

Judicial Pension Reform: Equality Statement
December 2021

A. Introduction

1. This equality statement explains how we have given due consideration to and complied with our equality duties under the Equality Act 2010 throughout the policy development of our proposals to establish a reformed Judicial Pension Scheme 2022 (JPS 2022). It has been updated following the consultation on the draft scheme regulations and the publication of the Government's response.
2. The consultation was open from 23 July to 08 October 2021 and provided the opportunity for all those likely to be affected by the scheme to comment on the proposed design of the scheme and the draft scheme regulations.
3. We have carefully considered any equalities issues raised during the consultation process. In doing so, we have sought, wherever possible, to use available evidence to assess the equality impacts. For matters where we lack relevant evidence, we have specified the limits of the data currently available.
4. The analysis and conclusions drawn in this equality statement remain the same as outlined in the previous statement, dated July 2021. We have identified some data quality issues concerning the previous data included in the statement published in July 2021. However, this issue does not affect the conclusions reached at that time.
5. The scheme will be implemented on 1 April 2022, subject to the Public Services Pensions and Judicial Offices Bill and the scheme regulations being approved by Parliament before that date.

B. Background

6. The Public Service Pensions Act 2013 (PSPA) introduced a statutory framework for reform of public service pension schemes. Following consultation with the judiciary, the then Lord Chancellor announced the principles for reform of judicial pension scheme arrangements in February 2013 and, following a public consultation exercise, the New Judicial Pension Scheme (NJPS) was established under the Judicial Pensions Regulations 2015.
7. The PSPA and the introduction of NJPS in 2015 brought about significant changes. Previous judicial schemes were closed to future accrual (subject to transitional protections) including – of relevance to most serving salaried judges – the scheme established under the Judicial Pensions and Retirement Act 1993 (JUPRA).
8. While JUPRA and its predecessor schemes were tax-unregistered, which meant members were not subject to annual allowance and lifetime allowance limits on tax-relieved benefits accrued within the schemes, NJPS is a tax-registered scheme and members are subject to these limits.

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9. Member contribution rates for JUPRA and FPJPS (the scheme for fee-paid judges, which mirrors the provisions of JUPRA) are also lower compared to NJPS, to broadly reflect that members do not receive tax relief on contributions. In addition, and unlike JUPRA and FPJPS, NJPS does not provide an automatic lump sum on retirement, it links the normal pension age to State Pension age (or 65 years if that is higher), includes a lower annual accrual rate and uses career average rather than final salary as the basis for calculation of pension benefits.
10. Although these changes were consistent with ones made to other public service pension schemes as a result of the PSPA, they had a disproportionate impact on the judiciary. This was partly because other public service pension schemes partially offset the impacts of moving to a career average scheme by increasing the accrual rate, whereas in the judicial pension scheme (NJPS), the accrual rates were decreased.
11. In addition, the comparatively high level of judicial salaries and the fact that many senior judges accrue significant private pensions before taking up judicial office means that tax charges are felt more acutely and by a significant proportion of the judiciary.
12. Many in legal practice may have also accrued significant private sector pensions approaching the lifetime allowance limit, in which case, joining a tax-registered pension scheme is unlikely to be an incentive to leave private practice and join the bench. This is a clear impediment to attracting and retaining the best talent to the salaried judiciary. This disincentive is compounded by the fact that many judges face a significant drop in earnings when joining the judiciary.
13. Owing to the judiciary's unique constitutional role, salaried judges are not able to work in private practice after taking up office, and they are also appointed on the understanding they will not return to private practice upon retirement. Their options for supplementing their earnings are therefore limited. Furthermore, judges tend to enter the judicial pension arrangements later in life than high earners in other public service schemes who have generally moved through the career grades.
14. The changes to judicial pensions and subsequent changes to pension tax thresholds significantly reduced the remuneration package for judges. Recruitment and retention problems within the judiciary began to emerge at the same time the 2015 pension reforms came into force. These issues were underlined by the fact that the first ever unfilled vacancy at the High Court occurred in the 2014/15 recruitment exercise. The then Lord Chancellor asked the Senior Salaries Review Body (SSRB) to examine the matter further and in response, the SSRB conducted a Major Review gathering detailed evidence over the course of two years. The SSRB reported its findings in 2018.¹
15. The SSRB's Major Review confirmed that there was evidence of significant and escalating recruitment and retention problems. It identified strong evidence of recruitment difficulties in the High Court and indications of a potential retention problem

¹ Major Review of the Judicial Salary Structure 2018, www.gov.uk/government/publications/major-review-of-the-judicial-salary-structure

at this tier, with a number of vacancies caused by early retirements from the High Court and above.

16. The SSRB also found that there was evidence of growing recruitment and retention problems at the Circuit and Upper Tribunal benches, and signs of an emerging issue at more junior levels. In 2017/18 there was a shortfall from a recruitment exercise at the District bench for the first time.
17. The SSRB concluded that the principal cause of the problem was the cumulative impacts of the 2015 public service pension reforms and subsequent changes to the annual allowance and lifetime allowance thresholds.
18. In response, the Government introduced a new temporary Recruitment and Retention Allowance (RRA) for certain senior salaried judges who were eligible for NJPS in England and Wales. This was implemented to provide a short-term solution to urgent recruitment and retention issues highlighted by the SSRB. The RRA was introduced as a temporary measure on the basis that it would be followed by a long-term pensions solution.

C. Policy

19. We are introducing a reformed judicial pension scheme, JPS 2022, that:
 - is sufficiently attractive in order to address the recruitment and retention challenges, particularly among the senior tiers of the judiciary;
 - is affordable and sustainable in the long-term by being consistent, so far as possible, with the principles of the wider 2015 public service pension reforms; and
 - is adequate and fair, by equalising future treatment for all members of the judiciary from the point at which JPS 2022 comes into force.
20. The JPS 2022 will be established by regulations made under the PSPA. In addition, we have brought forward primary legislation, the Public Service Pensions and Judicial Offices Bill, which will close the previous judicial pension schemes to accrual for future service and clarify the way the governance of schemes, and the valuation process will work. The JPS 2022 will combine some key elements of JUPRA, notably its tax-unregistered status, with the governance, design, cost control, administration and procedure requirements of the PSPA.
21. From April 2022, the point at which JPS 2022 is scheduled to come into effect subject to Parliamentary timing, all judges will transfer into the scheme. Our intention is that all other judicial pension arrangements will be frozen to accruals for future service from April 2022, and JPS 2022 would then be the only scheme in which members would be able to accrue benefits.
22. Consultation responses have noted that JPS 2022 is not as beneficial as the JUPRA and FPJPS schemes. We have considered these responses carefully but remain of the view

that JPS 2022 meets the policy objectives described above and as set out below, does not result in any direct or indirect discrimination.

D. Key Features of the scheme

23. The JPS 2022 contains the following features to ensure it is modernised in line with the Hutton principles, which guided the 2015 public service pension reforms. These features are as follows:

- the calculation of pension benefits based on career average earnings;
- normal pension age linked to State Pension age;
- no restriction on the number of accruing years in service;
- the dependant benefit rate set at 37.5%; and
- the introduction of a cost control mechanism.

24. Additionally, JPS 2022 has the following features to ensure that it addresses our recruitment and retention issues:

- tax-unregistered status;
- reduced member contribution rates compared to NJPS;
- an option for members to commute part of their earned pension into a lump sum at a rate of 12:1, with a commutation supplement to compensate for the tax unregistered status of the scheme; and
- an accrual rate of 2.50% (1/40).²

25. It is important to note that benefits previously accrued in the Pre-2022 Schemes³ will be protected, including the preservation of the automatic lump sum and final salary link in respect of service in those schemes which offer this feature. The introduction of JPS 2022 will not change the benefits a member has previously accrued under the Pre-2022 Schemes up until April 2022.

26. It is also important to highlight that although all members would be treated equally in terms of accruing benefits under the same scheme, the financial value of the scheme to members is not uniform. This is because pension benefits can be affected by many

² The standard accrual rate for the scheme is 2.50%. Judges transferring to the scheme on 1 April 2022 will also have the option to pay a lower contribution rate with a correspondingly reduced accrual rate (2.42%) for the first three years of JPS 2022.

³ New Judicial Pension Scheme (NJPS) 2015, Northern Ireland New Judicial Pension Scheme (NI NJPS), Judicial and Pension Retirement Act (JUPRA) 1993 and/or Fee Paid Judicial Pension Scheme (FPJPS) 2017.

variables, such as salary, career progression, income derived from work not connected to their judicial office and prior pension benefits accrued.

E. Equalities analysis and data sources

27. Section 149 of the Equality Act 2010 (the Act) and the Equality Act 2010 (Specific Duties) Regulations 2011 require public authorities,⁴ in the exercise of their functions, to have due regard to the need to:
- a. eliminate discrimination, harassment and victimisation and any other conduct that is prohibited by or under the Act;
 - b. advance equality of opportunity between people who share a relevant protected characteristic and people who do not share it; and
 - c. foster good relations between people who share a relevant protected characteristic and those who do not share it.
28. There are nine protected characteristics that fall within the EA 2010: sex, race, disability, age, sexual orientation, religion and belief, gender reassignment, marriage and civil partnership, pregnancy and maternity.
29. We have undertaken our assessment on three protected characteristics that we have consistently recorded data for: age, sex and race. Those three protected characteristics were most consistently recorded in both Judicial Appointments Commission (JAC) recruitment data and the Judicial Office (JO) eHR database, which contains all current judicial office holders. Our conclusions about the diversity of the judiciary are discussed in the context of these three characteristics.
30. We have compared impacts on members of NJPS (salaried and fee-paid judges), JUPRA (salaried only) and FPJPS (fee-paid only). The annexes compare their respective age, sex and gender. We have identified some quality issues relating to the data provided to support the previous equalities statements and therefore we have provided updated annexes using an alternative method. The quality issues identified in the July 2021 Equality Statement have no impact on the conclusions that were reached then.
31. The updated method compares judges who were in post on 1 April 2014 to new entrants since 1 April 2019. Judges who were in post on 1 April 2014 would have all been in JUPRA or FPJPS, whereas new entrants from 1 April 2019 would have been automatically placed in NJPS. Therefore, data on judges at 1 April 2014 have been used as a proxy for the characteristics of JUPRA and FPJPS members, while data on new

⁴ <https://www.gov.uk/guidance/equality-act-2010-guidance>

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entrants in 2019/20 and 2020/21 have been used as a proxy for the characteristics of NJPS members.

32. Our assessment is based on published judicial diversity statistics. However, data on new entrants has only been published since 2019/20, and therefore we are considering statistics for new entrants since 2019/20 only.
33. We were also not able to conduct analysis on the remaining six protected characteristics for the following reasons:
 - a. **Disability** – Though all courts and tribunals judicial office holders can now self-classify their diversity characteristics (including in relation to disability, religion or belief, sexual orientation, caring responsibility, marital status, gender identity and social mobility), this data will need to achieve the required declaration rate before it can be published.
 - b. **Gender reassignment** – JO now include gender reassignment as a field for all courts and tribunals judicial office holders to self-record, but this data will need to achieve the required declaration rate before it can be published.
 - c. **Marriage and civil partnership** – JO now include marriage and civil partnership status as a field for all court and tribunal judicial office holders to self-record, but data will need to achieve the required declaration rate before it can be published.
 - d. **Pregnancy and maternity** – No data was available at the time of our assessment. The JAC and JO do not record this information through their diversity monitoring forms.
 - e. **Religion or belief** – JO now include religion and belief as a field for all court and tribunal judicial office holders to self-record, but data will need to achieve the required declaration rate before it can be published.
 - f. **Sexual orientation** – The JAC record and report this information at an aggregate level (i.e., for all exercises during a financial year). The JO have recently included this as a field for all court and tribunal judicial office holders to self-record, but data will need to achieve the required declaration rate before it can be published.
34. In addition to the public sector equality duty, the Lord Chancellor and the Lord Chief Justice have a statutory responsibility to encourage judicial diversity. We have therefore paid particular attention to assessing whether our proposed judicial pension reforms could affect the diversity of the judiciary.
35. The JPS 2022 will impact judges differently depending on their personal circumstances, including what scheme they are accruing benefits in before JPS 2022 comes into force. Therefore, when assessing the equality impacts of JPS 2022, we have looked at the characteristics of the judiciary represented across the Pre-2022 Schemes.

F. Characteristics of the judiciary

36. The Judicial Diversity Statistics, which are published annually, contain information on the protected characteristics of the judiciary. The latest diversity statistics were published on 15 July 2021⁵ and we have incorporated that data into our analysis shown in the updated Annexes A-C.
37. The 2021 statistics showed that, whilst the proportion of women, and Black, Asian and minority ethnic judicial office holders continued to increase, they are generally underrepresented in the courts and tribunals, particularly at more senior levels.
38. Judicial diversity has increased over the years:
- a. The overall proportion of court judges who were women increased from 24% on 1 April 2014 to 34% on 1 April 2021, and the proportion of tribunal judges who were women increased from 43% to 50% over the same time period.
 - b. Between 2014 and 2021, the proportion of Black, Asian and minority ethnic court judges has increased from 6% to 9%, while the proportion in tribunal judges has also increased from 9% to 12%.
39. MoJ continues to work with the senior judiciary, the JAC and relevant legal professions to promote further diversity in the judiciary, through the Judicial Diversity Forum (JDF). In July 2021, the MoJ published the *'Diversity of the judiciary: Legal professions, new appointments and current post-holders'*, which brought together JAC statistics on recommendations for new appointments, Judicial Office statistics on the diversity of the current judiciary, and membership information from the relevant legal professional bodies.⁶ In September 2020, the JDF published a combined narrative and action plan, which set out a wide range of actions its members are undertaking, at different stages, to help increase diversity. This includes the MoJ funding and management support for the Pre-Application Judicial Education (PAJE) programme which is a positive action programme which supports eligible lawyers from under-represented groups, who are considering applying for a judicial appointment through an online offer of resources and virtual judge-facilitated discussion group courses. The MoJ also funds a JAC-led programme of targeted outreach for potential under-represented candidates for specific court and tribunal roles. The JDF will shortly be publishing an update to the action plan, which will report on last year's actions, as well as new actions that will be undertaken, both collectively and by individual organisations. It is our ambition that the JPS 2022 will facilitate and contribute towards increasing diversity of the judiciary as time goes on.

G. Direct discrimination

40. Direct discrimination is defined under Section 13 of the Act which provides:

“Direct discrimination

⁵ Judicial Diversity Statistics 2021: <https://www.gov.uk/government/statistics/diversity-of-the-judiciary-2021-statistics>

⁶ <https://www.gov.uk/government/statistics/diversity-of-the-judiciary-2021-statistics>

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- I. A person (A) discriminates against another (B) if, because of a protected characteristic, A treats B less favourably than A treats or would treat others.
- II. If the protected characteristic is age, A does not discriminate against B if A can show A's treatment of B to be a proportionate means of achieving a legitimate aim..."

41. All judges eligible for a judicial pension will accrue benefits under JPS 2022 from the date that it comes into force. There will only be one judicial pension scheme with the same features for all members. Therefore, these reforms will not result in direct discrimination.

42. JPS 2022 will be open to all eligible members of the judiciary in England, Wales, Scotland and Northern Ireland.

H. Indirect discrimination

43. Indirect discrimination is defined under Section 19 of the Act, which provides:

"Indirect discrimination

(1) A person (A) discriminates against another (B) if A applies to B a provision, criterion or practice which is discriminatory in relation to a relevant protected characteristic of B's.

(2) For the purpose of subsection (1), a provision, criterion or practice is discriminatory in relation to a relevant protected characteristic of B's if –

(a) A applies, or would apply, it to persons with whom B does not share the characteristic,

(b) it puts, or would put, persons with whom B shares the characteristic at a particular disadvantage when compared with persons with whom B does not share it,

(c) it puts, or would put, B at that disadvantage, and

(d) A cannot show it to be a proportionate means of achieving a legitimate aim."

44. We do not consider that the introduction of JPS 2022 will result in any indirect discrimination. Some respondents to the consultation on the JPS 2022 regulations asked why not all fee-paid non-legal tribunal members will be members of JPS 2022. As with the current schemes, fee-paid non-legal tribunal members whose office does not make them a tribunal chair will not be eligible for a judicial pension. The role of a fee-paid medical member is different to that of a salaried medical tribunal member, and so the salaried office does not constitute a 'relevant salaried judge'. The eligibility position remains unchanged for JPS 2022 and we do not consider that this results in indirect discrimination.

45. The overall design of JPS 2022 is intended to achieve our policy objective of addressing the significant recruitment and retention issues within the judiciary and to ensure the scheme is affordable and sustainable in the long-term. Therefore, to the extent that the

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move to JPS 2022 results in differential impacts, we consider that this is a proportionate means of meeting our policy aim. However, certain scheme features may impact cohorts of the judiciary more than others, and these features are further explored below under the relevant protected characteristic.

46. The precise benefits judges accrue under JPS 2022 will depend on a judge's personal circumstances, including their previous pension savings. While it is therefore possible that some judges may not be better off in JPS 2022, we have designed the scheme so that no judge should be worse off under JPS 2022 compared to NJPS.

Age

47. The data we have used to look at certain protected characteristics of judges suggests that NJPS (salaried and fee-paid judges) contain a higher proportion of younger judges compared to JUPRA and FPJPS. For example, 1% of new entrants for the period 1 April 2019 to 31 March 2021 (proxy for NJPS) were aged 60 and above, compared to 42% of judges in post on 1 April 2014 (proxy for JUPRA and FPJPS).
48. In general, judges who are in JUPRA or FPJPS, whether because they were transitionally protected or choose JUPRA or FPJPS for the *McCloud* remedy⁷ period, will find JPS 2022 less financially beneficial than if they remained in their current pension scheme. This cohort are more likely to be older.
49. Additionally, judges who are in NJPS whether because they were appointed after 31 March 2012 or choose to become a member of NJPS for the *McCloud* remedy window, will likely find the new arrangements more financially beneficial than if they remained in their current pension scheme. This cohort are more likely to be younger.
50. From the date of implementation of JPS 2022, there will only be one scheme that judges are able to accrue benefits in and the same scheme design would apply to all judges. Therefore, we do not consider that JPS 2022 results in indirect discrimination on the grounds of age.
51. However, whilst the same scheme features will apply to all judges in JPS 2022, certain scheme features are likely to impact older or younger judges differently. For example, JUPRA/FPJPS feature an automatic lump sum and accrual is based on the member's final salary, but these will not be features of JPS 2022. This is therefore likely to impact judicial members in these pension schemes, who are more likely to be older.
52. We consider that these changes are necessary in order to make JPS 2022 more equitable and sustainable in the long-term. Instead of an automatic lump sum, JPS 2022 will offer all members of the judiciary the option to commute part of their pension into a

⁷ Following the case of *Lord Chancellor and Secretary of State for Justice and another v McCloud and others; Secretary of State for the Home Department and others v Sargeant and others*, [2018] EWCA Civ 2844, the *McCloud* remedy is available to judges unlawfully discriminated against as a result of the transitional provisions contained in the Judicial Pensions Regulations 2015. For further information, see <https://www.gov.uk/government/consultations/consultation-on-the-proposed-response-to-mccloud>

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lump sum payment, with a commutation supplement calculated to compensate for the tax-unregistered status of the scheme.

53. The consultation also proposed that a scheme member's dependants or nominated beneficiaries will be awarded a Death in Service (DIS) lump sum should a member die in service. Along with the lump sum payment, we have amended the draft regulations so that they include a DIS lump sum supplement to ensure that there is compensation for any tax payable in consequence of the death benefits. Therefore, the DIS benefit received from the JPS 22 remains in line with that in the current schemes.
54. We acknowledge that for judges who were previously in JUPRA or FPJPS, the surviving adult pensions in JPS 2022 are reduced in comparison to what would have been received in those schemes. The death benefits proposed are consistent with those in NJPS and other public service pension schemes. They have been designed to provide support to dependents, whilst being affordable and sustainable in the long term. The death benefits proposed are consistent with those in NJPS and other public service pension schemes. They have been designed to provide support to dependents, whilst being affordable and sustainable in the long term.
55. In JPS 2022 there will be no service cap, which was a feature of the JUPRA scheme. Removing the service cap will more likely benefit members who have reached or almost reached the JUPRA cap but have not yet retired. Those judges in JUPRA that have retired recently or will retire before the JPS 2022 is implemented, who are likely to be older, will therefore not realise these benefits. However, these judges will have been able to benefit from belonging to a final salary pension scheme for 20-years and have had the opportunity to contribute to an additional voluntary contribution scheme between reaching their cap and retiring in order to help increase their retirement income.
56. In JPS 2022, the normal pension age (also known as the scheme pension age) will be linked to the State Pension age in order to align with the 2015 pension reforms which were based on the recommendations in the 2011 Hutton report. Whilst this will impact younger judges that are moving from JUPRA/FPJPS, we consider that the impact of this is balanced by the option in JPS 2022 for judicial office holders to take early retirement from the normal minimum pension age, which is currently set at 55 (with an early retirement reduction to reflect the fact that their pension will be in payment for longer).
57. Dependants' pension in JPS 2022 is set at 37.5%, compared to the 50% level in JUPRA. This change will have the biggest impact on younger JUPRA members, as had they been allowed to continue to build up a JUPRA pot, their spouse or civil partner would have been entitled to more of their pension. We consider this change is justified in order to make JPS 2022 more equitable and sustainable in the long-term.
58. The overall design of JPS 2022 is intended to achieve our policy objective of addressing our significant recruitment and retention issues which are particularly acute at the more senior salaried tiers of the judiciary and to ensure that the scheme is affordable and sustainable. When all scheme features are considered, no judge should be worse-off compared to moving or remaining in NJPS in terms of the overall value of their pension. Therefore, to the extent that the move to JPS 2022 results in differential impacts, we consider that that this is a proportionate means of meeting our policy aim.

Sex

59. Our data suggests that NJPS contains a higher proportion of women compared to JUPRA and FPJPS. The total percentage of new entrants who were women for the period 1 April 2019 to 31 March 2021 (proxy for NJPS) was 43% compared to 31% for the judges in post on 1 April 2014 (proxy for JUPRA and FPJPS).
60. In general, judges who are JUPRA or FPJPS will find JPS 2022 less financially beneficial. This cohort are more likely to be men. Conversely, judges who are in NJPS, will likely find the new arrangements more financially beneficial. This cohort is more likely to possess a stronger representation of women judges compared to JUPRA and FPJPS. However, we do not consider that a move to JPS 2022 results in indirect discrimination based on sex, as all judges will accrue benefits in the same scheme once it comes into force.
61. Some scheme features will impact cohorts of the judiciary differently. For example, the effects of linking the normal pension age for the scheme to the State Pension age is more likely to be felt by women judges, who have seen an increase in their State Pension age in recent years.
62. As per the above, we feel that this scheme feature is objectively justified and required so that JPS 2022 is in line with the Hutton principles, ensuring it is affordable in the long term, is fair between generations and will provide a way to manage future expected increases in life expectancy.
63. To the extent that there is the potential for scheme features to have differential impacts on the basis of sex, we consider that this is a proportionate means of meeting our policy objective of addressing our significant recruitment and retention issues, which are particularly acute at the more senior salaried tiers of the judiciary, whilst remaining in line with the Hutton principles.

Race

64. The data we have on the ethnicity of the judiciary suggests that there are a higher proportion of Black, Asian and Minority Ethnic judges in NJPS (salaried and fee-paid) than JUPRA and FPJPS. For example, 12% of new entrants over the period 1 April 2019 to 31 March 2021 (proxy for NJPS) were Black, Asian and minority and ethnic compared to 7% of judges in post on 1 April 2014 (proxy for JUPRA and FPJPS).⁸
65. In general, judges who are members of JUPRA or FPJPS will find JPS 2022 less financially beneficial. This cohort is likely to be less racially diverse compared to NJPS. Conversely, judges who are in NJPS, will likely find the new arrangements more financially beneficial. This cohort is likely to be more racially diverse compared to JUPRA and FPJPS.

⁸ Judicial Diversity Statistics: <https://www.gov.uk/government/statistics/diversity-of-the-judiciary-2021-statistics>

66. For the reasons outlined above, we do not consider that JPS 2022 results in indirect discrimination on the basis of race. To the extent that there is the potential for scheme features to have differential impacts, this is justified to meet our policy objective of addressing the recruitment and retention issues and mitigated by the scheme design to ensure that no judge is worse-off under JPS 2022 compared to NJPS.

Uniform Contribution Rate

67. The JPS 2022 introduces a standard uniform contribution rate of 4.26% which will be applicable to all members of the scheme. This will mean that from the date the scheme takes effect, all members of the judiciary will be subject to this same contribution rate.

68. While all judges will be subject to the same contribution rate, we are aware that this will impact cohorts of judges differently. In particular, full-time NJPS judges in Salary Group 7 will see a reduction in their take-home pay as a consequence of the level of tax relief they currently receive on their contributions in a registered scheme. This group of judges currently benefit from a marginal tax relief rate of 60% because of the reduction in the Personal Allowance between £100,000 and £125,000 (full-time Salary Group 7 judges earn £114,793).⁹

69. The current structure of member contribution rates in NJPS was designed to take account of the point at which income tax rates of 40% and 45% impact the member. It does not, however, take account of the 60% tax relief that certain judges receive. This means that judges in this group currently have a contribution rate that is equivalent to 2.94% in a tax-unregistered scheme, whereas the equivalent contribution rates in NJPS for full-time salaried judges at other tiers equates to 4.41% or above.

70. As outlined in the previous sections, judges in Salary Group 7 transferring from NJPS are more likely to be younger, women and racially diverse compared to their more senior colleagues and their counterparts in JUPRA. In addition, the judicial diversity statistics suggest that this group are more likely to come from a non-barrister background, with the proportion of non-barristers among District Judges and Deputy District Judges at least 60% compared to 3% of all judges in the senior posts (High Court and above).

71. To the extent that this feature creates differential impacts, we consider that this is objectively justifiable. A uniform contribution rate is fair for members of the judiciary, who cannot be considered to be low paid; it removes the complexities and anomalies of a tiered system for fee-paid judges; and it is simple to administer. Furthermore, the increase in value of the pension scheme mitigates against the reduction in take-home pay.

72. As outlined in the worked examples in our 2020 consultation document on proposals for a reformed judicial pension scheme, judges moving from NJPS will likely see the value of their pension increase significantly under JPS 2022. For example, whilst a judge in

⁹ pg 122 senior Salaries Review Body Report 2021, <https://www.gov.uk/.../senior-salaries-review-body-report-2021>

Salary Group 7 could see their take home pay reduced by just over £1,500 per year, the value of their annual pension will be increased by around £15,000 per year under JPS 2022.¹⁰

73. We therefore remain of the opinion that the uniform contribution rate is objectively justified in that it contributes to our policy objectives, creates certainty and ensures fairness for scheme members, and removes the complexities and anomalies of a tiered system. It also forms part of an overall package of features in JPS 2022 which will increase the net pension value for most judges transferring from NJPS, including those in Salary Group 7.
74. However, we noted and considered the strong feelings expressed, in response to our consultation on the design of the scheme and our consultation on the scheme regulations, by some members of the judiciary regarding this scheme feature. We are therefore still providing judges transferring into the scheme with a time-limited option of mitigating the impact of transitioning to JPS 2022 by paying a lower contribution rate with a corresponding reduced accrual rate.
75. Under this option, any judge in service on 31 March 2022 will be able to pay a contribution rate of 3% instead of 4.26%, and their accrual rate will be reduced from 2.5% to 2.42%. This would be a one-off decision that the member exercises within the first three months of the scheme being implemented. After JPS 2022 has been in place for three years, all members of the scheme will pay a uniform contribution rate of 4.26% and have an accrual rate of 2.5%, as we outlined in our consultation on the design of the scheme.
76. This option gives members the flexibility to adjust their take-home pay if they wish to do so, whilst slightly reducing their pension benefits for this period of time. It will allow judges to adjust to the new contribution rate and give them time to prepare for the contribution rate of 4.26% to come into force after the scheme has been operational for three years. Under this proposal, those judges in Salary Group 7 moving to JPS 2022 from NJPS, will have their take-home pay reduced by just under £70 a year, instead of around £1,500 under a contribution rate of 4.26%.

Fee-paid judges

77. Fee-paid judges may also see a reduction in take-home pay on introduction of a uniform contribution rate. Our analysis shows that Deputy High Court Judges, Recorders and Deputy District Judges, currently accruing benefits under either NJPS or FPJPS will all have their take-home pay reduced on a move to JPS 2022 with a uniform contribution rate if they were to sit for 30 days, spread evenly across the year.
78. However, the actual impact on an individual fee-paid judge will depend on a number of factors, including their sitting pattern and their total income, including any income received from work outside of their judicial role. Fee-paid judges whose sitting days are concentrated in part of the year could currently pay higher current contribution rates than

¹⁰ Based on an NJPS (salaried) group 7 judge with 20 years of service with an annual pension value of £40,692 in NJPS and £56,271 in JPS 2022

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the analysis we have carried out. This may also be the case for fee-paid judges who sit significantly more than the representative judges we have used for our analysis. On this basis, some fee-paid judges will benefit from a uniform contribution rate where they have an uneven sitting pattern.

79. Some fee-paid judges are also able to supplement their income, such as continuing to work as a solicitor or barrister, alongside their judicial role. This is not an option for salaried judges who are not able to work in private practice after taking up office and are appointed on the understanding that they will not return to private practice when they retire. They therefore have limited ways of supplementing their income once they have become a judge. The NatCen Survey of Newly Appointed Judges¹¹ states that the majority of fee-paid judges are working in other roles when not undertaking work as a judge and earning on average £142,349 in addition to their judicial work.¹²
80. While we acknowledge that there could be some fee-paid judges who may not be able to take on significant additional work outside of their judicial role, we do not have enough data regarding the protected characteristics of these individuals. Whilst it may well be the case that some of the lower earning fee-paid judges are, for example, individuals with caring responsibilities who do little non-judicial work, the same category will include, for example, Deputy High Court Judges who may have significant additional income from employment in private practice.
81. We also note that where a fee-paid judge chooses not to or is unable to supplement their judicial income, they may be paying the basic rate of tax (20%) rather than the 40% assumed in the main consultation document. This will reduce the reduction in take-home pay for NJPS (fee-paid) judges following the introduction of a uniform contribution rate, as outlined in the table below.¹³

NJPS Fee -paid judges				Uniform contribution Rate			
Role	Fees	Rate	Annual Cost	Rate	Annual cost	Difference pa	Difference pm
Dept. HCJ	£27,526	5.45%	£1,200	4.26%	£1,173	£28	£2
Recorder	£20,442	4.6%	£752	4.26%	£871	-£119	-£10
Dept. DJ	£16,018	4.6%	£589	4.26%	£682	-£93	-£8

¹¹https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/748593/161018_Final_report_-_NatCen.pdf

¹² p13, 'NatCen report on survey of newly appointed judges in the UK 2017': <https://www.gov.uk/government/publications/natcen-report-on-survey-of-newly-appointed-judges-in-the-uk-2017>

¹³ based on updated 2021/2022 salaries pg 12, Equalities statement July 2021: [jps-2022-equalities-statement.pdf \(publishing.service.gov.uk\)](https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/97444/jps-2022-equalities-statement.pdf)

82. Individual fee-paid judges may therefore be subject to a marginal tax rate of 20%, 40%, 45% or 60%. However, we will be unable to distinguish which tax-rate a fee-paid judge is required to pay. Given the various factors that can impact the tax rate of a fee-paid judge, creating a contribution rate where all fee-paid judges' effective take-home pay will remain the same after introduction of the new scheme would be extremely complicated to devise.
83. We do not consider that the move to a uniform contribution rate results in indirect discrimination on the basis of age, sex or race. All fee-paid judges will be treated in a similar way, regardless of salary group or the scheme they were in prior to JPS 2022 coming into force. The reduction in take-home pay does not therefore disproportionately impact a certain group of judges with particular protected characteristics.
84. While we do not consider that the introduction of a uniform rate results in indirect discrimination to the extent that there is any differential impact, our justification for some fee-paid judges having their take-home pay reduced compared to their salaried counterparts is as outlined above for Salary Group 7 judges transferring from NJPS, in that the uniform contribution rate contributes to our policy objectives, creates certainty for scheme members, and removes the complexities and anomalies of a tiered system. Furthermore, since the contribution rate of these judges depends on the number of days served and the working pattern, it is not the case that all fee-paid judges will incur a reduction in take-home pay.
85. For those fee-paid judges currently accruing benefits in NJPS, JPS 2022 is also likely to increase the value of their pension which we consider mitigates against the reduction in take-home pay that some fee-paid judges may experience.
86. We are also offering fee-paid judges moving to JPS 2022 the option to choose a lower contribution rate in exchange for a lower accrual rate, as outlined above. If this option is chosen, it will give them the flexibility to adjust their take-home pay if they wish to do so, whilst slightly reducing their pension benefits for this period of time. It will also allow them time to adjust and prepare for the contribution rate of 4.26% to come into force after the scheme has been operational for three years.

I. Advancing equality of opportunity

87. We have considered how these proposals might impact on the advancement of equality of opportunity. All judges will become members of JPS 2022 upon its implementation date, scheduled for April 2022, thereby equalising treatment going forwards. The JPS 2022 will ensure that no judge is financially worse off in the scheme compared to NJPS. We believe that JPS 2022 will provide a more beneficial pension scheme compared to NJPS and therefore improve the attractiveness of judicial office. In turn, we anticipate that there will be a more diverse set of applicants for judicial office.

J. Fostering good relations

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88. The SSRB's Major Review highlighted representations received from judges on the importance of a collegial judiciary, in which all areas of work are valued. This was considered an important factor in the smooth functioning of the system.¹⁴
89. Building on this view, we believe it is relevant that judges doing work at the same level will be remunerated in a more equal way under JPS 2022 than under the current judicial pension arrangements, in which judges are receiving very different total net remuneration depending on whether they are in JUPRA, FPJPS or NJPS. We consider that ensuring all judges will become members of the same pension scheme will contribute to collegiality amongst members of the judiciary.

¹⁴ Page 11, *SSRB Major Review 2018*.

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Annexes

Annex A: Age

Percentage of Judges in proxies for the pension schemes, by age

	Under 40	40-49	50-59	60 and over
In post 1 April 2014 (proxy for JUPRA and FPJPS members)	3%	19%	36%	42%
New entrants 1 April 2019 – 31 March 2021 (proxy for NJPS members (fee-paid and salaried))	26%	49%	24%	1%

Annex B: Sex

Percentage of Judges in proxies for the pension schemes, by sex

	Men	Women
In post 1 April 2014 (proxy for JUPRA and FPJPS members)	69%	31%
New entrants 1 April 2019 – 31 March 2021 (proxy for NJPS members (fee-paid and salaried))	57%	43%

Annex C: Race

Percentage of Judges in proxies for the pension schemes, by race

	White	Black, Asian and minority ethnic
In post 1 April 2014 (proxy for JUPRA and FPJPS members)	93%	7%
New entrants 1 April 2019 – 31 March 2021 (proxy for NJPS members (fee-paid and salaried))	88%	12%