



## Minute

### **Minutes of a meeting of the Board of IPSA Monday 30 January 2012, 3.00pm**

Present	Sir Ian Kennedy (chair) Sir Scott Baker [by telephone] Ken Olisa [by telephone] Isobel Sharp [by telephone]	Nick Lee, Head of Board and Chief Executive Office
	Bob Evans, Director of Finance and Corporate Services	Mark Anderson, Communications Manager
	Anne Power, Director of Communications	Tony Lord, Head of Policy
	John Sills, Director of Policy	
Apologies	Jackie Ballard Andrew McDonald, Chief Executive	
Status	Approved for publication.	
Publication	Approved for publication.	

## 1. Welcome

1.1. The Chair welcomed the Board to the meeting, which had been scheduled to sign off, subject to any further concerns that the Board might raise, a consultation document on MPs' pensions for publication on Monday 6 February 2012.

## 2. Contribution rates

2.1. The Chair noted that the Board was considering two options:

- a simple increase in the level of MPs' contributions; or
- an increase in contributions alongside the opportunity to move to a different rate of accrual.

2.2. The Chair noted that the draft minutes of the previous meeting of the Board, on 23 January 2012, recorded that the Board had agreed to consider a range of increases in contribution rates, between 1.3% and 2.4%, but that the rate within that range had been left to be determined by the Chair in the light of further consideration of the relevant evidence.

2.3. The Director of Policy noted that an increase in contribution rates of 1.85% would:

- take account of MPs' already-high pension contributions;
- reflect the trend in other areas of the public sector whereby those already paying higher contributions than average, such as some teachers, were not being required to pay a 2.4% increase but rather an increase of 1.6%;
- strike a balance between fairness for taxpayers and fairness for MPs; and
- ensure MPs would pay increased contributions, in line with the rest of the public sector, without creating a punitive contribution rate.

2.4. The Board noted that it was difficult to compare different schemes, which were subject to many variables, and agreed that the consultation document should, as far as possible, make this clear.

2.5. The Board agreed to consult on an increase in contributions of 1.85% from April 2012 as regards both options.<sup>1</sup>

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<sup>1</sup> One note of dissent was recorded.

2.6. The Board confirmed its earlier agreement that the second option, which would allow MPs to move to a different rate of accrual, should be recommended as the preferred option.

### **3. Timing of long-term work**

3.1. The Board noted that:

- there was an expectation among stakeholders, following IPSA's earlier statements, that a new scheme on pensions would be in place by the end of 2013;
- a new scheme, if introduced, in 2013, would enable IPSA to avoid calls to introduce a succession of punitive and potentially increasingly unfair increases in contributions so as to reflect the increases planned for the public sector for succeeding financial years; and
- the 2013 target was challenging but had significant potential benefits, not least because the reformed arrangements for MPs' pensions would be announced ahead of the rest of the public sector.

3.2. The Board agreed that:

- it was important that MPs standing for Parliament in 2015 knew the position with regard to pensions and salaries;
- the new arrangement as regards MPs' total remuneration package, involving both pay and pensions, should be announced before the end 2013, although changes in MPs' pay would not be implemented before the start of the new Parliament (expected in 2015);
- it was important that both elements of the remuneration package should be reviewed and announced in concert, although the dates of implementation might vary;
- no definite commitment should be made at this stage as to the implementation date of the new pension arrangements;
- it should be made clear that in its review of the pensions scheme, IPSA would take account of the report of Lord Hutton; and
- IPSA should refer to the current public-sector pay freeze, which was due to last until the end of the current Parliament, but that this should not be seen to prejudice to the longer-term, fundamental work on MPs' remuneration.

#### 4. Foreword

4.1. The Board agreed that the foreword should be described as coming from the Chair.

**John Sills to revise foreword for signoff by the Chair and for circulation to the Board.**

#### 5. Consultation document

5.1. The Board agreed that the consultation document should include a layman's guide to pensions and pensions terminology, which should make clear – in particular – that it was difficult to draw comparisons between different schemes.

**Tony Lord to include layman's' guide to pensions in consultation document.**

5.2. The Board noted that:

- the review process would consider any consequences of changes in salary for pension benefits under the existing defined benefit scheme; and
- a progress report on plans for engaging the public and communications as regards the separate longer-term review of MPs' pay and pensions would be given at the meeting of the Board on 7 February.

5.3. The Board agreed, subject to the points agreed above, that the Chair should sign off the revised consultation document on its behalf for publication on Monday 6 January 2012.

*Meeting closed.*