

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### PUBLIC SERVICE PENSIONS AND JUDICIAL OFFICES BILL [*LORDS*]

*Second Sitting*

*Thursday 27 January 2022*

*(Afternoon)*

---

#### CONTENTS

CLAUSES 99 TO 109 agreed to, some with amendments.  
SCHEDULE 1 agreed to, with an amendment.  
CLAUSE 110 agreed to.  
SCHEDULE 2 agreed to.  
CLAUSE 111 agreed to.  
SCHEDULE 3 agreed to.  
CLAUSE 112 TO 116 agreed to.  
SCHEDULE 4 agreed to.  
CLAUSES 117 TO 120 agreed to, some with amendments.  
New clauses considered.  
Bill, as amended, to be reported.  
Written evidence reported to the House.

---

No proofs can be supplied. Corrections that Members suggest for the final version of the report should be clearly marked in a copy of the report—not telephoned—and must be received in the Editor’s Room, House of Commons,

**not later than**

**Monday 31 January 2022**

© Parliamentary Copyright House of Commons 2022

*This publication may be reproduced under the terms of the Open Parliament licence, which is published at [www.parliament.uk/site-information/copyright/](http://www.parliament.uk/site-information/copyright/).*

**The Committee consisted of the following Members:**

*Chairs:* † SIR GRAHAM BRADY, MR VIRENDRA SHARMA

Abrahams, Debbie (*Oldham East and Saddleworth*)  
(Lab)

† Clarke, Mr Simon (*Chief Secretary to the Treasury*)

† Coutinho, Claire (*East Surrey*) (Con)

† Daly, James (*Bury North*) (Con)

† Evans, Dr Luke (*Bosworth*) (Con)

† French, Mr Louie (*Old Bexley and Sidcup*) (Con)

† Grant, Peter (*Glenrothes*) (SNP)

† Lewis, Clive (*Norwich South*) (Lab)

† Mak, Alan (*Lord Commissioner of Her Majesty's  
Treasury*)

† Moore, Robbie (*Keighley*) (Con)

† Mortimer, Jill (*Hartlepool*) (Con)

† Mullan, Dr Kieran (*Crewe and Nantwich*) (Con)

† Rodda, Matt (*Reading East*) (Lab)

† Siddiq, Tulip (*Hampstead and Kilburn*) (Lab)

† Simmonds, David (*Ruislip, Northwood and Pinner*)  
(Con)

† Stephens, Chris (*Glasgow South West*) (SNP)

† Twist, Liz (*Blaydon*) (Lab)

Bethan Harding, Huw Yardley, *Committee Clerks*

† **attended the Committee**

## Public Bill Committee

Thursday 27 January 2022

(Afternoon)

[SIR GRAHAM BRADY *in the Chair*]

### Public Service Pensions and Judicial Offices Bill [Lords]

2 pm

#### Clause 99

ESTABLISHMENT OF NEW PUBLIC SCHEMES AND  
TRANSFER OF RIGHTS

*Question proposed*, That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss clauses 100 to 103 stand part.

**The Chief Secretary to the Treasury (Mr Simon Clarke):** It will be helpful if I can preface my remarks on clause 99 onwards by returning briefly to clause 5 in relation to the question asked by the hon. Member for Glenrothes, because I can now provide some further information about opting into the remedy. The purpose of clause 5 is to rectify any discrimination that may have resulted in members opting out of relevant pension schemes. It is very important that schemes are permitted to require information to be provided by members to establish why they opted out of the relevant pension scheme, as there may be reasons other than discrimination why members have opted out. It is appropriate that schemes have the power, so that they can ensure that the remedy applies for appropriately affected members. The power allows schemes to set conditions in scheme regulations, as schemes will be best able to assess what it is reasonable to expect a member to provide. The consequences of opting back into the pension schemes are very significant for members' pension rights and therefore it is important that schemes can take decisions under clause 5 while in possession of relevant information. To help to ensure consistency, scheme regulations are generally subject to Treasury consent, which will ensure fairness.

Clauses 99 to 103 will allow the Treasury to make regulations that establish new public pension schemes for the members of the Bradford & Bingley staff and NRAM pension schemes. Those schemes currently reside under UK Asset Resolution, the holding company responsible for the Government's remaining interests in those companies. The provisions also include protections that will ensure that members' rights to pensions and other benefits are at least as good following their transfer to the new public schemes, and set out requirements to ensure that members are protected in the event of future changes to the scheme rules. These clauses will further allow the Treasury to make regulations transferring the assets and liabilities of the current schemes to a nominee of the Treasury, or a company established by the Treasury, for their disposal.

Establishing the new schemes will accelerate the timeline for UKAR to be wound up, helping to relieve the taxpayer of the cost of UKAR's ongoing operations, and create a more efficient structure for the Government to meet their liabilities towards the scheme members.

**Tulip Siddiq** (Hampstead and Kilburn) (Lab): The Government have yet to set out the estimated costs of the provisions for Bradford & Bingley and Northern Rock and whether those costs are in addition to the £17 billion budgeted for the McCloud response or are part of the same overall costs. I would be grateful if the Minister could provide some clarity on that matter.

**Mr Clarke:** To be clear, the measures affecting Bradford & Bingley and NRAM are net cost savings, so this is a net benefit for the Exchequer; it actually reduces costs.

*Question put and agreed to.*

*Clause 99 accordingly ordered to stand part of the Bill.*

*Clauses 100 to 103 ordered to stand part of the Bill.*

#### Clause 104

TRANSFER OF OTHER PENSIONS AND BENEFITS

**Mr Clarke:** I beg to move amendment 39, in clause 104, page 83, line 7, leave out "Plc" and insert "Limited".

*This is one of a number of amendments reflecting the conversion of Bradford & Bingley from a public company to a private company.*

**The Chair:** With this it will be convenient to discuss the following:

Government amendment 40.

Clause stand part.

Clause 105 stand part.

Government amendments 41 and 42.

Clauses 106 to 108 stand part.

**Mr Clarke:** The amendments in this group will ensure that the Bill reflects the conversion of Bradford & Bingley from a public limited company to a private limited company in October 2021, after the introduction of the Bill. Following the nationalisation in 2008, the Government have gradually been divesting their assets in Bradford & Bingley, and confirmed the return of the company to private ownership on 2 November 2021. Prior to the sale, Bradford & Bingley, which was then registered as a public limited company, was re-registered at Companies House as Bradford & Bingley Limited. These amendments will reflect that change, by changing references to Bradford & Bingley plc in the Bill to Bradford & Bingley Limited.

The amendments will allow the Government to transfer pension liabilities residing under Bradford & Bingley to the Treasury. They will also allow information to be shared between the Treasury, UK Asset Resolution Ltd and Bradford & Bingley for the purpose of facilitating those transfers.

Clauses 104 to 108 will make a number of additional provisions, including those giving the Treasury the power to transfer other relevant pension liabilities related to individuals' past employment at Bradford & Bingley or Northern Rock to the Treasury; conferring powers on the Treasury to vary the way in which taxes apply to persons in scope of part 2, with the intention that this part of the Bill will be tax neutral; conferring powers on the Treasury to obtain the information needed to establish and administer the new public schemes, and to administer the other relevant pension liabilities; and requiring the

Treasury to consult the trustees of the current schemes before making regulations concerning the new public schemes.

*Amendment 39 agreed to.*

*Amendment made:* 40, in clause 104, page 83, line 11, leave out first “Plc” and insert “Limited”—(*Mr Clarke.*)

*This is one of a number of amendments reflecting the conversion of Bradford & Bingley from a public company to a private company.*

*Clause 104, as amended, accordingly ordered to stand part of the Bill.*

*Clause 105 ordered to stand part of the Bill.*

### Clause 106

#### INFORMATION

*Amendments made:* 41, in clause 106, page 86, line 6, leave out “Plc” and insert “Limited”.

*This is one of a number of amendments reflecting the conversion of Bradford & Bingley from a public company to a private company.*

*Amendment 42, in clause 106, page 86, line 14, leave out “Plc” and insert “Limited”—(*Mr Clarke.*)*

*This is one of a number of amendments reflecting the conversion of Bradford & Bingley from a public company to a private company.*

*Clause 106, as amended, ordered to stand part of the Bill.*

*Clauses 107 and 108 ordered to stand part of the Bill.*

### Clause 109

#### RETIREMENT DATE FOR HOLDERS OF JUDICIAL OFFICES ETC

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss the following:

Government amendment 48.

That schedule 1 be the First schedule to the Bill.

**Mr Clarke:** Amendment 48 very simply corrects a cross-referencing error in schedule 1. It references the power described in paragraph 44(2) in schedule 1, which confers upon the Lord Chancellor the power to reinstate retired magistrates, rather than referencing sub-paragraph (3), as currently drafted.

Clause 109, together with schedule 1, will increase the judicial mandatory retirement age to 75. Schedule 1 also gives the Lord Chancellor powers, with the concurrence of the Lord Chief Justice, to reinstate retired magistrates below the new mandatory retirement age where there is business need.

**Tulip Siddiq:** We support the clause, which raises the retirement age of judges to 75, as we recognise the need to deal with the backlog in the judicial system. However, I wanted to make the point to the Minister that measures to deal with the backlog should not distract from efforts to improve the diversity of the judiciary. Shockingly, according to Government data—this will not come as a surprise to the Minister—only 1% of judges were black, and only 4% of senior court appointments came from ethnic minority backgrounds. I want some reassurance from the Minister that the Government will take steps to ensure that this provision does not hinder efforts, in any way, to bringing a more diverse workforce to the bench.

**Mr Clarke:** I thank the hon. Lady for her point, which was well made. Obviously, judicial diversity is very important. That is something that we place a firm emphasis on as we look to the future of the judiciary. As she rightly says, we must ensure that we can deal with the backlog in our courts, which has accrued due to the pandemic, and also deal with the genuine challenges of ensuring that we have enough people in the medium term.

The measures that we are taking will retain around 2,000 extra magistrates and 400 extra judges annually, when compared with retaining a mandatory retirement age of 70. We therefore believe that that is the right thing to do. We absolutely remain committed—as does the Ministry of Justice, more importantly—to the wider principle that we must do everything within our power to ensure that the bench better reflects modern society.

*Question put and agreed to.*

*Clause 109 accordingly ordered to stand part of the Bill.*

### Schedule 1

#### RETIREMENT DATE FOR HOLDERS OF JUDICIAL OFFICES ETC

*Amendment made:* 48, in schedule 1, page 105, line 35, leave out “(3)” and insert “(2)”—(*Mr Clarke.*)

*This amendment corrects an error in the cross-reference in paragraph 44(6) of Schedule 1.*

*Schedule 1, as amended, agreed to.*

### Clause 110

#### ALLOWANCES FOR JUDICIAL OFFICE HOLDERS

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss that schedule 2 be the Second schedule to the Bill.

**Mr Clarke:** Clause 110 and schedule 2 will provide the Lord Chancellor with the power to pay allowances to judicial officeholders where that power does not currently exist.

*Question put and agreed to.*

*Clause 110 accordingly ordered to stand part of the Bill.*

*Schedule 2 agreed to.*

### Clause 111

#### SITTING IN RETIREMENT OFFICES

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss that schedule 3 be the Third schedule to the Bill.

**Mr Clarke:** Clause 111, by reference to schedule 3, creates new sitting in retirement offices. Schedule 3 lists the existing judicial offices, referred to in the Bill as original offices, in respect of which sitting in retirement offices are to be created.

*Question put and agreed to.*

*Clause 111 accordingly ordered to stand part of the Bill.*

*Schedule 3 agreed to.*

**Clause 112**

## APPOINTMENT TO SITTING IN RETIREMENT OFFICES

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss clauses 113 and 114 stand part.

**Mr Clarke:** Clause 112 creates the appointing power for the new sitting in retirement offices, as well as a secondary power for regulations to be made by the Lord Chancellor, the Department of Justice in Northern Ireland or Welsh Ministers, as appropriate, to determine eligibility to apply to these offices.

Clauses 113 and 114 make further provision in connection with sitting in retirement appointments, including matters such as remuneration, retirement age and judicial discipline.

*Question put and agreed to.*

*Clause 112 accordingly ordered to stand part of the Bill.*

*Clauses 113 and 114 ordered to stand part of the Bill.*

**Clause 115**

## POWER TO ADD NEW OFFICES

*Question proposed,* That the clause stand part of the Bill.

**Mr Clarke:** Clause 115 creates a new power to add new judicial offices to schedule 3, which in turn will create the sitting in retirement equivalent of that office. This power is given to the Department of Justice in Northern Ireland, Welsh Ministers or the Lord Chancellor, as appropriate.

*Question put and agreed to.*

*Clause 115 accordingly ordered to stand part of the Bill.*

**Clause 116**

## CONSEQUENTIAL ETC PROVISION

*Question proposed,* That the clause stand part of the Bill.

**The Chair:** With this it will be convenient to discuss that schedule 4 be the Fourth schedule to the Bill.

**Mr Clarke:** Clause 116 introduces schedule 4, which makes technical changes to existing legislation to give effect to the new sitting in retirement policy. In some circumstances, schedule 4 also repeals existing legislation.

Clause 116 also creates a new regulation, making power exercisable by the Department of Justice in Northern Ireland, Welsh Ministers or the Lord Chancellor, as is appropriate by context. This power allows additional consequential amendments to be made in connection with part 3 of the Bill, to ensure the new sitting in retirement policies operate as intended.

*Question put and agreed to.*

*Clause 116 accordingly ordered to stand part of the Bill.*

*Schedule 4 agreed to.*

**Clause 117**

## REGULATIONS AND DIRECTIONS

**Mr Clarke:** I beg to move Government amendment 43, in clause 117, page 93, line 22, at end insert—

“(ba) scheme regulations for a local government scheme (within the meaning of Chapter 3 of Part 1), or”

*This amendment disapplies the subsections (1) to (7) of clause 117 in relation to scheme regulations for a local government scheme.*

**The Chair:** With this it will be convenient to discuss clause stand part.

**Mr Clarke:** Clause 117 defines the terms “affirmative procedure” and “negative procedure”, in order that regulations made under the Bill follow the appropriate parliamentary process. Amendment 43 is a clarifying amendment to make clear that the provisions described in clause 117 do not apply to regulations under chapter 3 concerning the local government schemes.

Regulations under chapter 3 have been made under the Public Service Pensions Act 2013 or the Public Service Pensions Act (Northern Ireland) 2014, rather than under this Bill. The 2013 and 2014 Acts contain the relevant provisions for regulations made under those Acts.

*Amendment agreed to.*

*Clause 117, as amended, ordered to stand part of the Bill.*

**Clause 118**

## EXTENT

*Question proposed,* That the clause stand part of the Bill.

2.15 pm

**Mr Clarke:** The clause sets out that the Act extends to England and Wales, Scotland and Northern Ireland. The devolved Administrations are currently considering providing legislative consent motions where the Bill makes provision in respect of areas of devolved competence.

*Question put and agreed to.*

*Clause 118 accordingly ordered to stand part of the Bill.*

**Clause 119**

## COMMENCEMENT

**Mr Clarke:** I beg to move amendment 44, in clause 119, page 94, line 10, leave out paragraph (d) and insert—

“(d) Chapter 3, and sections 97 and 98 so far as they apply for the purposes of that Chapter, come into force in relation to a local government scheme within section 79(2)(a) or (3)(a) on—

(i) 1 October 2023, or

(ii) such earlier day as the Treasury may by regulations appoint;

(da) Chapter 3, and sections 97 and 98 so far as they apply for the purposes of that Chapter, come into force in relation to a local government scheme within section 79(2)(b) or (3)(b) on—

(i) 1 October 2023, or

(ii) such earlier day as the Department of Finance in Northern Ireland may by order appoint;”.



*This amendment ensures that Chapter 3 of Part 1 (local government) comes into force, at the latest, on 1 October 2023, and confers power on the Treasury (or, in Northern Ireland, the Department of Finance) to bring the Chapter into force earlier.*

**The Chair:** With this it will be convenient to discuss the following:

Government amendments 45 and 46.

Clause stand part.

**Mr Clarke:** The clause provides when and how the provisions of the Bill are to come into force, including powers for certain provisions to be brought into force by commencement regulations. The amendments in the group relate to local government schemes and align the coming into force of the Bill with that provided for in respect of the chapter 1 schemes. The amendments provide that chapter 3 of the Bill, to the extent that it has not come into force already, should come into force on 1 October 2023, unless regulations issued by HM Treasury or the Department of Finance in Northern Ireland provide for an earlier date. This change ensures consistency across the public service pension schemes and allows time for local administrators to make detailed preparations for the implementation of the remedy.

*Amendment 44 agreed to.*

*Amendments made:* 45, in clause 119, page 94, line 41, at end insert “, or

- (b) Chapter 3, or sections 97 and 98 so far as they apply for the purposes of that Chapter, in relation to a local government scheme within section 79(2)(b) or (3)(b).”.

*This amendment is consequential on Amendment 44.*

Amendment 46, in clause 119, page 94, line 46, after “(2)(b)” insert “, (2)(da)”.—(*Mr Clarke.*)

*This amendment is consequential on Amendment 44.*

*Clause 119, as amended, ordered to stand part of the Bill.*

## Clause 120

### SHORT TITLE

**Mr Clarke:** I beg to move amendment 47, in clause 120, page 95, line 4, leave out subsection (2).

*This amendment removes the privilege amendment inserted by the Lords.*

**The Chair:** With this it will be convenient to discuss clause stand part.

**Mr Clarke:** The purpose and effect of clause 120 is to confirm that the short title of the Bill is the Public Service Pensions and Judicial Offices Act 2022. Amendment 47 is a procedural amendment to remove the privilege amendment from the other place.

*Amendment 47 agreed to.*

*Clause 120, as amended, ordered to stand part of the Bill.*

## New Clause 1

### AMENDMENTS RELATING TO EMPLOYER COST CAP

“(1) Section 12 of PSPA 2013 (employer cost cap) is amended in accordance with subsections (2) to (9).

(2) After subsection (1) insert—

“(1A) Subsection (1) must be complied with before the end of the period of one year beginning with the day on which the scheme’s first valuation under section 11 is completed.”

(3) For subsection (2) substitute—

“(2) A reference in this section to “the employer cost cap” of a scheme under section 1 is a reference to the rate set by virtue of subsection (1) in relation to the scheme.”

(4) In subsection (3)—

(a) after “cap” insert “of a scheme under section 1”;

(b) after “set” insert “, and the changes in the cost of such a scheme are to be measured,”.

(5) In subsection (4)—

(a) in paragraph (a), for “the cap” substitute “the employer cost cap of the scheme”;

(b) in paragraph (b)—

(i) for “subsequent valuations” insert “the second or any subsequent valuation”;

(ii) for “the cap” substitute “the employer cost cap of the scheme”;

(c) in paragraph (c)—

(i) for “the extent to which” substitute “whether and if so to what extent”;

(ii) for “of this section” substitute “mentioned in paragraph (b)”;

(d) after paragraph (c) insert—

“(d) that the data, methodologies and assumptions that are to be used for the purposes mentioned in paragraph (b) are to relate, to any extent, to—

(i) the growth in the economy, or any sector of the economy, of the United Kingdom or any part of the United Kingdom,

(ii) the growth in earnings of any group of persons over any period, or

(iii) the rate of inflation (however measured) over any period.”

(6) After subsection (4) insert—

“(4A) The power to give directions by virtue of subsection (4)(d) is not affected by any statement made before 27 May 2021 by the Treasury, or any Minister of the Crown, relating to the data, methodologies and assumptions that are, or are not, to be used for the purposes mentioned in subsection (4)(b).”

(7) In subsection (5)(a) for “(and any connected scheme)” substitute “(determined, if and so far as provided for by virtue of subsection (4)(c), taking into account the costs of any connected scheme)”.

(8) In subsection (6), in the opening words—

(a) for “the scheme” substitute “a scheme under section 1”;

(b) for “the margins” substitute “either of the margins specified under subsection (5)(a)”.

(9) After subsection (7) insert—

“(7A) Treasury directions may specify the time at which any increase or decrease of members’ benefits or contributions that is provided for under subsection (6) is to take effect.

(7B) Treasury directions may require that provision contained in scheme regulations under subsection (6) permits steps to be—

(a) agreed by virtue of paragraph (a) of that subsection, or

(b) determined by virtue of paragraph (b) of that subsection,

only after the scheme actuary has certified that the steps would, if taken, achieve the target cost for the scheme.

(7C) Treasury directions under subsection (7B) may specify—

- (a) the costs or changes in costs that are to be taken into account, or
- (b) the data, methodologies and assumptions that are to be used,

for the purposes of determining whether any steps would, if taken, achieve the target cost for the scheme.

(7D) In subsection (7B) “the scheme actuary”, in relation to a scheme under section 1, means the actuary who carried out, or is for the time being exercising actuarial functions in relation to, the valuation under section 11 by reference to which it has been determined that the costs of the scheme have gone, or may go, beyond either of the margins specified under subsection (5)(a).”

(10) Section 12 of PSPA(NI) 2014 (employer cost cap) is amended in accordance with subsections (11) to (19).

(11) After subsection (1) insert—

“(1A) Subsection (1) must be complied with before the end of the period of one year beginning with the day on which the scheme’s first valuation under section 11 is completed.”

(12) For subsection (2) substitute—

“(2) A reference in this section to “the employer cost cap” of a scheme under section 1 is a reference to the rate set by virtue of subsection (1) in relation to the scheme.”

(13) In subsection (3)—

- (a) after “cap” insert “of a scheme under section 1”;
- (b) after “set” insert “, and the changes in the cost of such a scheme are to be measured,”.

(14) In subsection (4)—

- (a) in paragraph (a), for “the cap” substitute “the employer cost cap of the scheme”;
- (b) in paragraph (b)—
  - (i) for “subsequent valuations” insert “the second or any subsequent valuation”;
  - (ii) for “the cap” substitute “the employer cost cap of the scheme”;

(c) in paragraph (c)—

- (i) for “the extent to which” substitute “whether and if so to what extent”;
- (ii) for “of this section” substitute “mentioned in paragraph (b)”;

(d) after paragraph (c) insert—

“(d) that the data, methodologies and assumptions that are to be used for the purposes mentioned in paragraph (b) are to relate, to any extent, to—

- (i) the growth in the economy, or any sector of the economy, of the United Kingdom or any part of the United Kingdom,
- (ii) the growth in earnings of any group of persons over any period, or
- (iii) the rate of inflation (however measured) over any period.”

(15) After subsection (4) insert—

“(4A) The power to give directions by virtue of subsection (4)(d) is not affected by any statement made before 27 May 2021 by the Department of Finance, or any other department, relating to the data, methodologies and assumptions that are, or are not, to be used for the purposes mentioned in subsection (4)(b).”

(16) In subsection (5)(a), for “(and any connected scheme)” substitute “(determined, if and so far as provided for by virtue of subsection (4)(c), taking into account the costs of any connected scheme)”.

(17) In subsection (6), in the opening words—

- (a) for “the scheme” substitute “a scheme under section 1”;
- (b) for “the margins” substitute “either of the margins specified under subsection (5)(a)”.

(18) After subsection (7) insert—

“(7A) Directions given by the Department of Finance may specify the time at which any increase or decrease of members’ benefits or contributions that is provided for under subsection (6) is to take effect.

(7B) Directions given by the Department of Finance may require that provision contained in scheme regulations under subsection (6) permits steps to be—

- (a) agreed by virtue of paragraph (a) of that subsection, or
- (b) determined by virtue of paragraph (b) of that subsection,

only after the scheme actuary has certified that the steps would, if taken, achieve the target cost for the scheme.

(7C) Directions under subsection (7B) may specify—

- (a) the costs or changes in costs that are to be taken into account, or
- (b) the data, methodologies and assumptions that are to be used,

for the purposes of determining whether any steps would, if taken, achieve the target cost for the scheme.

(7D) In subsection (7B) “the scheme actuary”, in relation to a scheme under section 1, means the actuary who carried out, or is for the time being exercising actuarial functions in relation to, the valuation under section 11 by reference to which it has been determined that the costs of the scheme have gone, or may go, beyond either of the margins specified under subsection (5)(a).”

(19) In subsections (3), (4), (5), (8), (9) and (10) omit “and Personnel”.—(*Mr Clarke.*)

*This new clause reproduces, with technical changes, the effect of subsections (2), (3), (6) and (7) of clause 86 as it currently stands in the Bill. It also adds provision for the changes to the operation of the cost cap regime that are to be introduced for the 2020 and subsequent valuations - in particular the economic check and the reformed scheme only design.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 2

### OPERATION OF EMPLOYER COST CAP IN RELATION TO 2016/17 VALUATION

“(1) The requirement in provision made under section 12(5)(a) of PSPA 2013 that the cost of a section 1 scheme must remain within a margin above the employer cost cap of the scheme does not apply, and is treated as never having applied, in relation to the cost of the scheme that is calculated by reference to the scheme’s 2016/17 valuation.

(2) Accordingly, provision made under section 12(6) of that Act does not apply, and is treated as never having applied, in relation to a case in which the cost of a section 1 scheme that is calculated by reference to the scheme’s 2016/17 valuation goes beyond a margin above the employer cost cap of the scheme.

(3) In subsections (1) and (2) and this subsection—

- (a) “section 1 scheme” means a scheme under section 1 of PSPA 2013;
- (b) “the employer cost cap”, in relation to a section 1 scheme, has the same meaning as in section 12 of PSPA 2013;
- (c) a reference to a section 1 scheme’s “2016/17 valuation” is to the scheme’s valuation under section 11 of PSPA 2013 the effective date of which is a date in 2016 or 2017.

(4) The requirement in provision made under section 12(5)(a) of PSPA(NI) 2014 that the cost of a section 1 scheme must remain within a margin above the employer cost cap of the scheme does not apply, and is treated as never having applied, in relation to the cost of the scheme that is calculated by reference to the scheme’s 2016/17 valuation.

(5) Accordingly, provision made under section 12(6) of that Act does not apply, and is treated as never having applied, in relation to a case in which the cost of a section 1 scheme that is calculated by reference to the scheme’s 2016/17 valuation goes beyond a margin above the employer cost cap of the scheme.



(6) In subsections (4) and (5) and this subsection—

- (a) “section 1 scheme” means a scheme under section 1 of PSPA(NI) 2014;
- (b) “the employer cost cap”, in relation to a section 1 scheme, has the same meaning as in section 12 of PSPA(NI) 2014;
- (c) a reference to a section 1 scheme’s “2016/17 valuation” is to the scheme’s valuation under section 11 of PSPA(NI) 2014 the effective date of which is a date in 2016 or 2017.

(7) The actuarial valuation with an effective date of 31 March 2016 that was signed on 18 December 2018 under regulation 123 of the Local Government Pension Scheme Regulations (Northern Ireland) 2014 (S.R. (N.I.) 2014 No. 188) is of no effect.”—  
(*Mr Clarke.*)

*This new clause reproduces, with technical changes, the effect of subsections (4), (8) and (9) of clause 86 as it currently stands in the Bill.*

*Brought up, read the First time.*

*Question put, That the clause be read a Second time.*

*The Committee divided: Ayes 10, Noes 6.*

### Division No. 1]

#### AYES

Clarke, rh Mr Simon	Mak, Alan
Coutinho, Claire	Moore, Robbie
Daly, James	Mortimer, Jill
Evans, Dr Luke	Mullan, Dr Kieran
French, Mr Louie	Simmonds, David

#### NOES

Grant, Peter	Siddiq, Tulip
Lewis, Clive	Stephens, Chris
Rodda, Matt	Twist, Liz

*Question accordingly agreed to.*

*New clause 2 read a Second time, and added to the Bill.*

### New Clause 3

#### MEANING OF “REMIABLE SERVICE”

“(1) For the purposes of this Chapter any continuous period of service of a person in an employment or office is “remediable service” in that employment or office if the following four conditions are met.

(2) In this section “the service in question” means the service mentioned in subsection (1).

(3) The first condition is that the service in question takes place in the period—

- (a) beginning with the day after the closing date, and
- (b) ending with 31 March 2022 or, if earlier, the person’s legacy scheme normal pension age.

(4) The second condition is that the service in question is pensionable service under a local government new scheme (including where the service is excess teacher service that is so pensionable by virtue of section 2(1)).

(5) The third condition is that the person was, on 31 March 2012 or any earlier day, in pensionable service under—

- (a) a Chapter 1 legacy scheme (within the meaning of Chapter 1),
- (b) a judicial legacy scheme (within the meaning of Chapter 2), or
- (c) a local government legacy scheme.

(6) The fourth condition is that there is no disqualifying gap in service falling within the period—

- (a) beginning with the day after the most recent day in relation to which the third condition is met, and
- (b) ending with the day before the first day of the service in question.

(7) In subsection (3)—

“the closing date” means—

- (a) 31 March 2014 in relation to service which is pensionable service under regulations under section 7 of SA 1972 which relate to persons in England and Wales;
- (b) 31 March 2015 in relation to service which is pensionable service under any other local government new scheme;

“legacy scheme normal pension age” means the person’s normal pension age under the pension scheme in relation to which the third condition is met.

(8) In subsection (6) “disqualifying gap in service” means a period longer than 5 years at no time during which is the person in service in an employment or office which—

- (a) is pensionable service under—
  - (i) a Chapter 1 scheme (within the meaning of Chapter 1),
  - (ii) a judicial scheme (within the meaning of Chapter 2), or
  - (iii) a local government scheme,
- (b) is, as a result of a Fair Deal transfer, pensionable service under a Fair Deal scheme, or
- (c) is, as a result of a local government contracting-out transfer, pensionable service under a pension scheme that offers pension arrangements that are broadly comparable with those offered to the person before the transfer.”—(*Mr Clarke.*)

*This new clause replaces clause 77 and refines the “remediable service” definition. Amongst other things, it ensures that the Chapter 3 remedy is available for persons in pensionable service under a legacy scheme on or before 31 March 2012 and those transferred to the private sector under certain arrangements.*

*Brought up, read the First and Second time, and added to the Bill.*

### New Clause 4

#### POWER TO PAY FINAL SALARY BENEFITS

“(1) Scheme regulations for a local government new scheme may make provision under which the benefits payable under the scheme, so far as they are determined by reference to a member’s remediable service in any employment or office, are final salary benefits.

(2) The reference in subsection (1) to remediable service includes—

- (a) remediable service within the meaning of Chapter 1 that has been transferred in from a Chapter 1 scheme, and
- (b) remediable service within the meaning of Chapter 2 that has been transferred in from a judicial scheme.

(3) Scheme regulations made by virtue of subsection (1) may, in particular, include provision under which final salary benefits are only payable under the scheme to or in respect of a person who has service in multiple employments or offices if—

- (a) so much of the service as is otherwise pensionable under another local government scheme, or under a Chapter 1 scheme or a judicial scheme, is transferred in to the scheme, or
- (b) the service is aggregated for the purposes of determining those benefits.

(4) Scheme regulations for a local government new scheme may make provision under which the benefits payable under the scheme, so far as they are determined by reference to a member’s final salary transferred-in service in any employment or office, are final salary benefits.

(5) For the purposes of subsection (4) a member's service in an employment or office is "final salary transferred-in service" if—

- (a) the service has been transferred in from another pension scheme, and
- (b) before the transfer, the benefits payable under that other scheme, so far as determined by reference to the service, were final salary benefits.

(6) Except as provided by the preceding provisions of this section, scheme regulations for a local government new scheme may not make provision under which the benefits payable under the scheme that are determined by reference to a member's pensionable service in an employment or office are final salary benefits.—*(Mr Clarke.)*

*This amendment replaces clause 78 with a new clause which enables a local government new scheme pay final salary benefits in a wider range of cases. It also clarifies that the scheme may require a person to transfer in or aggregate their service in order to receive final salary benefits.*

*Brought up, read the First and Second time, and added to the Bill.*

### New Clause 5

#### SECTION (POWER TO PAY FINAL SALARY BENEFITS): TRANSITIONAL PROVISION

"(1) Any provision of scheme regulations that—

- (a) was, at any time before the coming into force of section (Power to pay final salary benefits)(1), made (or purportedly made) in relation to a local government new scheme under—
  - (i) section 18 of PSPA 2013 or section 18 of PSPA(NI) 2014 (restriction of existing pension schemes), or
  - (ii) any other enactment, and
- (b) could have been made under section (Power to pay final salary benefits)(1) if it had been in force at that time,

is treated as having been made under section (Power to pay final salary benefits)(1).

(2) Section (Power to pay final salary benefits)(6) does not affect the continued operation of any scheme regulations made before the coming into force of that provision.—*(Mr Clarke.)*

*This amendment inserts a new clause that contains transitional provision in relation to NC4.*

*Brought up, read the First and Second time, and added to the Bill.*

### New Clause 6

#### PENSION CREDIT MEMBERS

"(1) Scheme regulations for a local government new scheme may make provision about the benefits payable to or in respect of a relevant pension credit member and the corresponding pension debit member.

(2) In this section "relevant pension credit member", in relation to a local government new scheme, means a member of the scheme who has rights under the scheme—

- (a) which are attributable (directly or indirectly) to a pension credit, and
- (b) the value of which was determined (to any extent) by reference to the value of benefits payable in respect of the remediable service in an employment or office of another member.

(3) In this section "the corresponding pension debit member", in relation to a relevant pension credit member, means the member mentioned in subsection (2)(b).

(4) The provision that may be made by scheme regulations under this section includes, in particular—

- (a) provision modifying any provision of this Chapter in its application to persons of a description specified in the regulations;
- (b) provision corresponding to, or applying, any provision of this Chapter, with or without modifications.

(5) In this section—

"modifying" includes disapplying or supplementing (and cognate expressions are to be construed accordingly);

"pension debit" means a debit under section 29(1)(a) of WPR 1999 or Article 26(1)(a) of WRP(NI)O 1999;

"pension credit" means a credit under section 29(1)(b) of WPR 1999 or Article 26(1)(b) of WRP(NI)O 1999.—*(Mr Clarke.)*

*This new clause enables local government schemes to adjust pension credits and debits (which arise in divorce proceedings or on termination of a civil partnership) to reflect the remedy under this Chapter. It is similar to the corresponding provision in Chapter 1 (which is at clause 19).*

*Brought up, read the First and Second time, and added to the Bill.*

### New Clause 7

#### FURTHER POWERS TO MAKE PROVISION ABOUT SPECIAL CASES

"(1) Scheme regulations for a local government new scheme may make further provision relating to a member who has remediable service in an employment or office.

(2) The provision that may be made under subsection (1) includes, in particular, provision about cases in which a person has remediable service in an employment or office any of which is excess teacher service.

(3) Scheme regulations for a local government new scheme may make provision about injury and compensation benefits payable under a relevant injury and compensation scheme to or in respect of a member who has remediable service in an employment or office.

(4) Provision made under subsection (3) may in particular be made by amending the relevant injury and compensation scheme.

(5) In subsections (3) and (4) and this subsection—

- (a) "injury and compensation scheme" means a pension scheme that is listed in Schedule 6 to PSPA 2013 or Schedule 6 to PSPA(NI) 2014 (existing injury and compensation schemes);
- (b) an injury and compensation scheme is "relevant", in relation to a local government new scheme, if it is connected with the local government new scheme;
- (c) a reference to "injury and compensation benefits" payable under an injury and compensation scheme is a reference to—
  - (i) in the case of an injury and compensation scheme in relation to which Schedule 6 to PSPA 2013 or Schedule 6 to PSPA(NI) 2014 specifies particular benefits, those benefits;
  - (ii) in the case of any other injury and compensation scheme, any benefits payable under the scheme.

(6) The provision that may be made by scheme regulations under this section includes, in particular—

- (a) provision modifying any provision of this Chapter in its application to persons of a description specified in the regulations;
- (b) provision corresponding to, or applying, any provision of this Chapter, with or without modifications.

(7) In this section "modifying" includes disapplying or supplementing (and cognate expressions are to be construed accordingly).—*(Mr Clarke.)*

*This new clause is about special cases and in particular enables provision to be made about excess teacher service and cases in which a person receives benefits under an injury and compensation scheme. It is similar to the corresponding provision in Chapter 1 (which is in clause 22).*

*Brought up, read the First and Second time, and added to the Bill.*

**New Clause 8****POWER TO PAY COMPENSATION**

“(1) The scheme manager for a local government new scheme may pay amounts by way of compensation in respect of compensatable losses incurred by members or, in the case of deceased members, their personal representatives.

(2) Scheme regulations for a local government new scheme may make provision under which an employer in relation to the scheme is required to reimburse the scheme manager for amounts paid under subsection (1).

(3) For the purposes of this section a loss incurred by a member, or by a member’s personal representatives, is “compensatable” if and to the extent that—

- (a) either of the following conditions is met, and
- (b) the loss is of a description specified in Treasury directions.

(4) The first condition is that the loss is attributable to, or is reasonably regarded as attributable to, a relevant breach of a non-discrimination rule.

(5) The second condition is that the loss is attributable to the application of any provision of, or made under, this Chapter.

(6) In this section (subject to subsection (8)) “loss” includes a loss of any kind including, in particular, a Part 4 tax loss.

(7) In this section “Part 4 tax loss”, in relation to a member, means a loss arising as a result of the member—

- (a) incurring a charge, or incurring an increased charge, under Part 4 of FA 2004, or
- (b) not being entitled to a relief, or being entitled to less relief, under that Part of that Act.

(8) In this section “loss” does not include an amount that is payable under this Chapter or under regulations made by virtue of this Chapter.

(9) In this section “non-discrimination rule” means a rule that is, or at any time was, included in a local government scheme by virtue of—

- (a) section 61 of EA 2010, or
- (b) paragraph 2 of Schedule 1 to EEAR(NI) 2006.

(10) For the purposes of this section a breach of a non-discrimination rule is “relevant” if it arises from the application of a provision of scheme regulations made before 1 April 2022 under which the benefits payable under the scheme that are determined by reference to a member’s pensionable service in an employment or office are final salary benefits.

(11) Subsection (1) does not confer power to pay amounts by way of compensation in respect of compensatable losses so far as—

- (a) any person has already received amounts by way of compensation in respect of them, or
- (b) amounts that any person has paid the scheme have been reduced by amounts in respect of them,

whether pursuant to an order of a court or tribunal or otherwise.”—(*Mr Clarke.*)

*This new clause enables local government schemes to pay compensation. It is similar to the corresponding provision in Chapter 1 (which is at clause 23).*

*Brought up, read the First and Second time, and added to the Bill.*

**New Clause 9****INDIRECT COMPENSATION**

“(1) Scheme regulations for a local government new scheme may make provision under which, where a member has incurred a compensatable loss that is a Part 4 tax loss—

- (a) the member is not paid an amount under section (Power to pay compensation) by way of compensation in respect of the loss, and
- (b) the member is instead paid such additional benefits under the scheme as may be determined in accordance with the regulations.

(2) In this section “compensatable loss” and “Part 4 tax loss” have the same meaning as in section (Power to pay compensation).” —(*Mr Clarke.*)

*This new clause enables local government schemes to pay indirect compensation. It is similar to the corresponding provision in Chapter 1 (which is at clause 24).*

*Brought up, read the First and Second time, and added to the Bill.*

**New Clause 10****INTEREST AND PROCESS**

“(1) Scheme regulations for a local government new scheme may make provision—

- (a) under which interest is required to be calculated and paid on relevant amounts;
- (b) about the process by which relevant amounts (and any interest on them) are to be paid.

(2) Scheme regulations made by virtue of subsection (1)(b) may, in particular, include provision—

- (a) about when relevant amounts (and any interest on them) are to be paid (including provision under which they are paid in instalments);
- (b) under which relevant amounts (and any interest on them) may be paid only on the making of an application;
- (c) conferring rights of appeal against decisions taken under the regulations.

(3) In this section ‘relevant amounts’ means any amounts that are payable by the scheme to a person under or by virtue of this Chapter.”—(*Mr Clarke.*)

*This new clause confers power on local government schemes to make provision about interest and process in connection with amounts owed to persons as a result of the remedy in Chapter 3. It is similar to the corresponding provision in Chapter 1 (which is at clause 26).*

*Brought up, read the First and Second time, and added to the Bill.*

**New Clause 11****TREASURY DIRECTIONS**

“(1) The powers mentioned in subsection (2) must be exercised in accordance with Treasury directions.

(2) The powers are—

- (a) the power to make scheme regulations by virtue of section (Pension credit members) (pension credit members) and any powers exercisable by virtue of such regulations;
- (b) the power of a scheme manager under section (Power to pay compensation)(1) (power to pay compensation),
- (c) the power to make scheme regulations by virtue of section (Power to pay compensation)(2) (power to require employer to reimburse compensation paid by scheme manager) and any powers exercisable by virtue of such regulations;
- (d) the power to make scheme regulations by virtue of section (Indirect compensation)(1) (indirect compensation) and any powers exercisable by virtue of such regulations;
- (e) the power to make scheme regulations by virtue of section (Interest and process)(1) (interest and process) and any powers exercisable by virtue of such regulations.

(3) Treasury directions under this section may provide for amounts that are to be paid by a scheme in relation to a member to be determined—

- (a) taking into account the particular circumstances of the member and (if different) the person to whom the amount is to be paid, or
- (b) without taking into account any or all of the particular circumstances of that person or those persons.

(4) Treasury directions under this section that relate to the calculation and payment of interest, and variations and revocations of such directions, may only be made after consultation with the Government Actuary.



(5) For the definition of ‘Treasury directions’, see section (Interpretation of Chapter)(1).”—(*Mr Clarke.*)

*This new clause requires that some of the powers relating to local government schemes that are conferred in other new clauses be exercised in accordance with Treasury directions. It is similar to the corresponding provision in Chapter 1 (which is at clause 27).*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 12

### INTERPRETATION OF CHAPTER

“(1) In this Chapter—

‘Chapter 1 scheme’ has the same meaning as in Chapter 1;

‘final salary benefits’ has the meaning given by subsection (2);

‘judicial scheme’ has the same meaning as in Chapter 2;

‘local government legacy scheme’ has the meaning given by section 79(3);

‘local government new scheme’ has the meaning given by section 79(2);

‘local government scheme’ has the meaning given by section 79(1);

‘scheme regulations’—

(a) in relation to a local government new scheme within section 79(2)(a) has the same meaning as in PSPA 2013 (see section 1(4) of that Act);

(b) in relation to a local government new scheme within section 79(2)(b) has the same meaning as in PSPA(NI) 2014 (see section 1(4) of that Act);

‘Treasury directions’ means—

(a) in relation to a local government scheme within section 79(2)(a) or (3)(a), directions given by the Treasury;

(b) in relation to a local government scheme within section 79(2)(b) or (3)(b), directions given by the Department of Finance in Northern Ireland.

(2) For the purposes of this Chapter, benefits payable under a pension scheme to or in respect of a member are ‘final salary benefits’ if they are determined by reference to the member’s pensionable earnings, or highest, average or representative pensionable earnings, in a specified period ending at, or defined by reference to—

(a) the time when the member’s pensionable service in relation to the scheme ends, or

(b) the time when the member attains normal pension age under a local government legacy scheme.

(3) Where—

(a) a member of a pension scheme has service in multiple employments or offices that is pensionable service under the scheme, and

(b) the service is aggregated for the purpose of determining the amount of any benefit under the scheme,

the service is treated for the purposes of this Chapter as service in a single employment or office (and references to the employment or office in relation to the service are to be read accordingly).”—(*Mr Clarke.*)

*This amendment inserts a clause about the interpretation of the new provisions inserted into Chapter 3 of Part 1 by other Government amendments.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 13

### AMENDMENTS RELATING TO PENSION SCHEMES FOR MEMBERS OF THE SENEDD

“In section 30 of PSPA 2013 (new public body pension schemes), after subsection (4) insert—

‘(4A) The following provisions of this section do not apply to a new public body pension scheme which is made under section 20(3) of the Government of Wales Act 2006 (remuneration of members of the Senedd: pensions)—

(a) subsection (1)(e) (cost control);

(b) subsection (3) (Treasury consent).”—(*Mr Clarke.*)

*This amendment concerns pension schemes for members of the Senedd that are established after 1 April 2015. It removes such schemes from the cost control mechanism contained in the Public Service Pensions Act 2013. It also disapplies the Treasury veto (contained in section 30(3) of that Act) over establishing or varying such schemes.*

*Brought up, read the First and Second time, and added to the Bill.*

## New Clause 14

### COMPENSATION OF LOSSES INCURRED BY CLOSURE OF LEGACY SCHEMES

“(1) The Chancellor of the Exchequer must review how a loss incurred by a member with remediable service who is transferred to the new scheme under section 80 and—

(a) reaches the required number of years of pensionable service to retire with full benefits under the legacy scheme, and

(b) is unable to access the full value of those benefits because they must continue to work to retire with full benefits under the new scheme

could be compensated.

(2) The Chancellor of the Exchequer must prepare and publish a report on this review within two months of the passage of this Act and must lay a copy of the report before Parliament.”—(*Tulip Siddiq.*)

*This new clause would require the Government to review how losses arising from the “pension trap” could be compensated, and to report on the review within two months of the passage of the Act.*

*Brought up, and read the First time.*

**Tulip Siddiq:** I beg to move, That the clause be read a Second time.

I intend to press new clause 14, which I tabled on behalf of the Opposition Front Bench, to a vote. It would require the Government to review how losses arising from the pension trap can be compensated and to report on the review within two months of the passage of this legislation. We are concerned that the Bill does not take into account the so-called pension trap, which means that some members may lose benefits due to a higher retirement age brought in under the new pension schemes. This has come about because police and fire service pensions operate differently from other public sector schemes in that they are based on a 30-year service record rather than a specific retirement age.

The Police Superintendents Association, the Police Federation, the Fire Brigades Union and others have raised fears that individual members could lose out in their pension schemes because of the way that the affected years, between 2015 and 2022, are being treated by the legislation. It cannot be right that pension scheme members in the police and fire service, who have given so much service to the country, will see the overall value of their pensions decline even as they continue to work

and to pay contributions, so I ask the Minister whether he will commit the Government to entering discussions with the relevant unions and membership bodies to bring forward a fair solution to the pension trap, as it is called. To demonstrate the Government's commitment to reviewing the issue and finding a fair solution, he should support the new clause.

**Mr Clarke:** I thank the hon. Lady for tabling the new clause, which would require the Chancellor to lay a report before Parliament within two months of the passing of the Act setting out how the Government could compensate scheme members who had reached the required number of years to retire with full benefits under the legacy scheme but who would need to continue to work if they wished to retire with full benefits under the reformed scheme. The intention of the new clause appears to be to require the Chancellor to devise a way to compensate scheme members with remediable service for any reduction of future pension benefits resulting from the prospective McCloud remedy legislated for in clause 8, and the difference in pension ages between the legacy and reformed schemes.

The Government received representations made by police staff associations regarding members of the 1987 and 2015 police pension schemes who reached 30 years of service in the legacy pension scheme before reaching minimum pension age in the reformed scheme. Lord Davies of Brixton proposed amendments regarding that issue during the Bill's passage through the other place; however, by referring to full benefits in the reformed pension scheme, the new clause appears to go considerably beyond the police staff associations' representations and proposals, effectively requiring compensation for those below normal pension age, not minimum pension age, in the reformed scheme.

Under the Bill, all members in active service will be moved into the reformed schemes in respect of service from 1 April this year onward—that is what is known as the prospective remedy—to ensure that all active members are treated equally from that date onward. For the avoidance of doubt, no legacy scheme member will be unable to access the full value of their accrued benefits in their legacy scheme once they reach the required age or length of service. The vast majority of scheme members will be able to access their benefits in reformed schemes at this point, with a fair actuarial reduction for taking scheme benefits below their normal pension age.

2.30 pm

The Government have received detailed representations on the specific issues that the prospective remedy causes for certain members of the police pension scheme. This arises due to the move from the legacy scheme, where retirement is based on length of service, to the reformed scheme, where retirement is based on age. I am grateful for the hard work and extraordinary dedication shown by our police officers. The Government support the police and the important work they do to protect the public, and recognise that the police face changing demands from crime. That is why the reformed police pension scheme is one of the most generous pension schemes in the United Kingdom.

The Government have considered the issues raised by police representatives carefully, including whether there are viable policy mitigations. The Home Office is also

considering responses to its consultation on the detailed regulations to implement the prospective McCloud remedy for the police pension scheme, where the issue has also been referenced. The outcome of that consultation will be published in due course. However, the purpose of this new clause goes considerably beyond the specific issues raised regarding the police.

It is important to stress that the Government must not take action that would be contrary to the whole purpose of this Bill: to remove the discrimination identified by the courts and to ensure that all members are treated equally from the first of April 2022 by accruing service in the reformed schemes regardless of their age.

**Chris Stephens (Glasgow South West) (SNP):** There is obviously a serious issue here, on which the Government have had representations. Can the Minister assure the Committee that discussions will continue between trade unions and other associations and the Government to try to fix this problem?

**Mr Clarke:** I thank the hon. Gentleman for the spirit in which he asks his question. We always want to discuss these issues as fully as possible with a view to finding viable options where they exist. As I said, the Home Office has consulted on detailed regulations to implement the prospective McCloud remedy for the police pension scheme, and it will bring forward the outcome of that consultation in due course.

The Government must not take action that inadvertently creates a new form of the very discrimination that this legislation is designed to address. The Government must also safeguard the purpose of the reforms proposed by Lord Hutton and ensure that public service pension schemes are put on a sustainable fiscal footing. As the Independent Public Service Pensions Commission put it,

“Allowing current members to continue to accrue further benefits in the present schemes for many decades would be unfair and inequitable to the new members coming behind them.”

The reformed public service pension schemes remain among the most generous schemes available in the United Kingdom. Based on the Office for National Statistics' most recent assessment, 6.3 million public sector workers participate in these valuable schemes, while only 0.7 million workers in the private sector have access to defined-benefit schemes that are open to new members.

I am concerned that the new clause ultimately seeks to oblige the Chancellor to devise measures that would contradict these crucial aims of the prospective McCloud remedy. Compensating members with remediable service for the difference in pension age between their legacy and reformed schemes would, effectively, leave a protected class of public service pension scheme members beyond 31 March 2022, which could perpetuate the discrimination identified by the courts, or give rise to new discrimination. It would also severely weaken the efficacy of the prospective remedy for many years to come, at very considerable cost to the taxpayer.

To summarise, I genuinely thank the hon. Member for Hampstead and Kilburn for bringing attention to this issue, and reassure her that the Government have been considering the position of these members. However, careful consideration must be given to the need to avoid perpetuating the discrimination identified by the courts, or introducing new discrimination against other pension



[Mr Simon Clarke]

scheme members, or inadvertently undoing much of the policy aims of this Bill, and this new clause asks the Chancellor to propose a means of doing just that. I therefore, respectfully, ask the hon. Lady to withdraw the new clause.

**Peter Grant** (Glenrothes) (SNP): The Minister started off by suggesting his main concern was that the new clause seeks to go further than has been requested by the Police Superintendents Association. If that was the case, then the Minister could have easily tabled an amendment that came closer, in his view, to delivering what the PSA was asking for without going significantly further. He has not done that, so we have to wonder if he had any intention of addressing the issue had the new clause not been tabled.

We are asking the Chancellor to table a report and present it to Parliament. There is nothing in the new clause that would require the Chancellor to commit a single penny of additional spending. It does not tell the Chancellor what his or her conclusions have to be at the end of that. It is perfectly in line with the wording of the new clause for the Chancellor to produce a report to say, “We could remedy the situation by doing a, b, c, x, y and z, but I cannot recommend doing that because that would introduce unfair discrimination that would be contrary to the purpose of the Act.”

The Minister is trying to make it seem as if the new clause is about forcing the Government to incur additional expenditure. My reading of it is that it is deliberately worded to avoid asking for a commitment at this stage, but it seeks to force the Government to recognise that there might still be a massive weakness in the Bill and to force the Chancellor to come forward with a solution that might address that weakness. If the solution proves to be unworkable or to be unfair in other ways, Parliament has the option to reject it.

Surely, it is wrong, at this stage, that a potentially serious unfairness should be left sitting in the Bill just because we are not sure we can find a way of fixing it. That is not a fair response to give, either to the hon. Member for Hampstead and Kilburn, who moved the new clause, or to those officers who are likely to be affected by it.

**Matt Rodda** (Reading East) (Lab): It is a pleasure to serve under your chairmanship, Sir Graham. I pay tribute to our police and fire service. I appreciate that the Minister shares that sentiment. I want to underline the points made by my hon. Friend the Member for Hampstead and Kilburn and others that we are just asking the Government to consider this again and to produce a report. That seems to be the very least that could be asked of them at this point.

It is worth remembering that the police and fire service—these valuable services, which are at the frontline of our public service and respond to challenging issues in our communities—have been through the pandemic after 10 years of quite serious austerity cuts in staff numbers. Once again, I ask the Minister to consider this new clause that asks only for a report to be produced, which would allow further discussion to take place.

I have met the Police Federation and the Police Superintendents Association, both of which have genuine concerns, and I understand that the Fire Brigades Union

does, too. We should listen to these public servants. They have genuine concerns. This is an important issue about the future and the status of these services. I ask the Minister to consider the new clause very seriously.

**Liz Twist** (Blaydon) (Lab): I rise briefly to echo the points made by my friend the hon. Member for Glenrothes. The new clause calls for a review to consider the issues further. In responding, can the Minister say what steps he will be taking to resolve those outstanding issues and through what form the discussions will take place?

**Mr Clarke:** I thank the hon. Members for their comments and questions. I entirely echo what the hon. Member for Reading East said about the debt we owe to our police and fire services. Collectively, they are perform enormous public service and we are all in their debt.

We have concerns about the wording of the new clause, particularly where it says that a loss “could be compensated,” implying that compensation should be paid. We are concerned that that creates an expectation on Government.

The Home Office, as the responsible Department, is leading a genuine consultation process about the police pensions services. It will bring forward the outcome of that consultation in due course. To address the issue at this point would fall outside my remit and the remit of this Bill.

**Tulip Siddiq:** First, I want to say that my new clause is supported by the Police Superintendents Association. I checked it with the association before I tabled it.

I listened to what the Minister had to say, but the new clause does not really propose a solution, which is the Government’s job. We were pushing for a review of the issue, which we know is important to the Police Superintendents Association, the Police Federation and the Fire Brigades Union. I am disappointed that the Minister does not seem to recognise what a concern the pension trap is to those organisations. I wish to push the new clause to a vote, Sir Graham.

*Question put, That the clause be read a Second time.*

*The Committee divided: Ayes 6, Noes 10.*

#### Division No. 2]

#### AYES

Grant, Peter	Siddiq, Tulip
Lewis, Clive	Stephens, Chris
Rodda, Matt	Twist, Liz

#### NOES

Clarke, rh Mr Simon	Mak, Alan
Coutinho, Claire	Moore, Robbie
Daly, James	Mortimer, Jill
Evans, Dr Luke	Mullan, Dr Kieran
French, Mr Louie	Simmonds, David

*Question accordingly negatived.*

*Question proposed, That the Chair do report the Bill, as amended, to the House.*

**Mr Clarke:** I thank you, Sir Graham, the Clerks and the officials for all their work on the Bill, and colleagues throughout the House and in the other place for their

contributions. I repeat what I said at the outset about the debt I owe to my team for the hard work that has gone into the Bill, which I really do appreciate. It is very impressive.

As I set out in my opening remarks, the Bill's underlying intent—that public servants should be provided with high-quality pensions on a fair and equal basis—is shared throughout the House. I listened closely to Members' comments today and am grateful for them. I hope I have provided reassurance where it was sought and that we can continue to work together on the Bill. I look forward to further consideration on Report.

**Tulip Siddiq:** Thank you, Sir Graham, for chairing the Committee, and I also thank your co-Chair, my hon. Friend the Member for Ealing, Southall (Mr Sharma).

Even though we did not win the votes, we broadly support the Bill. We recognise that the remedy needs to be put in place. I thank everyone who contributed to the debate and I thank Mark and my team, who worked very hard on the Bill.

*Question put and agreed to.*

*Bill, as amended, accordingly to be reported.*

2.42 pm

*Committee rose.*

**Written evidence reported to the House**

PSPB01 Police Superintendents' Association (PSA)

PSPB02 Marc Briscoe