
McCloud Judgement

In 2015 the Government introduced reforms to public sector pensions. The Independent Parliamentary Standards Authority (IPSA) introduced similar reforms to the PCPF, in the form of a new ‘Career Average Revalued Earnings’ (CARE) scheme section. All new members entering the PCPF from 8 May 2015 joined the CARE section rather than the final salary section of the PCPF. As part of the changes, transitional provisions were introduced to protect the rights of all members within ten years of normal retirement age, with tapering protections applied for those between 10 and 13.5 years from pension age. These protections allowed members to stay in the previous scheme until retirement or for a period of time, depending on their age. All members with more than 13.5 years to retirement were moved to the new scheme.

The changes made in public sector schemes were challenged by members of the firefighters’ and judges’ schemes (which became known as the McCloud case) who complained unlawful discrimination on the basis of age. In December 2018, the Court of Appeal ruled that the ‘transitional protection’ offered to some members of the judges’ and firefighters’ schemes as part of the reforms amounted to unlawful discrimination.

Having agreed to remove the age discrimination from various public sector schemes, in July 2020 the Government issued a range of consultations which outlined a proposal to remedy the McCloud judgement by allowing affected members to choose between the new (mostly CARE) and old (mostly final salary)

pension schemes for the duration of the remedy period, after which all members would move to the new CARE scheme. The consultations are closed and the Government’s conclusions were published in early February 2020.

The McCloud judgement doesn’t impact the PCPF directly, as it has a separate legal structure to other public service schemes. This means that it is for IPSA to determine whether changes are needed in relation to the MPs’ Scheme in light of the McCloud judgement and, if so, what the changes should be.

In October 2020, IPSA committed publicly to reviewing the MPs’ Pension Scheme and indicated they would take account of the Government’s recent consultations on the McCloud judgement, while also keeping in mind their guiding principle that the overall remuneration MPs receive should be fair to them as well as to taxpayers. If IPSA considers that changes are needed to the MPs’ Scheme, they will consult on their proposals before making a decision.

The Trustees will write to all those who were serving members of the scheme during the period to which those transitional arrangements relate shortly and further communications will be issued to relevant scheme members as more is known. If you have any questions, please get in touch with the PCPF Secretariat (details on the back page).

In the meantime, please be assured that any pension you have built to date remains safe.