



LEADER OF THE HOUSE OF COMMONS

Written Ministerial Statement

Thursday 14 July 2011

Members' Pensions

Leader of the House of Commons and Lord Privy Seal (Rt. Hon Sir George Young Bt MP): I am today announcing the next step in the Government's approach to MPs' pensions.

On 26 July 2010, I issued a Written Ministerial Statement on the publication of the Senior Salaries Review Body's (SSRB) fundamental review of Parliamentary pensions. This statement also set out our longer term approach to the reform of MPs' pensions, including our expectation that the current final-salary terms of the scheme would end. The SSRB report was a thoughtful and welcome consideration of the pension arrangements for Members of Parliament. However, as recognised at the time, there had been several developments in the area that could not be ignored in reaching a sustainable conclusion on the issue.

The Constitutional Reform and Governance Act 2010, which achieved Royal Assent in April 2010, conferred powers on the Independent Parliamentary Standards Authority (IPSA) to determine hon. Members' salary and pensions, independently of the House. The independent determination and administration of these matters is a crucial part of the process of restoring trust in Parliament, and any decision to defer the move to independence will result in MPs continuing to determine their own remuneration, which the House has firmly rejected.

Additionally, the Independent Public Service Pensions Commission, chaired by Lord Hutton of Furness, was established in June 2010, and published its Final Report on 10 March 2011. We have consistently made clear that Parliamentary pensions must be reformed in the light of the Commission's findings and subsequent application to other public service schemes. There is no case for MPs being treated differently from other public servants on this issue.

As the next step, I will table a motion before the House rises for the summer recess. This will invite the House to support the approach to public service pension reform set out in the Final Report of the Independent Public Service Pensions Commission. The motion will propose that IPSA should introduce a new pension scheme for MPs by 2015, informed by the Commission's findings, and their subsequent application to other public service pension schemes. In recognising the case for an increase in pensions contributions made in Lord Hutton's interim report, the motion will invite IPSA to increase contribution rates for hon. Members from 1 April 2012 in line with changes in pension contribution rates for other public service schemes.

The motion, which will be debated, will also reassert the importance of independent determination of MPs' remuneration. Subsequently, I will commence the relevant sections of the Constitutional Reform and Governance Act 2010, transferring all future responsibility for MPs' pensions to IPSA.



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This approach is similar to the one followed for MPs' pay, where the House resolved to freeze pay, before the relevant commencement order transferred responsibility to IPSA.

Once responsibility for MPs' pensions has been transferred to IPSA, MPs will have finally relinquished the power to set the terms of their own remuneration. Given the failure of self-regulation, which so damaged Parliament's reputation, this represents a significant step in drawing a line under the problems of the past and rebuilding public confidence.