



Rupert McNeil
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Dear Rupert

Civil Service Pension Scheme

We are writing as a consequence of the decision by the court that the government has not been granted right of appeal in relation to public sector pension changes and age discrimination. We also write against the backdrop of the letter sent by the TUC to the Chief Secretary to the Treasury on 26th July (attached).

In the context of the above, we are sure that you will understand that this is an issue which has attracted a significant amount of member interest. Whilst legal proceedings are continuing, we believe that it is important to do what we can to provide as much clarity as possible and also allay members concerns.

In that context it is important that:

- We agree a process for early trade union engagement to explore potential options and remedies.
- That there is clarity that any remedy to rectify unlawful age discrimination is at no detriment to existing scheme members or accrued and prospective benefits.
- The government maintains its continued commitment to the principles of the 25-year guarantee.

In our engagement to date it has been clear that the effective remedies for public sector schemes will need to take into account the differing benefit structures of those schemes. It has been recognised in terms of the CSPS that:

- Agreement will need to be reached on measures to compensate impacted members to ensure they are not in a position of detriment.
- As well as members denied “protection” who are in a position of detriment there are also members who had “protected” status who may have benefited from moving to the Alpha scheme.
- Any remedies and rectification must consider not only active members but also those in retirement, ill-health retirements, deaths, those who have left service, those with pension in

deferment, those who have taken partial retirement and those transferred out. Also, it will be important to include those affected, both in “by analogy” schemes, and those members of CSOPS, employed in outsourced organisations.

- Potential options have been discussed in terms of remedies including an options exercise or underpin.

As well as ensuring that members who have been discriminated against are not in a position of detriment it is crucial that we give staff as much clarity as possible to enable them to plan for their retirement and have clarity as to their pension provision for the future to enable them to make informed choices. Against that backdrop we believe it is important to:

- Provide clarity as to how the matter of discrimination is to be addressed and what that will mean for individual scheme members.
- Provide an undertaking that no scheme member (or ex-scheme member) will be in a position of detriment as a result of the proposed changes, and that those not included in transitional protection will be better off.
- Consider an options exercise to enable staff to make informed choices which best suit their individual circumstances.
- That full attention will be paid to Equality requirements, including Impact Assessments.

In the TUC letter to Chief Secretary to the Treasury it states that in ‘order to inform the government's approach to the remedy, HM Treasury and TUC officials agreed that a series of scheme specific technical discussions would be held on a non-prejudice basis. While discussions may differ between schemes, we agreed that this process will include a common set of elements:

- The agenda for each scheme specific technical discussion will look at the different scenarios and possibilities in relation to (a) applicability of the ruling to each scheme (b) remedy options (c) cost impacts and (d) approach to protections going forward.
- The discussion for each scheme will seek to include staff and employer representatives drawn from the Scheme Advisory Board, Technical Advisory Group (where appropriate), relevant collective bargaining structures, government and scheme actuaries, HM Treasury and the relevant government department.
- Technical discussions will be scheduled to take place before the start of the remedies hearing.’

We welcome the urgent engagement on the process for the scheme specific technical discussions for the Civil service pension scheme.

In addition to the above, we believe that it is imperative that we proceed as had been planned with the cost cap recommendations agreed by the SAB. These proposed changes contained a number of measures which would be highly valued by scheme members including:

- A significant reduction to members’ contributions of at least 2%.
- The reform of the contribution rate structure to end the anomalous impact of cliff edges.
- An improvement to the accrual rate of Alpha.
- An improvement to death-in-service benefits.

Now that there is a level of legal certainty given that the government has been denied the right of appeal, we believe that the “pause” to the cost cap rectification process should be ended. It is completely unacceptable that as a result of the government’s failed legal action that the government should seek to prevaricate any further. It is also clear that establishing and agreeing the

legal remedies for the separate schemes is likely to take us beyond 1 April 2020. We also reject any notion that scheme members should have to bear the cost of the government's failed legal action, particularly as none of them should be expected to pay for the unlawful discrimination that younger members have suffered.

We look forward to your early engagement and assurances on these matters.

Yours sincerely

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General Secretary
PCS

Garry Graham
Deputy General
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