) is estimated to be £17 billion (excluding administration costs). This equates to £2.5 billion for each year of the remedy period, based on 2016 valuation data. This is around 4 per cent of the savings from the 2011 to 2015 reforms.
- Raising the judicial mandatory retirement age from 70 to 75, averaged over a 10-year period, would allow approximately 400 judges and non-legal members, and 2000 magistrates to continue to serve.