

Public Service Pensions:Written statement - HCWS1725

WS Treasury

Made on: 15 July 2019

Made by: **Elizabeth Truss** (The Chief Secretary to the Treasury)Commons **HCWS1725 Public Service Pensions**

The government is committed to providing public service pensions that are fair for public sector workers and for taxpayers. This is why we brought forward reforms in 2015, based on the recommendations of the Hutton report, to ensure that these pensions are sustainable in the future.

The courts have considered cases regarding the implementation of the 2015 reforms. On 27 June 2019 the Supreme Court denied the government permission to appeal the Court of Appeal's judgment that transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination. The government respects the Court's decision and will engage fully with the Employment Tribunal to agree how the discrimination will be remedied.

The ruling relates to the 'transitional protection' offered to some members when the reformed schemes were introduced. In order to ensure people close to retirement age were treated fairly, the government agreed to 'transitional protection', which broadly permitted those members who were closest to retirement at the time new pension schemes were introduced to remain members of their respective old schemes. The court has found that those too far away from retirement age to qualify for 'transitional protection' have been unfairly discriminated against. As 'transitional protection' was offered to members of all the main public service pension schemes, the government believes that the difference in treatment will need to be remedied across all those schemes. This includes schemes for the NHS, civil service, local government, teachers, police, armed forces, judiciary and fire and rescue workers. Continuing to resist the full implications of the judgment in Court would only add to the uncertainty experienced by members.

The matter will be remitted to the Employment Tribunal in respect of the litigants in the firefighters and judicial pension schemes. It will be for the Tribunal to determine a remedy. Alongside this process, government will be engaging with employer and member representatives, as well as the devolved administrations, to help inform our proposals to the Tribunal and in respect of the other public service pension schemes.

Initial estimates suggest remedying the discrimination will add around £4bn per annum to scheme liabilities from 2015.

The reasons for the 2015 reforms remain: that public service pensions are a significant cost for the taxpayer, now and in the future. The judgment does not alter the government's commitment to ensuring that the cost of public service pensions are affordable for taxpayers and sustainable for the long term.

This statement has also been made in the House of Lords: **HLWS1687**