



House of Commons

Thursday 8 November 2012

PUBLIC BILL COMMITTEE

New Amendments handed in are marked thus ★

☆ *Amendments which will comply with the required notice period at their next appearance*

PUBLIC SERVICE PENSIONS BILL

NOTE

The Amendments have been arranged in accordance with the Order of the Committee [6 November 2012].

Sajid Javid

25

Schedule 1, page 22, line 29, at end insert ‘and of the Police Service of Northern Ireland Reserve, police trainees, police reserve trainees and police cadets’.

Chris Leslie
Cathy Jamieson

72

Clause 22, page 12, line 35, at end insert—

- ‘(10) When scheme regulations make provision under this section for the participation of persons not in public service, the relevant responsible authority shall calculate and publish—
- (a) the cost to the scheme of participation by those persons not in public service; and
 - (b) how those costs will be funded.’

Sajid Javid

1

Clause 3, page 2, line 8, after second ‘different’ insert ‘purposes or’.

Public Service Pensions Bill, *continued*

Chris Leslie
Cathy Jamieson

44

Clause 3, page 2, line 13, at end insert—

‘(3A) Scheme regulations shall not make any provision which would have the effect of reducing the amount of any pension, allowance or gratuity, insofar as that amount is directly or indirectly referable to rights which have accrued (whether by virtue of service rendered, contributions paid or any other thing done) before the coming into operation of the scheme, unless the persons specified in subsection (3B) have agreed to the inclusion of that provision.

(3B) The persons referred to in subsection (3A) are the persons or representatives of the persons who appear to the responsible authority to be likely to be affected by the regulations if they were made.’

Sajid Javid

2

Clause 4, page 2, line 38, at end insert—

‘() Subsection (1) does not apply to a scheme under section 1 which is an injury or compensation scheme.’

Sajid Javid

3

Clause 4, page 2, line 38, at end insert—

‘() Scheme regulations may comply with the requirement in subsection (1)(a) or (b) by providing for different persons to be responsible for managing or administering different parts of a scheme (and references in this Act to the “scheme manager”, in such a case, are to be construed accordingly).’

Chris Leslie
Cathy Jamieson

45

Clause 5, page 3, line 4, leave out ‘following’ and insert ‘in subsection (2).

(1A) Regulations shall provide for the establishment of a pensions board for each individual pension fund which makes provision for local government workers.’

Chris Leslie
Cathy Jamieson

46

Clause 5, page 3, line 8, at end insert—

‘(b) oversight of financial management of the scheme and, in the case of funded schemes, oversight of investment management.’

Chris Leslie
Cathy Jamieson

47

Clause 5, page 3, line 16, at end insert—

Public Service Pensions Bill, *continued*

- ‘(i) to publish a policy governing the appointment of board members.’

Chris Leslie
Cathy Jamieson

48

Clause 5, page 3, line 24, at end insert—

- ‘(c) requiring that at least one third of pension board members are nominated by members of the scheme; and
(d) requiring that at least one member of the pension board is an independent board member.’

Chris Leslie
Cathy Jamieson

49

Clause 5, page 3, line 29, at end insert—

- (5A) For a board member to be nominated by scheme members under subsection 4(c) that member must—
- (a) be nominated as the result of a process in which at least the following are eligible to participate—
 - (i) all the active members of the scheme or an organisation which adequately represents the active members, and
 - (ii) all the pensioner members of the scheme or an organisation which adequately represents the pensioner members, and
 - (b) be selected as a result of a process which involves some or all of the members of the scheme.
- (5B) In subsection 4(d) an “independent board member” is a board member who—
- (a) has no interest in the assets of the scheme or of the scheme employer or employers; and
 - (b) is neither connected with, nor an associate of, the employer or employers.’

Sajid Javid

4

Clause 5, page 3, line 30, leave out subsection (6) and insert—

- ‘(6) Where the scheme manager of a scheme under section 1 is a committee of a local authority, the scheme regulations may provide for that committee also to be the board for the purposes of this section.’

Sajid Javid

5

Clause 5, page 3, line 35, leave out from ‘(6)’ to end of line 41 and insert “local authority” means—

- (a) a local authority in England and Wales within the meaning of Part 1 of the Local Government and Housing Act 1989;’

Sajid Javid

6

Clause 5, page 3, line 46, at end insert—

Public Service Pensions Bill, *continued*

- ‘() This section does not apply to a scheme under section 1 which is an injury or compensation scheme.’.
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Sajid Javid

7

Clause 6, page 4, line 8, at end insert—

- ‘() This section does not apply to a scheme under section 1 which is an injury or compensation scheme’.
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Chris Leslie
Cathy Jamieson

61

Clause 13, page 8, line 14, leave out subsection (1) and insert—

- ‘(1) The Treasury shall make directions requiring the scheme manager or responsible authority of a scheme under section 1 to publish scheme information.
- (1A) The Treasury may make directions requiring the scheme manager or responsible authority of a scheme under section 1 to provide scheme information to the Treasury.’.

Chris Leslie
Cathy Jamieson

62

Clause 13, page 8, leave out lines 20 and 21 and insert ‘Scheme information under subsection (1) shall include, but is not limited to, the following:’.

Chris Leslie
Cathy Jamieson

63

Clause 13, page 8, line 26, at end insert—

- ‘(f) full valuation reports.
- (3A) The Treasury may make provision for scheme information to be provided in a specified format.’.

Chris Leslie
Cathy Jamieson

64

Clause 13, page 8, line 28, at end insert—

- ‘(4A) The Office of Budget Responsibility shall report at regular intervals specified by the Treasury on the long-term fiscal impact of public service pension schemes.’.
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Public Service Pensions Bill, *continued*

- Chris Leslie
Cathy Jamieson
- Schedule 4, page 28, line 36, leave out ‘may’ and insert ‘shall’.
- 76
- Sajid Javid
- Schedule 4, page 31, line 45, after ‘if’, insert—
- ‘(a) it is an injury or compensation scheme (within the meaning of the Public Service Pensions Act 2013), or
- (b) ’.
- 26
- Sajid Javid
- Schedule 4, page 32, line 31, after ‘if’, insert—
- ‘(a) it is an injury or compensation scheme (within the meaning of the Public Service Pensions Act 2013), or
- (b) ’.
- 27
- Chris Leslie
Cathy Jamieson
- Schedule 4, page 35, line 10, leave out ‘may’ and insert ‘shall’.
- 77
- Sajid Javid
- Schedule 4, page 35, line 26, leave out ‘section 113 of the Pension Schemes Act 1993’ and insert ‘section 109 of the Pension Schemes (Northern Ireland) Act 1993’.
- 28
-
- Chris Leslie
Cathy Jamieson
- Clause 7, page 4, line 20, at end insert—
- ‘(3A) A scheme under section 1 which replaces a defined benefit scheme may only be established as a defined benefits scheme.’.
- 50
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- Chris Leslie
Cathy Jamieson
- Clause 8, page 5, line 1, after ‘Treasury’, insert ‘reasonably’.
- 51

Public Service Pensions Bill, *continued*

Chris Leslie
Cathy Jamieson

Clause 8, page 5, line 6, leave out ‘negative’ and insert ‘affirmative’.

52

Chris Leslie
Cathy Jamieson

Clause 9, page 5, line 31, at end insert—

‘(4A) A person’s normal or deferred pension age under a scheme under section 1 will not change by operation of this section unless 10 years’ or more notice of the change has been given.’.

53

Chris Leslie
Cathy Jamieson

Clause 9, page 5, line 31, at end insert—

‘(4B) The link between the state pension age and a person’s normal or deferred pension age shall be regularly and independently reviewed to ensure that the link remains appropriate in light of scheme members’ longevity.’.

54

Sajid Javid

Clause 10, page 6, line 7, after ‘section 1’, insert ‘which is a defined benefits scheme’.

8

Chris Leslie
Cathy Jamieson

Clause 10, page 6, line 21, at end insert—

‘(3A) Treasury directions under subsection (2) shall take into account the individual nature of each of the different funded schemes that make provision for local government workers.’.

55

Sajid Javid

Clause 10, page 6, line 24, at end add—

‘() Scheme regulations for a scheme under section 1 which is not a defined benefits scheme may provide for actuarial valuations to be made of the scheme and any statutory pension scheme which is connected with it; and if they do, subsections (2) to (4) apply.’.

9

Chris Leslie
Cathy Jamieson

Clause 10, page 6, line 24, at end add ‘and with the written approval of the

56

Public Service Pensions Bill, *continued*

Government Actuary.’

Sajid Javid

Clause 11, page 6, line 26, after ‘section 1’, insert ‘which is a defined benefits scheme’.

10

Chris Leslie
Cathy Jamieson

Clause 11, page 6, line 40, at end insert—
(4A) Treasury directions under subsection (3) may only be made after consultation with the persons or representatives of the persons who appear to the Treasury to be likely to be affected by the employer cost cap.’

57

Chris Leslie
Cathy Jamieson

Clause 11, page 7, line 15, at end insert ‘provided that they do not have the effect of reducing members’ accrued benefits.’

58

Chris Leslie
Cathy Jamieson

Clause 11, page 7, line 19, leave out ‘negative’ and insert ‘affirmative’.

59

Sajid Javid

Clause 12, page 7, line 26, leave out ‘scheme’ and insert ‘pension fund’.

11

Sajid Javid

Clause 12, page 7, line 27, at end insert ‘, so far as relating to the pension fund’.

12

Chris Leslie
Cathy Jamieson

Clause 12, page 7, line 29, at end insert ‘or, where a pension scheme consists of more than one fund, separate actuarial valuations of each fund.’

60

Public Service Pensions Bill, *continued*

Chris Leslie
Cathy Jamieson

Clause 16, page 9, line 33, leave out subsection (4) and insert—
'(4) The closing date is 5 April 2015 subject to subsection (7).'

65

Chris Leslie
Cathy Jamieson

Schedule 5, page 38, leave out lines 34 to 40.

78

Sajid Javid

Schedule 5, page 40, line 3, at end insert 'and compensation benefits'.

29

Sajid Javid

Schedule 6, page 41, line 26, at end insert 'and compensation benefits'.

30

Chris Leslie
Cathy Jamieson

Schedule 7, page 42, line 23, at end insert 'and
(iii) the definition of pensionable earnings under the new scheme
will be the same definition as under the old scheme.'

79

Chris Leslie
Cathy Jamieson

Clause 20, page 11, line 11, leave out 'significant'.

66

Chris Leslie
Cathy Jamieson

Clause 20, page 11, line 35, at end insert 'or in the case of the Local Government
Pension Scheme the period of 26 years beginning with 1 April 2014'.

67

Public Service Pensions Bill, *continued*

- Chris Leslie
Cathy Jamieson
- 68
- Clause 20, page 11, line 40, at end insert—
(d) the scheme’s definition of pensionable earnings;
(e) ill-health benefits;
(f) early retirement rights.’.
- Chris Leslie
Cathy Jamieson
- 69
- Clause 20, page 11, line 41, leave out subsection (6).
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- Chris Leslie
Cathy Jamieson
- 70
- Clause 21, page 12, line 5, leave out ‘significant’.
- Chris Leslie
Cathy Jamieson
- 71
- Clause 21, page 12, line 7, at beginning insert ‘Unless otherwise stated in this Act’.
-
- Chris Leslie
Cathy Jamieson
- 73
- Clause 23, page 12, line 40, at end insert ‘provided that the payment of pension and other benefits under this section does not limit the obligations under schemes under section 1 to provide members with all the benefits set out in the scheme regulations.’.
-
- Sajid Javid
- 31
- Schedule 8, page 44, line 36, at end insert—
‘20C A pension payable under a scheme made by the Scottish Ministers under section 1 of the Public Service Pensions Act 2013 by virtue of section 1(2)(d) of that Act (teachers).’.
- Sajid Javid
- 32
- Schedule 8, page 44, line 41, at end insert—
‘22B A pension payable under a scheme made by the Scottish Ministers under section 1 of the Public Service Pensions Act 2013 by virtue of section 1(2)(e) of that Act (health service workers).’.

Public Service Pensions Bill, *continued*

- Sajid Javid 33
 Schedule 8, page 45, leave out lines 6 to 21.
- Sajid Javid 34
 Schedule 8, page 45, leave out lines 23 to 25 and insert—
 “39A A pension payable under a defined benefits scheme, within the meaning of the Public Service Pensions Act 2013, made by the Secretary of State or the Scottish Ministers under section 1 of that Act by virtue of section 1(2)(c) of that Act (local government workers).”.
- Sajid Javid 35
 Schedule 8, page 45, leave out lines 27 to 30 and insert—
 “43A A pension payable under a defined benefits scheme, within the meaning of the Public Service Pensions Act 2013, made by the Secretary of State or Scottish Ministers under section 1 of that Act by virtue of section 1(2)(g) of that Act (police).
 In the case of a scheme made by the Secretary of State, this paragraph does include a pension referred to in paragraph 15B above.”.
- Sajid Javid 36
 Schedule 8, page 45, leave out lines 32 to 35 and insert—
 “44A A pension payable under a defined benefits scheme, within the meaning of the Public Service Pensions Act 2013, made by the Secretary of State, Scottish Ministers or Welsh Ministers under section 1 of that Act by virtue of section 1(2)(f) of that Act (fire and rescue workers).
 In the case of a scheme made by the Secretary of State, this paragraph does not include a pension referred to in paragraph 16B above.”.
- Sajid Javid 37
 Schedule 8, page 46, leave out lines 25 to 28 and insert—
 “14B A pension payable under a defined benefits scheme, within the meaning of the Public Service Pensions Act 2013, made by a Northern Ireland department under section 1 of that Act by virtue of section 1(2)(c) of that Act (local government workers).”.
- Sajid Javid 38
 Schedule 8, page 46, leave out lines 30 to 33 and insert—
 “16A A pension payable under a defined benefits scheme, within the meaning of the Public Service Pensions Act 2013, made by a Northern Ireland department under section 1 of that Act by virtue of section 1(2)(f) of that Act (fire and rescue workers).”.
- Sajid Javid 39
 Schedule 8, page 48, leave out lines 30 to 33 and insert—

Public Service Pensions Bill, *continued*

“(fb) a committee of a relevant authority which is the scheme manager (or scheme manager and pension board) of a scheme under section 1 of the Public Service Pensions Act 2013;”.

Sajid Javid

40

Schedule 8, page 49, line 42, at end insert—

‘Merchant Shipping Act 1995 (c. 21)

29A (1) Section 214 of the Merchant Shipping Act 1995 (pension rights of persons whose salaries are paid out of the General Lighthouse Fund) is amended as follows.

(2) The existing provision is numbered as subsection (1).

(3) After that subsection there is inserted—

“(2) Where pensions, allowances and gratuities to or in respect of persons whose salaries are paid out of the General Lighthouse Fund are payable otherwise than under subsection (1), sums in respect of those benefits may with the approval of the Secretary of State be paid out of that Fund.”.

Chris Leslie
Cathy Jamieson

74

Clause 28, page 14, line 21, after ‘body’, insert ‘final salary’.

Sajid Javid

13

Clause 28, page 14, line 23, leave out from ‘authority’ to ‘service’ and insert ‘responsible for the scheme must make provision to secure that no benefits are provided under the scheme to or in respect of a person in relation to the person’s’.

Sajid Javid

14

Clause 28, page 14, line 24, at end insert—

() Subsection (2) does not apply—

(a) in relation to a public body pension scheme which is a defined contributions scheme, or

(b) to injury or compensation benefits.’.

Sajid Javid

15

Clause 28, page 14, line 25, after ‘authority’, insert ‘responsible for the scheme’.

Sajid Javid

16

Clause 28, page 14, line 25, leave out ‘closure’ and insert ‘provision made under subsection (2)’.

Public Service Pensions Bill, *continued*

- Sajid Javid 17
- Clause 28, page 14, line 27, at end insert—
- () Provision made under subsection (2) or (3) may in particular be made by amending the public body pension scheme.
 - () In subsection (2), the reference to benefits in relation to a person's service includes benefits relating to the person's death in service.

- Sajid Javid 18
- Clause 28, page 14, line 29, after 'authority', insert 'responsible for the scheme'.

- Sajid Javid 19
- Clause 28, page 14, line 32, leave out 'the scheme closed under subsection (2)' and insert 'a scheme to which this section applies'.

- Sajid Javid 20
- Clause 28, page 14, line 34, leave out 'a new scheme' and insert 'a new defined benefits scheme in relation to the body or office'.

- Chris Leslie
Cathy Jamieson 75
- Clause 28, page 14, line 39, leave out subsection (7)(b).

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- Sajid Javid 41
- Schedule 10, page 54, line 3, leave out 'Northern Lighthouse Board' and insert 'Commissioners of Northern Lighthouses'.

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- Sajid Javid 42
- Schedule 11, page 54, line 30, at end insert—
- 'Lord Chancellor's salary*
- 2A (1) The Ministerial and other Salaries Act 1975 is amended as follows.
- (2) In section 1 (salaries), in subsection (2), for the words from "at such rate" to the end there is substituted "of—
- (a) £68,827, where the Lord Chancellor is a member of the House of Commons;
 - (b) otherwise, £101,038."
- (3) In that section, after subsection (5) there is inserted—

Public Service Pensions Bill, *continued*

- “(6) Where a person who holds office as Lord Chancellor (and to whom a salary is accordingly payable under subsection (2)) is also the holder of one or more other offices in respect of which a salary is payable under this section, he shall only be entitled to one of those salaries.
- (7) If, in the case of a person mentioned in subsection (6), there is a difference between the salaries payable in respect of the offices held by him, the office in respect of which a salary is payable to him shall be that in respect of which the highest salary is payable.”
- (4) In section 1A (alteration of salaries), in subsection (1), after “section 1(1),” insert “(2)(a) or (b),”.

Sajid Javid

Schedule 11, page 55, line 10, leave out ‘Section 1’ and insert ‘Sections 1 and 3(1)’.

43

Sajid Javid

Clause 31, page 15, line 32, leave out ‘the state pension age link’ and insert ‘such provision’.

21

Sajid Javid

Clause 32, page 16, line 24, leave out ‘the state pension age link’ and insert ‘such provision’.

22

*NEW CLAUSES**Scheme participation*

Chris Leslie
Cathy Jamieson

NC1

To move the following Clause:—

‘The Treasury shall commission an independent review into the appropriateness of increased pension contributions if, following the full implementation of the increases in employee contributions announced in the Government’s 2010 Spending Review, the number of members opting out of any public service pension scheme increases by more than 5 per cent compared with the drop-out

Public Service Pensions Bill, *continued*

rate in the 12 months immediately before any contribution increases were implemented.’.

Pension policy groups

Chris Leslie
Cathy Jamieson

NC2

To move the following Clause:—

- ‘(1) The Treasury shall make directions providing for the establishment of a pension policy group for each scheme established under section 1.
- (2) The pension policy groups will consider and advise on proposals to make significant changes to scheme regulations.
- (3) Treasury directions under subsection (1) shall establish a single pension policy group relating to all schemes for local government workers.’.

Review of standards of administration

Chris Leslie
Cathy Jamieson

NC3

To move the following Clause:—

- ‘(1) Within six months of the day on which this Act is passed, the Treasury shall commission an independent review into the standards of administration in public service pension schemes and how those standards could be improved.
- (2) The Treasury shall lay before Parliament the report produced by the review as soon as reasonably practical after the report has been published.’.

Member communications

Chris Leslie
Cathy Jamieson

NC4

To move the following Clause:—

- ‘(1) Scheme regulations for a scheme under section 1 shall provide for the provision of annual benefit statements to all members of the scheme.
- (2) Benefit statements under subsection 1 shall show the following information—
 - (a) the members’ pension benefits earned to date;

Public Service Pensions Bill, *continued*

- (b) the projected annual pension and lump sum payments if the member retires at his normal pension age; and
- (c) the member's and employer's current contribution rates.'.

Fair deal

Chris Leslie
Cathy Jamieson

NC6

★ To move the following Clause:—

‘A member of a public service pension scheme is entitled to remain an active member of that scheme following—

- (a) the compulsory transfer of his contract of employment to a private contractor under the Transfer of Undertakings (Protection of Employment) Regulations 2006; and
- (b) any subsequent compulsory transfer of his contract of employment.’.

Sajid Javid

Clause 33, page 17, line 31, at end insert ‘or injury and compensation benefits’.

23

Sajid Javid

Clause 33, page 18, line 7, at end insert—

““injury or compensation scheme”: a pension scheme is an “injury or compensation scheme” if it provides only for injury or compensation benefits (or both).”.

24

ORDER OF THE HOUSE [29TH OCTOBER 2012]

That the following provisions shall apply to the Public Service Pensions Bill:

Committal

1. The Bill shall be committed to a Public Bill Committee.

Proceedings in Public Bill Committee

2. Proceedings in the Public Bill Committee shall (so far as not previously concluded) be brought to a conclusion on Thursday 22 November 2012.
3. The Public Bill Committee shall have leave to sit twice on the first day on which it meets.

Consideration and Third Reading

4. Proceedings on consideration shall (so far as not previously concluded) be brought to a conclusion one hour before the moment of interruption on the

Public Service Pensions Bill, *continued*

day on which those proceedings are commenced.

5. Proceedings on Third Reading shall (so far as not previously concluded) be brought to a conclusion at the moment of interruption on that day.
6. Standing Order No. 83B (Programming committees) shall not apply to proceedings on consideration and Third Reading.

Other proceedings

7. Any other proceedings on the Bill (including any proceedings on consideration of Lords Amendments or on any further messages from the Lords) may be programmed.
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ORDER OF THE COMMITTEE [6 NOVEMBER 2012]

That—

- (1) the Committee shall (in addition to its first meeting at 8.55 am on Tuesday 6 November) meet—
 - (a) at 2.00 pm on Tuesday 6 November;
 - (b) at 11.30 am and 2.00 pm on Thursday 8 November;
 - (c) at 8.55 am and 2.00 pm on Tuesday 13 November;
 - (d) at 8.55 am and 2.00 pm on Tuesday 20 November;
 - (e) at 11.30 am and 2.00 pm on Thursday 22 November;
- (2) the Committee shall hear oral evidence on Tuesday 6 November in accordance with the following Table:

TABLE

| <i>Time</i> | <i>Witness</i> |
|------------------------------|--|
| Until no later than 9.45 am | Institute for Fiscal Studies Intergenerational Foundation Chartered Institute of Public Finance and Accountancy |
| Until no later than 10.15 am | UNISON Unite |
| Until no later than 11.00 am | Trades Union Congress GMB British Medical Association |
| Until no later than 11.20 am | Lord Hutton of Furness |
| Until no later than 3.00 pm | Pension Policy Institute National Association of Pension Funds Association of Consulting Actuaries |
| Until no later than 4.00 pm | Confederation of British Industry Prospect Police Federation |
| Until no later than 4.45 pm | Local Government Association Pensions Regulator |

Public Service Pensions Bill, *continued*

Time

Witness

Until no later than 5.30 pm

National Union of Teachers
NASUWT

- (3) proceedings on consideration of the Bill in Committee shall be taken in the following order: Clause 1; Schedule 1; Clause 22; Clause 2; Schedule 2; Clause 3; Schedule 3; Clauses 4 to 6; Clauses 13 to 15; Schedule 4; Clauses 7 to 12; Clause 16; Schedule 5; Clause 17; Schedule 6; Clause 18; Schedule 7; Clauses 19 to 21; Clauses 23 and 24; Schedule 8; Clauses 25 and 26; Schedule 9; Clauses 27 and 28; Schedule 10; Clauses 29 and 30; Schedule 11; Clauses 31 and 32; new Clauses; new Schedules; Clauses 33 to 38; remaining proceedings on the Bill;
- (4) the proceedings shall (so far as not previously concluded) be brought to a conclusion at 5.00 pm on Thursday 22 November.

NOTICES WITHDRAWN

The following Notices have been withdrawn: 7 November 2012

NC 5
