EXPLANATORY MEMORANDUM TO

THE JUDICIAL PENSIONS (CONTRIBUTIONS) (AMENDMENT) REGULATIONS 2013

2013 No. 484

1. This explanatory memorandum has been prepared by the Ministry of Justice and is laid before Parliament by Command of Her Majesty.

2. Purpose of the instruments

2.1 The Judicial Pensions (Contributions) Regulations Amendment 2013 ('the Regulations') increase the rate at which contributions towards the costs of providing personal benefits under judicial pension schemes are deducted from 1.28% to 2.56% of salary from members of judicial pension schemes.

3. Matters of special interest to the Joint Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1 Existing judicial pension schemes are constituted by the Judicial Pensions and Retirement Act 1993, the District Judges (Magistrates' Courts) Pensions Act (Northern Ireland) 1960, the Judicial Pensions Act 1981 and the Sheriff's Pensions (Scotland) Act 1961.

4.2 Section 34 and schedule 5 to the Pensions Act 2011 (c.19) provide the legislative framework to enable contributions towards the costs of providing personal benefits to be collected from members of judicial pension schemes who have not accrued full pension benefits; and the power to set the rate at which those contributions are taken.

4.3 The Judicial Pensions (Contributions) Regulations 2012 prescribe the rate at which contributions are to be paid by members of judicial pension schemes established in accordance with the District Judges (Magistrates' Courts) Pensions Act (Northern Ireland) 1960; the Judicial Pensions Act 1981 and the Judicial Pensions and Retirement Act 1993. The rate set by the Judicial Pensions (Contributions) Regulations 2012 is 1.28% of salary.

5. Territorial Extent and Application

5.1 This instrument applies to the United Kingdom.

6. European Convention on Human Rights

6.1 As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

7.1 At the 2010 Spending Review, the Government took a series of decisions on public spending to reduce the economic deficit and put the economy on a sustainable footing. One of these decisions was to accept the finding of the Independent Public Service Pensions Commission (chaired by Lord Hutton) in its interim report, published in October 2010, that there is a clear reason to make short term savings from public service pensions, to rebalance the distribution of costs between pensions scheme members and other taxpayers, and that raising member contributions was the most practical way to do this.

7.2 The Government decided that it would implement progressive changes to the level of personal public service pensions scheme contributions, to be phased in from April 2012, leading to a saving of £2.8 billion a year by 2014/15. As part of this saving, personal judicial pension contributions of 1.28% have been taken from April 2012 from judges who have not accrued full pension benefits.

8. Consultation Outcome

8.1 The Lord Chancellor wrote to the Lord Chief Justice ('the LCJ') sharing with him the draft statutory instrument which will enable increased contributions to be collected from salaries from April this year. There is no duty to consult upon changes to the contribution rate. The LCJ was given an opportunity to comment on the draft but did not do so.

9. Guidance

9.1 In the week commencing 4 March, a letter was placed on the judicial intranet, to inform salaried judicial office holders of the planned increase to their personal contributions to the judicial pension schemes in 2013/14. The letter explained that they will now contribute 2.56% of their gross salary as opposed to 1.28%, rather than setting out for every judge individually the precise monetary amount that they will pay each month.

10. Impact

10.1 These instruments will have no impact on business, charities or the voluntary sector.

10.2 No Impact Assessments have been prepared for these instruments. An Impact Assessment was produced for the judicial pension provisions of the Pensions Bill (now the Act) before its introduction into Parliament. This set out that the impact of the introduction of personal judicial pension contributions would be that the salaried judiciary would be worse off financially as they would be required to make personal contributions towards their pensions. Taxpayers would benefit, as the cost of the judicial pension scheme would reduce. There will also be a small administrative cost associated with collecting the new contributions.

11. Regulating small business

11.1 This instrument does not apply to small business.

12. Monitoring & review

12.1 The Ministry of Justice will review in 2015 the success of the policy of collecting personal judicial pension contributions.

12.2 The success criteria for this policy are:

- a fairer distribution of judicial pension scheme costs between judicial pension scheme members and taxpayers; and
- no negative impact on judicial recruitment, retention and performance.

12.3 In carrying out its review, the Ministry will consider the evidence from a range of data, including that on recruitment and retention, and will monitor the level of income generated from judicial pension scheme members' pension contributions.

13. Contact

13.1 Shirley Hales at the Ministry of Justice (tel: 020 3334 3476 or e-mail Shirley.hales@justice.gsi.gov.uk) can answer any queries about the instrument.