

*These notes refer to the Superannuation Act 2010 (c.37)
which received Royal Assent on 16 December 2010*

SUPERANNUATION ACT 2010

EXPLANATORY NOTES

SUMMARY AND BACKGROUND

3. The Act places upper limits on payments under the Civil Service Compensation Scheme (CSCS), a scheme made under the Superannuation Act 1972. The CSCS sets out the tariffs which may apply when the employment of civil servants is terminated prematurely. The terms of the CSCS were amended in February 2010, but those amendments were quashed in judicial review proceedings brought by the Public and Commercial Services Union, so that the former compensation terms were revived. For many civil servants, the former terms produced more generous outcomes than did the February 2010 terms.
4. The former CSCS terms generally provided a service and age-related payment for people aged under 50 and enhanced early retirement terms for people aged between 50 and 60. The amount of the payment varied depending on the tariff, with the tariff applying on compulsory redundancy providing payments of up to 3 years' pay and enhanced early retirement packages which could cost employers over 6 years' pay. Redundancy terms for certain employees who joined before 1987 could lead to higher costs for employers.
5. The Act caps compensation payable under the CSCS at a maximum of 12 months' pensionable earnings for compulsory exits, and 15 months' pensionable earnings for voluntary exits. The Act also contains a 'sunset' provision, whereby section 3 (which imposes the caps) will expire after 12 months, unless repealed earlier by order-making powers, or extended or revived using order-making powers. The Government's intention, stated throughout the Parliamentary passage of the Act, has been that a new scheme amending the CSCS would be made after Royal Assent, and that section 3 would be repealed prior to the operation of that new scheme. The trade unions will have been consulted before the new amending scheme is made.
6. The Act also amends the Superannuation Act 1972 so as to remove the requirement in section 2(3) of that Act for union consent to detrimental changes to the CSCS, and to insert new requirements about how consultation on such changes must be carried out and reported on. The Act makes no changes to the other protections provided by the 1972 Act and leaves in place the requirement for the Government not to make changes to the CSCS without having consulted the unions or other persons affected.