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Dear Brian,

MPs' PENSION SCHEME

Thank you for your letter of 29 January 2014. I apologise for the length of time it has taken me to reply.

Like you, I am pleased that our teams are working closely together on the drafting of the new MPs' Pension Scheme. The main bulk of the drafting is concluded and my team is confident that we will meet our agreed timescales for the work.

As you note in your letter, this work is partly dependent on other work, in particular the drafting of the Ministerial Scheme by the Cabinet Office and agreement on the approach we will take to the cost cap. These dependencies may mean that the new MPs' Scheme is not laid until after the summer recess. However, since the form of the CARE section will be finalised well before that, I trust this will not delay your administrators from commencing work.

You mention the desirability of ensuring the MPs' and Ministerial Schemes be as similar as possible. I share that aim and I am glad that the Cabinet Office has recognised the desirability of such an outcome. It is inevitable, however, that there will be some differences, both in the drafting and the substance, between the two schemes. This is a function of having two schemes, albeit with substantially overlapping memberships, controlled by two different bodies and drafted by different lawyers. As you know, we have always striven for a scheme written in plain English which is as easily operable as possible. We will continue to urge the Cabinet Office to adopt the same approach wherever possible.

You also ask about the added voluntary contributions scheme. We do not have any intention of making changes to the added voluntary contributions scheme, but there is ongoing legal discussion about the extent to which it is covered by either IPSA's or the Minister for the Civil Service's powers under Schedule 6 of the Constitution Reform and Governance Act. This will require further examination over the coming weeks and our lawyers are working closely with yours so as to resolve the issue.

Finally, you ask about the cost of implementation of the new schemes. I am afraid that I do not expect IPSA to be able to contribute to your implementation costs, which must instead fall to the fund. We will, needless to say, work with you to limit these costs where possible.

I am grateful for your comments on the way our teams have worked together over the past few months. I am certain that the collaborative approach we have both adopted is the right one, and I look forward to concluding the reform of the MPs' Pension Scheme.

Yours ever,
Ian

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