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CONSULTATION ON MPs' PAY AND PENSIONS

I write to introduce the next phase of IPSA's review of MPs' pay and pensions. We will tomorrow launch a consultation that puts forward a recommended package for MPs' remuneration. A copy of our consultation document is enclosed.

This package we are putting forward for consultation has the following elements:

- a salary increase to £74,000 in 2015, indexed to average earnings growth in the whole economy thereafter;
- a pension in line with those in other parts of the public service and which is more sustainable in the long term;
- a more modest, modern redundancy-type package in place of resettlement payments; and
- some changes to the business costs and expenses regime to align it with the expectations of a modern professional role.

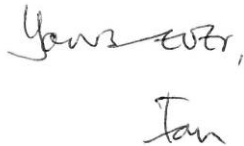
It is also clear from our work that the majority of the public do not know what their MPs do. We are therefore inviting MPs to publish annual reports to their constituents on their activities and achievements. These would complement the annual statement of public funding each MP receives, which are already published by IPSA.

This new package puts MPs' remuneration on a more sustainable footing for the future and represents a clean break with the past. The powers to determine MPs' pay and pensions were transferred in 2011 from Parliament to IPSA - an independent regulator.

The consultation runs from 11 July until 20 October 2013. We will analyse the consultation responses and publish our final determination in the autumn. These decisions will be implemented after the General Election due in May 2015.

I would be very pleased to meet you to discuss the issues raised in the consultation. I have asked my office to make arrangements with yours for us to meet, at a time convenient to you.

We look forward to hearing from you as part of our consultation.

A handwritten signature in cursive script, appearing to read 'Yours ever, Ian'.

Sir Ian Kennedy
Chair