
McCloud Judgement

In 2015, reforms were made to the PCPF by the Independent Parliamentary Standards Authority (IPSA), who introduced a new 'Career Average Revalued Earnings' (CARE) section to the MPs' Pension Scheme. As part of the changes, transitional protection was 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. Transitional protection allowed members to stay in the previous Final Salary section until retirement (or for some time, depending on their age). While all members with more than 13.5 years to retirement in 2013, and any newly appointed MPs, were moved to the new CARE section.

Similar changes had been made across public service schemes, and these were challenged by members of the

firefighters' and judges' schemes (in the McCloud case) and it was ruled that the transitional protection offered to some members as part of the reforms amounted to unlawful age discrimination. The Government agreed to remove this discrimination from all public sector schemes they oversee, and issued a range of consultations on proposals to remedy the McCloud situation.

The McCloud judgement didn't impact the PCPF directly, as the PCPF 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.

Following a review of the Government consultation responses, IPSA issued their own consultation about a potential McCloud remedy within the



MPS' Pension Scheme and confirmed their intention to launch a second consultation on the McCloud remedies for the PCPF in 2022. Once IPSA's review is final, the Trustees will work with IPSA to make any required amendments to the PCPF.

During the year, the Trustees wrote to all those who were serving members of the Fund during the period to which those transitional arrangements relate, and have held a number of surgeries to discuss the ramifications for those members directly affected by these changes. It is now expected that, following changes to the Fund rules in 2022, all affected members will be offered the chance to remedy their benefits either later in 2022 or in 2023. Further surgeries and communications will be issued to these members as more information is known. If you have any questions, please get in touch with the PCPF Secretariat (details on the back page).

What happens next?

