

**EXPLANATORY MEMORANDUM TO THE  
OCCUPATIONAL PENSION SCHEMES (EQUAL TREATMENT)  
(AMENDMENT) REGULATIONS 2005**

**2005 No. 1923**

**1.** This explanatory memorandum has been prepared by the Department for Work and Pensions and is laid before Parliament by Command of Her Majesty.

**2. Description**

2.1 The Regulations amend the time limit within which a person must institute proceedings before an employment tribunal to secure equal treatment under the rules of an occupational pension scheme.

2.2 The Regulations also extend the maximum limits that can be placed on the backdating, by an employment tribunal or court, in declaring a person's right to be admitted to a scheme and remove the employer's duty to contribute funds in such cases.

2.3 In relation to armed forces pension schemes, certain other provisions are also made to mirror existing provision for other occupational pension schemes.

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

3.1 None.

**4. Legislative background**

4.1 The changes made by these Regulations are necessary to reflect requirements of European Community law, specifically Article 141 of the Treaty of Rome (equal pay), as applied in a number of cases before the European Court of Justice and the domestic courts<sup>1</sup>. They reflect, for pension schemes, relevant changes made to certain provisions of the Equal Pay Act 1970 made by the Equal Pay Act 1970 (Amendment) Regulations 2003 (S.I. 1656).

4.2 The Equal Pay Act 1970 (c. 41) ("the 1970 Act") provides a mechanism ("an equality clause") intended to ensure equal treatment of men and women under the employment contract. Where a woman receives less favourable treatment than a man in the same employment, she may complain to an employment tribunal. The same applies to men who are treated less favourably than women. Section 62 of the Pensions Act 1995 (c. 26) makes provision for a mechanism ("an equal treatment rule") with similar effect to apply to the rules of occupational pension schemes.

4.3 The rules of an occupational pension scheme relate to the way the scheme works and govern a member's (or potential member's) relationship to it. Although quite separate from the terms in a person's contract of employment governing the employment relationship, the terms of the employment contract may also contain provision relating to a person's membership of, or rights under, an occupational pension scheme. So the two mechanisms of equal treatment rule and equality clause operate in tandem to ensure equal treatment over all the matters that affect a person's membership of, and rights under, occupational pension scheme.

4.4 The enforcement provisions for the equal treatment rule operate by reference to the enforcement provisions in the 1970 Act. Section 63(4) of the Pensions Act 1995 applies the 1970 Act to an equal treatment rule. As part of that process, it also modifies some of the terminology, and certain provisions, of the 1970 Act to make them work for occupational pension schemes.

4.5 The Secretary of State has power under section 63(5) of the Pensions Act 1995 to make further modifications of the 1970 Act, in its application to the operation of an equal treatment rule. Section 66(4) of the Pensions Act 1995 also enables modifications to be made to the 1970 Act, as it applies to the operation of the equality clause in respect of any terms of a person's contract of employment relating to membership of, or rights under, occupational pension schemes.

4.6 These Regulations are made in exercise of those powers. The powers have been exercised before (see Occupational Pension Schemes (Equal Treatment) Regulations - S.I. 1995/3183). Both powers are subject to negative resolution.

## **5. Extent**

5.1 This instrument applies to Great Britain. There will be separate regulations for Northern Ireland.

## **6. European Convention on Human Rights**

6.1 Not applicable.

## **7. Policy Background**

7.1 The Pensions Act 1995 requires that men and women be treated equally in terms of access to an occupational pension scheme and benefits payable from it. The regulations will implement rulings in the Preston case which challenged time limits in the Pensions Act 1995 and the Occupational Pension Schemes (Equal Treatment) Regulations 1995 governing when claims for equal treatment must be made and the period over which successful claims can be backdated. They also remove a provision connected to the previous two year period that said the employer should pay for such backdating.

7.2 The Preston case has affected many thousands of claims from part-time workers. The ECJ ruled that the existing time limits in domestic law on the backdating of successful equal treatment claims (2 years) was incompatible with Community law. It also ruled that the six month time limit for bringing

claims was incompatible to the extent that it required a claim to be brought within 6 months from the end of each contract of employment in a stable relationship case. An example might be that of a teacher employed on a term by term basis, where the six month time limit would not run from the end of each term when she had every expectation of recommencing work from the start of the next term.

7.3 The amended regulations will make the 6 months time limit for bringing claims comply with Community law (Article 141 of the European Treaty) as well as remove the two year limit on backdating successful claims. This means they will correctly reflect the time limits of the ECJ ruling which allow successful claims to be backdated to 8 April 1976 or the starting date of employment with the relevant employer if later. Claims will have to be made within 6 months of leaving the relevant employment or end of the stable employment relationship.

7.4 The regulations also modify section 7A of the Equal Pay Act which contains rules for claims by service personnel in the armed forces. This is in order to provide provisions which work for the different context of the armed forces pension schemes, which ask members to use 'service redress' procedures first instead of employment tribunals. The regulations are otherwise equivalent to the position for other occupational pension schemes.

7.5 The regulations rely on the amendments made by the Equal Pay Act 1970 (Amendment) Regulations SI 1656/2003 which made similar changes to the Equal Pay Act 1970 in respect of equal pay claims. They take a slightly different approach regarding 'stable employment relationship' cases. Previous periods of employment will count where such employment ends after the regulations come into force. Short-term contracts which end more than 6 months before the date on which the regulations come into force will count, provided that proceedings are brought within 6 months after that date.

7.6 In accordance with the ruling of the House of Lords in the Preston case, the regulations also remove an obligation on the employer to meet the cost of employee contributions where a claimant is granted backdated access to a pension scheme. This is because it has been accepted by all parties in the Tribunal hearings that have been held on discrimination claims from part-timers, that part-time workers who are awarded retrospective access to occupational pension schemes are liable to pay backdated employee contributions. The exception is for equal treatment claims for pensioner members (ie members in receipt of a pension). In such claims, employers are liable to pay compensation to pensioner members for having already received payments calculated on an unequal basis.

7.7 For equal treatment claims by pensioner members, the arrears date will mirror the time limits for England and Wales and Scotland set out in sections 7AB and 7AC respectively of the Equal Pay Act 1970.

7.8 Consultation on an earlier draft of these regulations took place between July and October 2003. Thirty eight organisations in both public and private

sectors were consulted, eight responses were received. As the regulations merely reflect what is required by EU law the responses were mainly technical in nature and no substantive changes were suggested. The main change in the later draft was to identify separate provisions regarding the Armed Forces to take into account their separate internal service redress procedures.

7.9 These regulations will not affect the way in which equal treatment claims have been determined in the period between the House of Lords ruling in the Preston case and the date the regulations come into effect. That is because Employment Tribunals have been deciding claims in the light of the rulings and the direct effect of Article 141 of the European Treaty, which effectively set aside the time limits in domestic legislation.

## **8. Impact**

8.1 A Regulatory Impact Assessment is attached to this memorandum.

8.2 The estimated cost to public sector employers of meeting backdated contributions has been estimated as up to £1 billion for a maximum of 125,000 employees eligible to make a claim. Administrative costs (for example relating to the updating of scheme records and calculating backdated contributions) could be in the region of £6 million to £25m. Although these costs may seem high, it is important to note that they have already arisen as a result of the court rulings, irrespective of these regulations.

## **9. Contact**

9.1 Sue Barbosa at the Department for Work and Pensions (tel: 0207 712 2335, email [sue.barbosa@dwpgsi.gov.uk](mailto:sue.barbosa@dwpgsi.gov.uk)) can answer any queries regarding the instrument.

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<sup>1</sup> The relevant rulings are the European Court of Justice's decisions in *Levez v T.H. Jennings (Harlow Pools) Ltd* (Case C-326/96, judgment of 1st December 1998) and *Preston and others v Wolverhampton Healthcare NHS Trust Ltd and others* (Case C-78/98, judgment of 16th May 2000); the decision of the Employment Appeal Tribunal in *Levez v T.H. Jennings (Harlow Pools) Ltd* (decision of 1st October 1999) and the ruling of the House of Lords in *Preston and others v Wolverhampton Healthcare NHS Trust Ltd and others* (ruling of 8th February 2001).

## **REGULATORY IMPACT ASSESSMENT**

### **The Occupational Pension Schemes (Equal Treatment) (Amendment) Regulations 2005**

#### **Introduction and summary:**

The European Court of Justice (ECJ) has ruled that the exclusion of part-time workers from an occupational pension scheme could amount to indirect sex discrimination if it affected a much greater proportion of one sex, and this was contrary to the European Treaty. The Court held that this had been the case since 1976 but went on to rule that national time limits might be applied to any claims for retrospective access to schemes, subject to certain conditions.

The Occupational Pension Schemes (Equal Treatment) Regulations 1995 reflected the time limits in the Equal Pay Act 1970, providing that claims for retrospective membership of schemes must be made within 6 months of leaving the relevant employment. Further, in successful claims, membership may be backdated for a maximum period of two years. These time limits were challenged in the courts. The ECJ ruled that the two year limit contravened European law and that claims can be backdated as far as 8 April 1976, or the starting date of employment if later. This is subject to payment being made of employee contributions for the period for which membership is claimed.

The objective of these amending regulations is to make the 6 months time limit for bringing claims comply with Community law in such cases as well as to remove the two year limit on backdating successful claims.

#### **Purpose and intended effects of the amendment regulations:**

UK legislation cannot contravene European Law. The ECJ ruled on the compatibility of existing time limits with Community law and as a result we are obliged to amend our domestic legislation. Any case being dealt with by the Employment Tribunal has to be considered in terms of that ruling. The purpose of these amendment regulations is therefore only to bring UK legislation in line with European Law.

Claims lodged with Employment Tribunals were stayed pending the outcome of further hearings on test case issues. Most of these are now resolved so it is appropriate to make amendments to domestic legislation.

#### **Benefits:**

These regulations reflect the time limits of the ECJ ruling, which allow successful claims to be backdated to 8 April 1976, or the starting date of employment with the

relevant employer if later. Claims will however have to be made within 6 months of leaving the relevant employer.

Tens of thousands of claims have been lodged with Employment Tribunals. Although tribunals have been striking out those claims that are out of time because they were made later than 6 months after leaving the relevant employment, around 40,000 are left to be settled. A large number of the outstanding claims are against public service schemes, primarily the local government and NHS schemes. In addition, claims may also be lodged by people who had some part-time service during which they were not allowed admission to their employer's pension scheme and who are still in the relevant employment. The total potential number of future cases where the claimant is currently in employment or left employment within the previous 6 months has been estimated by the Government Actuary's Department (GAD) to be of the order of 125,000 in the public sector and 150,000 in the private sector.

Using the figures below on costs to schemes – which represents additional pension benefits to successful claimants – the average value of pension benefits likely to be reinstated for successful claimants is in the region of £10,000, of which around £7,500 might be contributed by employers. (These figures are very broad averages.)

In order to estimate accurately the impact of amending the regulations on different sectors it would be necessary to have details of those companies that had an occupational pension scheme in 1995 that did not admit part-time workers. This is not available.

The General Household Survey collects data on the proportions of full-time and part-time employees who are members of occupational pension schemes by industry sector. However, any differences may be due to variations in people's preferences of whether they want to join a scheme, rather than being allowed to do so. And there may be differences in the distribution of full-time and part-time employees amongst employers who offer pension schemes, so firm conclusions cannot necessarily be drawn.

The 1996 General Household Survey shows that the industry groupings, which had the highest percentages of full-time female employees who were members of their employer's pension scheme included public and other personal services, transport and communications, banking, finance and insurance and certain types of manufacturing. In each case, where there were sufficient part-time employees to make a meaningful comparison, the difference in the percentages of full-time and part-time female employees who were members of their employer's pension scheme was around 20 percentage points. This varied however in the public and other personal services group, where the difference was 40 percentage points. A comparison with the figures shown by industry grouping in the 2001 General Household Survey (at which date all part-timers should have been able to join their employer's pension scheme, if there was one, in respect of service from May 1995) shows little change in size of these differentials, except for the public and other personal services group, where the difference reduced from 40 percentage points to 26 percentage points.

A breakdown of part-time employees by industry sector is given in the Table 1 below:

<b>Industry sector</b>	<b>% of all part-time employees in industry sector</b>
Agriculture and fishing	1.1%
Energy and water	0.2%
Manufacturing	4.8%
Construction	1.9%
Distribution, hotels and restaurants	32.4%
Transport and communications	3.6%
Banking, finance, insurance etc	12.2%
Public administration and health	34.8%
Other services	8.4%
<b>Total</b>	<b>100%</b>
Total private sector	71.6%
Total public sector	27.6%

**(NB:** The totals for public and private sector do not add to 100% partly due to the ‘not knowns’, and partly those with a workplace outside the UK.)

The above data suggests that although the claims could spread across the whole spectrum of business, it is likely that the majority of claims will arise in sectors where there is either a large number of part-time employees or a high proportion of full-time employees who are in their employer’s pension scheme (where a high propensity to join the pension scheme may be presumed for part-time employees who are denied access), such as health, education and local government in the public sector and banking and finance in the private sector. Given the large proportion of part-time employees working in distribution, hotels and restaurants, a potentially large group of claims may arise in this sector. However, the percentage of full-time employees who are in an occupational scheme in these industries is low compared to other sectors and this may be reflected in low numbers of claims. These data are broadly consistent with what is known from test cases that have taken place in the Health, Education and Local Government sectors and from the private sector where there were claims from part-timers in the banking and electricity business.

### **Costs:**

Without knowing the precise number of people affected, and the length of time over which claims are likely to be backdated, it is very difficult to assess costs. GAD has estimated that total costs including employee contributions, but excluding administration and other costs, could be of the order of £3.25 billions [1]. These costs cover both potential claims from those still in employment and the 40,000 or so claims lodged with Employment Tribunals. The costs do not take into account that some part-timers will opt not to apply for retrospective access. This could be for a

number of reasons but the cost of paying backdated contributions could be one factor. It is very difficult to assess how many claims may be made. The estimates assume that everyone who may be entitled to retrospective service does make a claim.

If employees are granted retrospective access to occupational pension schemes that are, or have been, contracted-out of the State Earnings Related Pension Scheme (SERPS) it will mean that full rate National Insurance contributions have been paid by both the employer and the employee, whereas a lower, contracted-out rate should have been paid. The estimates given in the section headed 'Business costs' do not take account of any refunds of National Insurance contributions (in effect equal to the contracting-out rebate) payable from the National Insurance Fund which would fall to reduce the overall cost to employers and employees. This is covered in a later section.

If employee contributions to a scheme would have been payable during the period that a claimant is offered retrospective service had the claimant actually been a member of the scheme for that period, then for a funded scheme investment income would have been earned on those contributions which has otherwise been lost to the scheme. The costs to employees have been obtained by proportioning the total cost by the ratio of the average contribution rate payable by scheme members to the average total contribution rate paid by scheme members and employers. Thus, the costs to employees are given in terms of current salaries, rather than the salaries earned whilst they were not allowed access to the scheme. Similarly, the potential amounts of refunds of National Insurance contributions shown later are also based on current salaries rather than actual salaries in the years for which retrospection is granted.

### **Business costs:**

As stated above, without knowing the precise number of people affected and for how long a period, it is only possible to give broad estimates for employers and employees globally for both the Public and Private sectors. The broad estimates for total costs, excluding administration costs that employers may have to meet are [1]:

Employer costs:	£2.25 billion
Employee costs:	£1 billion
Total costs:	£3.25 billion

[1] See Annex

#### **Public Sector**

Employer costs:	£1 billion
Employee costs:	£0.5 billion
Total costs:	£1.5 billion

#### **Private Sector**

Employer costs:	£1.25 billion
Employee costs:	£0.5 billion
Total costs:	£1.75 billion



## **Administrative Costs**

Where a scheme grants retrospective membership rights to a claimant, it will incur administrative costs associated with reinstating these rights. These will include: i) the cost to a scheme of setting up a new membership record, where the individual claiming retrospective membership is not currently a member; ii) the on-going cost of administering this new record; (iii) for both new and existing members, the cost of calculating what contributions should have been paid over the period of backdated access depending on their length of service and salary contribution rates; and (iv) the cost of any additional actuarial advice that is needed.

The administration of pension schemes differs from business to business and there is no standard system of administration that is in operation. For this reason, some businesses will incur larger administrative costs than others, depending on how straightforward it is for their systems to incorporate the processes referred to above.

No information is held on the different types of scheme administration that exist in different businesses. Consequently, it is not possible to estimate with any certainty what the administrative costs of the new regulations will be.

For the purposes of this RIA, however, we have assumed an average administrative cost of £50 to £200 per claimant for each business that is required to allow retrospective access to their occupational pension scheme. This is based on an (uprated) estimate of the cost of creating an additional scheme record of £25 - £100, obtained from industry sources. The estimate has been uprated because it is likely that a scheme will have to do more than just create a scheme record, they will also have to calculate how much pension the individual is entitled to.

Assuming that all the claims lodged with Employment Tribunals were successful, the cost of administering these claims might therefore be in the region of £2m - £8m.

There will also be costs from future claimants who have not currently lodged their claims with Employment Tribunals: as noted above, the total potential number of future cases where a claimant is currently in employment or left employment within the previous 6 months has been estimated by GAD to be 125,000 in the public sector and 150,000 in the private sector.

As a 'high end' estimate, therefore, there are a maximum potential number of future claimants of around 315,000. Assuming all these claimants were successful, the total administrative costs associated with these claimants would be in the region of £15m - £65m. This is an upper limit and it is not thought that the total costs will be this high in practice. Much depends on whether the individual making the claim is in the scheme currently, which would mean that a scheme record already exists thus reducing the costs. High costs could arise in verifying the period over which the individual had been denied access and tracing past salary.

## **Costs to small businesses**

The costs estimated above will fall only on employers who provided an occupational pension scheme to which part-time employees were not admitted and where more employees of one sex compared with the other were affected.

It is not thought likely that a large number of micro-businesses (employing less than 10 employees) will have had such an occupational pension scheme in place at the time when the 1995 regulations came into effect. Hence the impact on these very small businesses is likely to be very low.

For slightly larger (although still 'small') businesses, data from the 2000 Employers Pension Provision Survey shows that only around 15% of employers with 13-49 employees provided an occupational pension scheme. This compares with 62% of employers of size 500-999 and 80% employing 1,000 or more employees. It is believed that many of the cases before Employment Tribunals related to large schemes and employers in the public and private sector. If this pattern were to be continued amongst any additional individuals who lodge a claim then it is likely that a relatively small proportion of the above costs will fall on small employers in absolute terms.

It is important to remember, however, that although the numbers of small businesses affected is expected to be low, the impact on each of these schemes, although likely to be minimal in absolute terms, is likely to be disproportionately felt in relative terms, particularly with regard to the administrative costs associated with dealing with any claims.

## **Other costs: impact on the National Insurance Fund**

As discussed earlier, if employees are granted retrospective access to occupational pension schemes that were contracted-out of the State Earnings Related Pension Scheme (SERPS) (now State Second Pension) it will mean that full rate National Insurance contributions have been paid, whereas a lower, contracted-out rate should have been paid. Refunds from the National Insurance Fund (equivalent in amount to the contracting-out rebate reductions in National Insurance contributions payable) will therefore be due on both employee and employer contributions. These will partly offset the costs of additional contributions to the occupational pension schemes. Some savings to the National Insurance Fund will be made at a later date, as the employees affected will receive less Additional Pension from the state pension scheme when they reach pension age. GAD has provided the following broad estimates of the amounts of refunds, which might be refunded from the National Insurance Fund (the figures are given in terms of 2004 earnings rather than the actual amounts of salaries earned during the period for which retrospection is granted)

Employer refund:	£300 million
Employee refund:	£100 million

No data is available from the Inland Revenue regarding the number of claims made but details of how many requests that have been made to them from employers regarding earnings details in respect of employees going back to 1976 are available. It is assumed that these requests do directly relate to Preston cases and are as follows:

2001/2            65 requests  
 2002/3 89 requests  
 2003/4 501(500 from a single employer)

**Overall costs:**

The following table provides a summary of the potential costs to employers and employees of providing retrospective access to occupational pension schemes back to 8 April 1976, or the starting date of employment, if later:

	Employer	Employees	Total
Cost of additional benefits	2,250	1,000	3,250
Administration costs	50	-	50
Refunds of National Insurance contributions	(300)	(100)	(400)
Total cost of providing retrospective access	2,000	900	2,900

£000,000s

*Note: these estimates err on the side of caution. Media reports have indicated that some employers have brokered agreements with Trade Unions and already made settlements. We do not have information about the nature and costs of those settlements.*

**Competition Assessment:**

The filter guidelines to assess whether a detailed competition assessment needs to be completed clearly indicate that one is not required for the purposes of these amending regulations. For example one of the questions to be considered “would the regulations lead to a higher set-up costs for new or potential firms. The answer here is clearly “No”, as all employers must comply with this legislation, which falls from the requirements under EU law. Similarly, this answer applies to other questions in the filter, which are there to establish that firms are not disadvantaged against other because of the legislative requirements. As the requirements apply to all there is no impact through them on competition, as they have no direct affect in restricting a firms ability to choose the price, quality, range or location of their products.

In summary these amending regulations are not expected to disadvantage the effectiveness of certain types or size of business over others.

**Racial Equality:**

Consideration has been given as to whether these proposed amendments require a racial equality impact assessment. The proposed amendments are equitable and fair

to all scheme members and do not single out particular groups, ethnic or otherwise. A race equality impact assessment is therefore not required in respect of these issues.

**Enforcement:**

The regulations reflect the requirement in European legislation in respect of time limits and the period over which retrospective access to occupational pension schemes may be claimed in sex discrimination claims. Claims under these regulations for backdated access to occupational pension schemes are enforced in the Employment Tribunals.

**Monitoring and Review:**

Data from Employment Tribunals will indicate what the trends are and whether employers are failing to comply with the legislative requirement. No special procedures need to be put in place

**Declaration**

I have read the Regulatory Impact Assessment and I am satisfied that the benefits justify the costs.

Signed by the responsible minister

*Stephen C. Timms*

Date: 14 July 2005

**Contact point**

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## **Annex**

### **Methodology**

For the purposes of these estimates it is assumed that retrospective access to pension schemes to 1976, or the starting date of employment, if later, would be allowed for all current employees still in relevant employment (or who ceased relevant employment within the last six months of the date these Regulations come into force) who had part-time service where the employer had an occupational pension scheme to which they were not admitted together with all those who have ceased relevant employment earlier and who lodged a valid claim.

It is assumed that the only claims to be considered in respect of those who have left relevant employment more than six months before the date these Regulations come into force are the 40,000 or so mentioned earlier in the RIA. There may be some claimants in these cases who are still in relevant employment. For the purposes of the RIA it is assumed that these cases are all separate from those who are still currently in relevant employment (or who left within the last six months of the date these Regulations come into force) and hence are additional costs. There may be other claims outstanding (especially for people who have ceased employment since May 1995) that are not included in these cases.

To estimate the costs involved in respect of employees still in relevant employment, first the numbers of part-timers in each year from 1976 onwards whose employer had an occupational pension scheme to which they did not have access have been estimated using data from the Occupational Pension Scheme Surveys carried out by the Government Actuary's Department and data from the General Household Survey. The history of admission to pension schemes of part-time employees and the potential numbers involved is known in more detail for some of the larger public sector schemes. Factors are then applied to the number of such part-time employees in each year from 1976 to estimate how many in that year would still be currently in relevant employment (or ceased employment within the last six months of the date these Regulations come into force) and hence potentially have an admissible claim in respect of their employment in that year. The survival factors are calculated using data from the General Household Survey of part-timers in employment by length of time spent with their current employer.

The current value of the pension arising from service in that year for those part-timers assumed to have a valid claim is then assessed using an estimate of current pensionable earnings derived using data from the 2000 New Earnings Survey and updated to 2004 using increases in the national average earnings indices for public and private sector pay. These amounts are then summed over all years which are to be included for the cost estimate. Further reduction factors are applied to allow for the effects of schemes where benefits are integrated with state pension.

A further assumption made is that, following the enactment of the Occupational Pension Schemes (Equal Treatment) Regulations 1995, all schemes will have granted access to all part-timers from 1 June 1995. Hence the costings do not include pension costs arising from service after that date. However, no deduction has been made to allow for the backdating of membership for up to two years from the date a claim is

made already permitted under existing legislation. (This deduction is effectively nil for those still in employment who have not yet made a claim since the backdating under existing legislation would not admit any service prior to 1 June 1995.)

There is limited data available about the estimated 40,000 cases currently before the Employment Tribunals. For example, the exact total numbers or the split between the public and private sectors are not known, nor are there any details about average earnings or length of retrospective access being claimed. These cases have been valued using the same approach used for costing those still in relevant employment at the date these Regulations come into force, except that factors have been used to estimate the number arising in a given year still being in relevant employment at 1 January 1995 (ie six months before the enactment of the 1995 regulations).

Summing the estimated costs for these two groups of potential claimants gives the following estimated costs to occupational pension schemes if a 6-month time limit for making claims after leaving employment is retained and retrospective access up to 1976, or date of starting employment, if later, is granted to successful claimants:

Estimated total costs to all schemes	£3.25 billion
of which, cost to employers	£2.25 billion
and cost to employees	£1.0 billion

Split between public and private sectors as follows:

Total cost to public sector schemes	£1.5 billion
of which, cost to employers	£1 billion
and cost to employees	£0.5 billion

Total costs to private sector schemes	£1.75 billion
of which, cost to employers	£1.25 billion
and cost to employees	£0.5 billion

These costs may be reduced by refunds of National Insurance contributions in respect of periods of retrospective service granted which would have been in contracted-out employment, of £300 million to employers and £100 million to employees.

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