

# PARLIAMENTARY DEBATES

HOUSE OF COMMONS  
OFFICIAL REPORT  
GENERAL COMMITTEES

## Public Bill Committee

### PUBLIC SERVICE PENSIONS BILL

*Third Sitting*

*Thursday 8 November 2012*

*(Morning)*

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Written evidence reported to the House.

CLAUSE 1 agreed to.

SCHEDULE 1 agreed to, with an amendment.

CLAUSE 22 agreed to.

CLAUSE 2 agreed to.

SCHEDULE 2 agreed to.

CLAUSE 3, as amended, under consideration when the Committee adjourned till this day at Two o'clock.

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**Monday 12 November 2012**

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**The Committee consisted of the following Members:**

*Chairs:* † MR JOE BENTON, ANNETTE BROOKE

- |   |   |
|---|---|
| † Abrahams, Debbie ( <i>Oldham East and Saddleworth</i> ) (Lab) | † Jamieson, Cathy ( <i>Kilmarnock and Loudoun</i> ) (Lab/Co-op) |
| † Ashworth, Jonathan ( <i>Leicester South</i> ) (Lab)           | † Javid, Sajid ( <i>Economic Secretary to the Treasury</i> )    |
| † Burt, Lorely ( <i>Solihull</i> ) (LD)                         | † Jones, Mr Marcus ( <i>Nuneaton</i> ) (Con)                    |
| † Doyle-Price, Jackie ( <i>Thurrock</i> ) (Con)                 | † Leadsom, Andrea ( <i>South Northamptonshire</i> ) (Con)       |
| † Evans, Graham ( <i>Weaver Vale</i> ) (Con)                    | † Leslie, Chris ( <i>Nottingham East</i> ) (Lab/Co-op)          |
| † Freer, Mike ( <i>Finchley and Golders Green</i> ) (Con)       | † McGovern, Alison ( <i>Wirral South</i> ) (Lab)                |
| † Fuller, Richard ( <i>Bedford</i> ) (Con)                      | McKenzie, Mr Iain ( <i>Inverclyde</i> ) (Lab)                   |
| † Gibb, Mr Nick ( <i>Bognor Regis and Littlehampton</i> ) (Con) | Paisley, Ian ( <i>North Antrim</i> ) (DUP)                      |
| † Gilmore, Sheila ( <i>Edinburgh East</i> ) (Lab)               | † Williams, Stephen ( <i>Bristol West</i> ) (LD)                |
| † Hands, Greg ( <i>Chelsea and Fulham</i> ) (Con)               | Kate Emms, Neil Caulfield, <i>Committee Clerks</i>              |
|   | † <b>attended the Committee</b>                                 |

## Public Bill Committee

Thursday 8 November 2012

(Morning)

[MR JOE BENTON *in the Chair*]

### Public Service Pensions Bill

#### Written evidence to be reported to the House

PSP 09 Northern Ireland Local Government Officers Superannuation Committee

PSP 10 The Fire Brigades Union

PSP 11 Robert Reynolds

PSP 12 Public Service Pensioners Council

11.30 am

**The Chair:** Good morning, everyone. Chiefly for the benefit of people who might be new to Public Bill Committees, I have just a few notes of explanation.

The selection list for today's sitting is available in the room. It shows the amendments selected for debate and those that have been grouped together for debate. Amendments grouped together are generally on the same issue, or similar issues.

The Member who tabled the amendment makes an opening speech and proposes the amendment. Any other Member is then able to speak to the amendments in the group. Once all Members who wish to reply, including the Minister if appropriate, have replied, I will again call the Member who moved the amendment.

It would be very useful for Members to indicate if they wish to withdraw the amendment before the Committee or to seek a decision. The same applies to any other amendments in the group. I ask you to note that amendments are voted upon in the order that they come in the Bill, although they may have been debated in an earlier group.

I hope that explanation is helpful. It is not my composition, but I hope it is helpful.

#### Clause 1

##### SCHEMES FOR PERSONS IN PUBLIC SERVICE

*Question proposed,* That the clause stand part of the Bill.

**The Economic Secretary to the Treasury (Sajid Javid):** May I say what a pleasure it is to have this Public Bill Committee under your chairmanship, Mr Benton?

Clause 1 establishes the key enabling powers in the Bill, allowing for the creation of new public service pension schemes. These schemes represent the third element of the Government's public service pension reform package, which will deliver hundreds of billions of pounds of savings over the next 50 years. The schemes that will be created on the basis of this Bill will make significant contributions to those savings, of around

£65 billion. They represent a fair and sustainable future for public service pensions, allowing us to manage the cost to the taxpayer while still offering pensions for public servants that will be among the very best available. The detailed rules for each of these schemes will be set out in the scheme regulations. Those rules will, of course, be within the framework established by the provisions set out in the later clauses in the Bill.

The clause allows for schemes to be created for the payment of both pensions and other benefits. This is a regular practice in pensions legislation and allows for the creation of, for example, injury or compensation schemes. As with the power to create pension schemes, there are significant gains to be made by bringing powers to create these other benefits under the umbrella of the Bill. Collating the powers to create all kinds of schemes will deliver increased simplicity and transparency in this arena.

All schemes created under clause 1 will be subject to new requirements on publishing and providing information. The clause also sets out the groups that are eligible for these pensions and seeks to maintain the current status quo. Later clauses will set out the conditions whereby other individuals who are not necessarily a part of those groups might have access to the scheme. That is a necessary flexibility, in order to deliver pension schemes in the real world. However, the groups in this clause are those that will form the core membership of public service pension schemes in the future.

**Chris Leslie** (Nottingham East) (Lab/Co-op): I am grateful to the Minister for setting out his arguments and I join him in welcoming you, Mr Benton, to the Chair. I also welcome Mrs Brooke, who will chair various other sittings of our Committee.

I know that hon. Members can barely contain their excitement at the prospect of many days being spent on the Public Service Pensions Bill Committee. They are fizzing with enthusiasm; their enthusiasm is palpable in the room.

Fortunately, there are currently no amendments to clause 1, but it is important briefly to take stock of the areas on which we agree with the Government and those on which we disagree. In particular, having had the lead from Lord Hutton in his independent public service pensions commission report a year ago, we can see the definite need to take stock of the public service pension schemes to ensure that they are put on a long-term, sustainable footing. There is broad agreement on that, but where we have our differences with the Government we will be tabling a series of amendments to change or improve the Bill.

Although it is not a direct feature of the Bill, it would be remiss of us not to comment on the Government's unilateral imposition, without any negotiation or consultation, of the 3% average increase in contributions, and the change from the retail prices index to the consumer prices index. That was a feature of the Second Reading debate, and it has caused great concern to many public service workers.

Clause 1 merely paves the way for later changes, and my only real point here is that when the Bill talks about persons in public service—civil servants, the judiciary, local government workers, teachers, health service workers, firefighters, police officers and those in the armed forces—it

serves to remind us of the extremely valuable and important work that is conducted across the length and breadth of the country in our vital public services, for all our constituents. It would be wrong, therefore, not to take this moment to thank and pay tribute to the people who dedicate a great deal of their time and effort to the service of the public good. We will discuss the pros and cons of the rewards and penalties that they might face during their employment, but many people go into public service not for financial reasons but because it is a noble cause and the right career for them. We are fortunate to have so many hundreds of thousands of hard-working public servants engaged in their duties on a daily basis.

**Mr Nick Gibb** (Bognor Regis and Littlehampton) (Con): I was not going to speak, but I want to pick up on what the hon. Gentleman said about the important work of our public servants. The essence of the reforms is that the Government are determined to ensure that defined benefit pension schemes are available to those who devote their lives to public service, particularly those in the teaching profession. It was interesting to note during the evidence session that Kevin Courtney and Chris Keates, on behalf of their unions—the National Union of Teachers and the NASUWT—were prepared to recommend that their members join the pension scheme, notwithstanding the important reforms that will make it sustainable. In this country, we value our public servants, whether in the health service, the police or the teaching profession.

**Sajid Javid:** I thank the hon. Member for Nottingham East for his remarks, especially those about the value of public servants, their noble cause and everything they do for us, whether they be teachers, people in the police, the army—the list goes on and on. I concur wholly with his remarks, and with the comments made by my hon. Friend the Member for Bognor Regis and Littlehampton.

*Question put and agreed to.*

*Clause 1 accordingly ordered to stand part of the Bill.*

### Schedule 1

#### PERSONS IN PUBLIC SERVICE: DEFINITIONS

**Sajid Javid:** I beg to move amendment 25, in 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’.

After further discussions with colleagues in Northern Ireland, we have amended the schedule to ensure that the correct groups can have access to the police pension scheme. The amendment widens access to achieve the outcome that was originally intended for membership of the scheme, which reflects the Government’s intention that the status quo should be maintained with regards to the core membership of public service pension schemes.

**Chris Leslie:** This appears to be a fairly straightforward correction to a drafting anomaly. We do not object to it.

*Amendment 25 agreed to.*

*Question proposed.* That the schedule, as amended, be the First schedule to the Bill.

**Sajid Javid:** The schedule sets out those persons in public service who are eligible for the new public service pension schemes created by the Bill. The schedule retains the current scope of the groups eligible for public service pension schemes. It is not the Government’s intention that the schedule should change the status quo with regards to who is eligible for those schemes.

The groups included in the schedule reflect those that were considered by the independent public services pensions commission, led by Lord Hutton. Ministers and MPs are not included in the schedule as the parliamentary pension scheme has been provided only recently with a new legislative framework under the Constitutional Reform and Governance Act 2010. Responsibility for the MPs’ scheme lies with the Independent Parliamentary Standards Authority. The Government are making small amendments to that Act to ensure that MPs and Ministers receive pensions equivalent to those that other public servants will receive under the Bill.

The schedule also makes particular provision for the judiciary to ensure that the Bill remains in line with devolution settlements. It allows for the Lord Chancellor to identify, by order, the non-devolved judiciary whose pensions are covered. Alongside that, the Secretary of State for Scotland will identify those judges with jurisdiction only in Scotland but whose pensions are a reserved matter. It will then be for the devolved Administrations to identify, by order, those members of the judiciary for whom the provision of pensions is devolved.

*Question put and agreed to.*

*Schedule 1, as amended, accordingly agreed to.*

### Clause 22

#### EXTENSION OF SCHEMES

**Chris Leslie:** I beg to move amendment 72, in 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.’.

This is the first Opposition amendment. The clause is a bit of a strange creature. It talks about ways in which some of the pension schemes in question can be extended beyond those persons in public service. Of course, certain public service pension schemes are available already to bodies that are not in the traditional ambit of public service; for example, charities and other organisations that are members of the local government pension scheme. The participation of non-public service workers in a public sector scheme can be quite significant. As I understand it, there are 6,000 such bodies in the local government pension scheme—around 23% of LGPS members—including charities, not-for-profit organisations and private contractors that subsequently take on local authority services. Therefore, given the scale of participation in that scheme, it is important that we take a moment to think about the ramifications of their involvement.

11.45 am

Our amendment is quite simple. It is designed to ensure that when scheme regulations make provision under the clause for persons not in the public service, those in charge calculate the cost to the scheme of participation by those persons and how that cost will be funded. Government Members will be familiar with our desire to safeguard the taxpayer's best interests. They are more than aware that that is at the heart of our purpose in the Labour party. However, it is also important that we find ways of protecting the best interests of the funds as a whole. Clearly, funds need to ensure that they are viable and able to continue in a sustainable way.

Why should we be concerned about these issues? Non-public service bodies may pose a greater risk to schemes than public sector bodies. For example, they are not under the auspices of public policy and therefore are not necessarily able to be governed by representative decision-making processes in the same way as public service participants would be. Of course, there is the potential for insolvency among those other participating bodies, which is not so much the case in the public sector, for obvious reasons. If there are higher risks of defaults on commitments, we need to ensure that safeguards can be put in place in relation to those who are admitted, whether they are from private sector or third sector bodies.

I understand that at present third sector or private sector bodies can be required to provide indemnities or bonds to offset some of the extra risk. Clause 22(3) gives the Treasury broad powers to include non-public sector employees in the schemes. Our concern is therefore that there should be transparency about the costs of admitting those non-public service workers and how those costs will be met. Publishing information about private sector participation in public sector pension schemes and the costs involved will allow greater accountability, particularly as we are embarking on a whole series of governance reforms: the introduction of pension boards and pension policy groups and so on. Given that there is the potential that in certain circumstances the taxpayer could be picking up the tab for the participation of private sector organisations in public sector schemes, we wanted to ensure that there was clarity about the costs to those schemes and how those costs would be funded. I hope that this is a fairly non-controversial amendment. I commend it to the Committee.

**Sajid Javid:** I thank the hon. Gentleman for his remarks. Amendment 72 is designed to clarify the cost to the Government of providing access to public service pensions to non-public service workers. Non-public service workers include those who are not covered in the list in clause 1, but who have historically been in public service schemes. For example, schedule 1 to the Superannuation Act 1972 provides a list of bodies that can access the principal civil service pension scheme. Without clause 22, employees of those bodies would cease to have access when the new schemes were introduced.

Those non-public service workers are treated like any other public service workers in terms of the costs to the pension schemes. They will pay the same contribution rate and their employer will pay the contribution rate set out in scheme regulations. Employer contributions are set by way of scheme valuations, which we will

discuss further in relation to clause 10. However, I believe that it would be prudent to deal with some of the issues now.

The cost to schemes of providing pensions to those workers should be met by the employer and employee contributions. Valuations take into account the overall work force structure for each scheme to determine the employer contribution rates. Those are calculated to cover the costs of providing the pensions to all members. However, as a further safeguard, the Bill puts in place an employer cost cap, which we will discuss in relation to clause 11 and which will ensure that scheme costs remain sustainable for the future. Other aspects of the Bill allow for various safeguards to be written into scheme regulations to protect against cost risks, including the ability to charge interest on late contributions and the ability to ask employers to provide indemnities when they join the schemes. Schemes will consider when they may want to use those protections.

As the costs of such workers are no different from the costs of any other public service workers, I see no real purpose in calculating and publishing that information separately. I therefore urge the hon. Gentleman to withdraw the amendment.

**Mr Gibb:** I want to ask the hon. Member for Nottingham East about the purpose behind the amendment, as it appears that he is opposed to non-public sector workers being part of such pension schemes. That seems to be the essence of his proposal, particularly given the Minister's response.

I am concerned that the Opposition are against teachers who work in the independent sector having access to the teachers' pension scheme. Flexibility between the two sectors is important. While negotiations were in progress, teachers, both in the independent and state sectors, were concerned that they should be able to move freely between the two sectors. If non-public sector workers are excluded from, for example, the teachers pension scheme, such flexibility becomes difficult. I hope that the hon. Gentleman will be clear in his response that the Labour Opposition are not against free-flowing movement between the independent and state sectors in each public service.

**Chris Leslie:** I am sorry that the hon. Gentleman is in any doubt about our motives. I can certainly reassure him and calm his anxieties, as we have no objections to non-public service members joining local government pension schemes or other public service schemes. Historically, such people have been significant participants in those schemes. Preventing that is self-evidently not the purpose of our amendment, and I would not want it to be misinterpreted in any way. In fact, our intention is quite the opposite; it is necessary for the long-term sustainability of a good scheme to ensure that we have not only safeguards, but transparency about the financial capabilities of non-public service bodies participating in those schemes.

Although the Minister talked about employer cost caps, bonds and other assurances, that is not the same as ensuring that such organisations are able to sustain the costs and funding involved. It is also not the same as having greater transparency about the general costs to the scheme of wider participation. Essentially, the Minister's

argument boiled down to saying, “Oh well, there is no purpose in having this provision”, and there was not really enough of an argument to negate that need for transparency. If he had stood up and said “I’m not that interested in knowing what goes on in those non-public service bodies. It is not really a matter for me and it is a risk that we can cope with. I am happy to keep my fingers crossed and assume that there will never be any problems”, he would have been making a different argument. However, it is not good enough to say that there is no purpose in the amendment, because that does not tackle the potential risks that self-evidently exist.

**Richard Fuller** (Bedford) (Con): Will the hon. Gentleman help us to understand further the extent of the potential problem that caused him to table the amendment? How many schemes would be affected by the amendment? How many people are involved? In pursuing the estimation of a scheme’s cost by each relevant responsible authority, and information about how that will be funded, what estimate has he made of the costs to responsible authorities of doing such calculations? Obviously, that will have to be funded out of public sector monies as well.

**Chris Leslie:** That would not necessarily have to be funded out of public sector monies. If a non-public service body wants to participate in a public service pension scheme, there should be a threshold of information and transparency in order for them to do so. It is important for the scheme’s viability—this is not a party political point—to ensure that there is awareness about the propensity and ability of these bodies to fund such schemes on a longer basis. There are 6,000 such bodies in the local government pension scheme, many of which would be happy to provide transparency just to give assurances about a scheme’s viability. I do not want to labour this point, because obviously we have a few issues to cover in this sitting, but I wanted to record my anxiety about the risks for the taxpayer if private or third sector organisations go under and become insolvent, as employees will continue to need certain arrangements.

It would have been helpful if the Minister had argued that the level of the bonds or indemnities would be such that they could deal with any eventuality, should an organisation default or go down. If the matter is considered at a later date or in another place, it would be helpful to hear the Government elaborate on it. I will not press the amendment, however, because we have made our point, so I beg to ask leave to withdraw the amendment.

*Amendment, by leave, withdrawn.*

*Question proposed,* That the clause stand part of the Bill.

**Sajid Javid:** The intention of the clause is to allow schemes to provide access to the new pension schemes for persons not covered by the normal circumstances under clause 1. I was pleased that my hon. Friend the Member for Bognor Regis and Littlehampton made his point, and I was equally pleased to receive clarification from the hon. Member for Nottingham East that the Opposition are not opposed to adding people to public service schemes, such as in the example that my hon. Friend cited of teachers working in the independent sector.

The hon. Member for Nottingham East asked for information about access to pension schemes by non-public service workers. It is worth pointing out that if such information is required in future, the Treasury can use the powers in clause 13, but the Government do not believe that it is right to bind schemes to that in primary legislation. However, there is important flexibility on when information is published and provided, so that the requirements are kept up to date and remain proportionate.

The clause is needed mainly so that the new schemes can continue to provide pensions to the same range of people as existing schemes and, in the case of a few schemes, more widely. A failure to achieve that would result in many bodies and employees ceasing to be eligible to participate in schemes. That would be inconsistent with current and historical pension policy, and it would result in significant cost implications for the schemes. The clause ensures that there is a streamlined and transparent process for granting access to individuals who are not covered by clause 1.

*Question put and agreed to.*

*Clause 22 accordingly ordered to stand part of the Bill.*

## Clause 2

### RESPONSIBLE AUTHORITY FOR SCHEMES

*Question proposed,* That the clause stand part of the Bill.

**Sajid Javid:** With your permission, Mr Benton, I shall speak to both clause 2 and schedule 2.

The clause and the associated schedule set out who has responsibility for making public service pension scheme regulations in each sector and jurisdiction. The Government’s view is that the status quo should be kept regarding who is responsible for establishing pension scheme regulations, so the schedule sets out the list of persons or Departments that can make scheme regulations.

As it is proposed that the judicial scheme will move to the principal civil service pension scheme, schedule 2 provides that the Minister for the Civil Service must consult the Lord Chancellor when making scheme regulations that affect only the judiciary. I hope that the Committee will agree to clause 2 and schedule 2.

**The Chair:** Order. I must make it clear that the Committee will not vote on the clause and the schedule together, because they are separate provisions.

**Chris Leslie:** I am rather confused, Mr Benton, because while I do not want to say anything about clause 2, I do wish to make some remarks about schedule 2. By the way, I think that the pronunciation is “schedule” rather than “skedule”, although I do not want to be too pedantic about that.

*Question put and agreed to.*

*Clause 2 accordingly ordered to stand part of the Bill.*

## Schedule 2

### RESPONSIBLE AUTHORITIES

*Question proposed,* That the schedule be the Second schedule to the Bill.

12 noon

**Chris Leslie:** I wish to raise a small point. The schedule lists responsible authorities and specifies which Ministers will be responsible for various regulations and schemes. It is worth recalling from our evidence session, to which I know that hon. Members were paying close attention, that several of our witnesses, including the witness from NASUWT, queried whether the Secretary of State for Education, the Minister for the Cabinet Office or the Minister for the Civil Service—who is, of course, the Prime Minister—would be the relevant Ministers making decisions on the schemes, or whether this was a bit of a Whitehall charade and all those Ministers were really being controlled by Treasury Ministers and the Chancellor of the Exchequer. Is it really necessary for the Bill to specify all these different Ministers, as well as the Lord Chancellor and Northern Ireland devolved Departments, when it is the Chancellor and his junior Ministers who will be pulling the strings?

Perhaps the Minister will be able to assure us that there is genuine delegation within Whitehall to those departmental figureheads—those Ministers who are able, we hope, to make decisions, albeit in consultation with ministerial colleagues? Alternatively, is this simply a rubber-stamping exercise with the Education Secretary and the Lord Chancellor being told, “Thou shalt do what the Treasury tells you”? I am asking about the Whitehall wiring, because given that the Bill goes to the trouble of mentioning all these Ministers, I want to know whether the Economic Secretary genuinely wants to delegate the schemes to those Ministers.

**Mr Gibb:** The hon. Gentleman will know that real and substantive discussions took place during the negotiations on all the pension schemes with the relevant Ministers—whether they were a Minister of State, Under-Secretary or Secretary of State. Such a process is necessary. The hon. Gentleman is right that those negotiations had to take place in the context of a cost ceiling set by the Treasury, but that is as it should be, because the Treasury is in charge of ensuring that our public finances are on a sound basis, which is something about which the previous Government were less than assiduous. This Government are extremely assiduous about that, which is why they are having to make difficult decisions so that they tackle the budget deficit.

I assure the hon. Gentleman that real and substantive discussions took place over many weeks, in many long meetings, in crowded and overheated rooms with biscuits and tea—and sometimes crisps and sandwiches. Those discussions were necessary because different professions have different age profiles and lengths of service, so account had to be taken of the length of time that a person was able to work and how old one could be before doing the job well became difficult.

If the hon. Gentleman looks at page 38 of the Library briefing paper, he will see that very different accrual rates were negotiated for the different schemes. The civil service scheme has an accrual rate of one 43.1th, while the NHS scheme has a rate of one 54th and the teachers pension scheme has a rate of one 57th. Those rates reflect the priorities of those different sets of professions and occupations. The briefing paper also sets out the salary revaluation for the career average scheme. The revaluation for the armed forces is based on average earnings, while local government has taken a less generous

revaluation system using only CPI. The NHS, however, has used CPI plus 1.5%, while teachers have CPI plus 1.6%. Speaking from experience, I can assure the hon. Gentleman that real discussions took place about those schemes, but they had to be in the context of the cost ceilings set by the Treasury.

**Sajid Javid:** For a moment, I thought that the hon. Member for Nottingham East was going to limit his remarks on the schedule to the pronunciation of that word, but I was not so lucky. However, he asked a valid question, and the contribution made by my hon. Friend the Member for Bognor Regis and Littlehampton went a long way towards answering it, because it included a good illustration not only of how Ministers have been involved in the negotiations on existing and new schemes, but of how the Treasury, as the spending authority that is ultimately responsible for the public finances, must give consent.

**Richard Fuller:** I think that *Hansard* will accurately record that a schedule is a schedule whether it is pronounced “schedule” or “skedule”.

Many of us, even if we were not Members of Parliament at the time, are aware of reports about the tyranny of the Treasury under the previous Chancellor who then became Prime Minister. We heard about coffee mugs being thrown and mobile phones being smashed. While some may have expressed concern that the Treasury might be over-zealous in putting forward the Bill, will my hon. Friend assure me that the Treasury is now far more understanding of collegial responsibility and of individual Ministers’ responsibilities to make decisions in their Departments?

**Sajid Javid:** My hon. Friend is absolutely right to cite the experiences of the previous Government, and the tyranny that he talked about is well known and documented. On his key point, I can assure him that the Treasury, when framing the Bill and throughout discussions on public sector pensions, has been involved with those Departments that have the best understanding of the needs of public sector workers in their areas. The Treasury involved Departments at the right level and took account what they had to say when framing the Bill and the other changes to public sector pensions. Everyone accepts that the Treasury is the ultimate guardian of the public purse and that it must sign off on any scheme changes, but it is also correct that the relevant departmental Ministers should frame any future legislative changes and regulations that are required, so the schedule, which sets out those relevant Ministers, is important.

**Debbie Abrahams** (Oldham East and Saddleworth) (Lab): Does that mean that other Departments will also be involved in future in creating the impact assessments, including any equalities impact assessment, for legislation such as this? As I understand it from the equalities impact assessment for this Bill, it is solely the Treasury that has been involved in assessing the impacts on the people affected.

**Sajid Javid:** I thank the hon. Lady for her specific question on the equalities impact assessment, but I do not know the answer immediately. I believe that it is the

case that the Treasury will act alone, because that is how it is set out. If she will allow me, I will clarify that in more detail later.

**Chris Leslie:** It would be helpful to get an impression of whether it really is the sinister hand of the current Chancellor of the Exchequer signing off all these non-financial issues relating to particular scheme arrangements. I want to ask the Minister to clarify the understanding of the hon. Member for Bognor Regis and Littlehampton. Is it really the Treasury's role to focus solely on the cost envelope, and to delegate other matters to other Departments? We heard evidence from Mr Kevin Courtney, who said:

"We drafted and submitted papers that talked about concessions that we might make. We reached a position where we thought we had an understanding that state pension age minus three was on the table, and it was taken away at the very last minute with no explanation."—[*Official Report, Public Service Pensions Public Bill Committee*, 8 November 2012; c. 207, Q117.]

I want to know whether the decision not to go down that particular route was taken by Education Ministers or by Treasury Ministers.

**Sajid Javid:** The purpose of the Committee is not to go through what happened and what did not happen in negotiations. That is not the purpose of the debate. We are discussing the relevant clauses and schedules. I was not part of any of those negotiations, and it would not be appropriate for me to talk about a negotiation I was not involved in. The Treasury would not be involved in every negotiation, in any case. It is important to make the simple point that the Treasury's focus is on the cost implications of changes to schemes. That is the Treasury's primary concern, and that is why it is appropriate, ultimately, that any cost implications have the sign-off of the Treasury.

*Question put and agreed to.*

*Schedule 2 accordingly agreed to.*

### Clause 3

#### SCHEME REGULATIONS

**Sajid Javid:** I beg to move Government amendment 1, in clause 3, page 2, line 8, after second 'different' insert 'purposes or'.

This is a minor and technical amendment, to clarify that schemes may be treated as connected for some purposes but not for others. Clause 3 sets out where schemes are connected—if they apply provisions to the same people—but also that scheme regulations may set out exceptions. The amendment is to make clear that those exceptions may be made for different purposes as well as different cases. There are times when this might be desired to deliver the true policy intent. For example, it may be desired to apply the same governance arrangements in a compensation scheme that is connected to a pension scheme, but to exclude it from the cost cap mechanism. Schemes benefit from this degree of flexibility and it is important that the Bill allows scope for them to do so.

**Chris Leslie:** I hear the Minister's point about the different use of the words "case" and "purpose". It is an interesting drafting anomaly that he feels, having using the words for "different cases", that he needs to put in "different purposes". Terminologically, will the Minister

elaborate a little on what the difference is between a case and a purpose? The clause already seems broad, and we will come to discuss the latitude of what some have characterised as its sweeping, Henry VIII powers. I am a generous soul, so I will trust the Minister's judgment on the matter. If there are mysterious reasons why a case cannot be a purpose or a purpose cannot be a case, there must be some wisdom deep within the bowels of the Treasury that has been brought to bear on this question. I will not, therefore, oppose the Government amendment.

*Amendment 1 agreed to.*

12.15 pm

**Chris Leslie:** I beg to move amendment 44, in 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.'

This is a significant moment in the Bill, as we get into the meat of clause 3 and of how the Government propose that the scheme regulations will operate. We agree about other aspects of the Bill, but on this we have serious reservations, which spring from the fact that, under clause 3(3)(c), scheme regulations may "make retrospective provision". The question of retrospectivity was behind many of the concerns enunciated during our evidence session, and it led us to table the amendment.

Members may question why the Opposition have not simply attempted to remove the phrase "make retrospective provision". On Second Reading, we heard Ministers give examples of very small or minor administrative changes that may be necessary retrospectively, and such cases exist. However, most members of public service pension schemes—ordinary public sector workers—are frightened that they may accrue benefits and pay their fair dues year after year, perhaps having started their career young and having invested in the available pension scheme, and that somehow their accrued benefits might not be inviolate or sacrosanct, but subject to some sort of unknown clawback from the sinister hand of the Chancellor of the Exchequer, particularly in his current guise. We need to get to the bottom of the issue, which is why we have tabled the amendment to insert proposed new subsections (3A) and (3B).

**Richard Fuller:** For background context, will the hon. Gentleman advise Committee members whether current scheme regulations include provision to make retrospective changes or whether such a provision is a new way of handling public sector pension schemes?

**Chris Leslie:** I am coming on to that very point. When challenged, Ministers highlighted the Superannuation Act 1972, saying that its provisions were mirrored in those of the Bill. On 20 June, the Chief Secretary to the Treasury said:

[Chris Leslie]

“Lord Hutton said himself that ‘how people are treated in this process will be as important as the changes to pension schemes themselves’. I wholeheartedly agree with him that establishing a relationship of trust and confidence between the Government and public service workers is critical to the success of these reforms.”

The Chief Secretary also promised that the Government would not reduce accrued benefits. He said:

“I also want to make it absolutely clear that we are fully committed to protecting the pension that has been earned to date.”

I say, “Hear, hear” to that. We absolutely agree.

The problem, however, is when we look at the provisions. Ministers can be here today and gone tomorrow—many of us are familiar with such circumstances, but let us gloss over that—so it is important that legislation that will be with us for a long time is correctly framed. That is why we felt it was necessary to look in detail at those provisions in the 1972 Act. Section 2(3) provides that accrued benefits can be reduced only with the consent of affected members. However, the Bill as it stands allows for the reduction of accrued benefits without member consent by operation of clause 3(3) and clause 11(6). As such it does not mirror the 1972 Act, as the Chief Secretary said it would, because that level of consent is missing from the particular operation of the retrospective provisions in the Bill.

**Mr Gibb:** Does the hon. Gentleman not think that, in reality, it is inconceivable that a Minister could slip through some retrospective regulation that would severely damage the accrued rights of pensioners or active members of pension schemes, without that being noticed by any unions representing public sector employees, or indeed the press or Members of this House in roles such as his own? I do not understand why he is so concerned. He will be aware that the Government have negotiated a 10-year period during which no changes will be made to any public sector employee’s pension rights, with a three-and-a-half-year tapering period beyond that. All accrued rights have been protected. Ministers have said on countless occasions, including the occasion that he just quoted, that those accrued rights are protected. Given such public statements, how could any Minister do anything to change those rights retrospectively?

**Chris Leslie:** The hon. Gentleman is right to the extent that it would be an appalling, dreadful set of circumstances and a shocking breach of the promises that have been made by Ministers time and time again; but is it inconceivable? Absolutely not. It would be inconceivable only if legislation prevented it. I talked about Ministers who are here today and gone tomorrow. We are talking about the Chief Secretary to the Treasury here; people can draw their own judgments about the tenure of office that he would have in that particular circumstance.

**Greg Hands** (Chelsea and Fulham) (Con): Better than your Government’s.

**Chris Leslie:** The junior Whip makes an interesting observation from the Treasury Bench. However, that same Chief Secretary to the Treasury said in a speech to the Institute for Public Policy Research:

“We will honour, in full, the benefits earned through years of service”—[*Interruption.*]

**The Chair:** Order. Mr Leslie has the floor. We have to give respect to anybody speaking in Committee. It is very difficult for anybody to hear because of the cross-talking. Please keep that in mind.

**Chris Leslie:** Thank you, Mr Benton. I was elaborating on my observations about the current Chief Secretary to the Treasury, who said, in that speech to the IPPR:

“We will honour, in full, the benefits earned through years of service. No ifs, no buts.”

That was the commitment he gave. As I say, I applaud those words, but the deeds matter, and the text of the legislation we have before us does not put that commitment on the face of the Bill. We need to have absolute, copper-bottomed guarantees written on the face of the legislation.

**Alison McGovern** (Wirral South) (Lab): Does my hon. Friend agree that we have an extreme problem of trust in relation to pensions, which has been somewhat exacerbated by the Government and their approach to women’s retirement ages, and that the Committee ought to be looking for ways in which we can—slowly but surely—rebuild public trust in pensions? Surely including such a commitment in the Bill would reinforce that aim.

**Chris Leslie:** My hon. Friend is absolutely right. Things can often come down to perceptions of guarantees, or the perceived reliability of commitments that are given in debates in the House of Commons. We ought to be able to take such commitments as absolutely assured, but in this day and age, we need to see them transposed into legislation, not least because they then become enforceable and it is possible for the weight of the law to defend those who are perhaps unable to defend themselves. That is why we have tabled the amendment.

I hope that the Minister agrees that we have tried to take a sophisticated approach in that instead of tabling an amendment to delete the reference to retrospectivity in the clause, we have proposed cutting and pasting provisions of the Superannuation Act 1972 into the Bill. Amendment 44 is specific and, I hope, helpful, because if the Government are committed to doing what they say they will—I have no reason to doubt that—it would be convenient if the clause put that beyond doubt.

**Richard Fuller:** Does the hon. Gentleman accept that it is hard to legislate for certainty in pensions, which involve long-term obligations and responsibilities. In fact, two other things would be far more effective for achieving the goals that he seeks, the first of which was mentioned by my hon. Friend the Member for Bognor Regis and Littlehampton when he said that there was a massive consensus that accrued rights should always be reflected. The second factor is a Government’s fiscal prudence and their understanding that they must look to the long term and not rack up indefensible amounts of debt, because that approach creates the most solid foundation for dealing with future pension obligations.

**Chris Leslie:** The way to ensure a scheme’s viability is not through a back-door retrospective provision, but through the employer cost cap and several of the other safeguards in the Bill, which we shall debate later.

The amendment replicates the commitments in the 1972 Act in respect of the consent that needs to be given by members when retrospective provision might affect their accrued benefits, which represent a safeguard for their long-term best interests. I cannot for the life of me see why the Government would wish to resist simply emulating existing provisions, given that the Chief Secretary to the Treasury has said, “No ifs, no buts”, and that that is the Government’s commitment. I do not want to hear about “ifs or buts” from the Economic Secretary about why such action cannot be taken, and I hope that we can make progress on this.

**Richard Fuller:** While the hon. Gentleman is talking about legislation, can he give us examples of accrued pension benefits being denied to public sector workers?

**Chris Leslie:** I have not been able to cite such examples because of the provisions enshrined in the Superannuation Act. I want to ensure that there are similar protections going forward, because clause 3 currently does not give the same rights of consent to members to protect their accrued benefits. This is a genuine problem because people have serious worries about the possibility of retrospectivity.

The explanatory notes state that clause 3(3)(c) is included to facilitate necessary adjustments to

“pension schemes to accommodate changes in law or where the government does not want to delay the benefit of a particular change but needs time to work out the consequences and appropriate method of making the change.”

We drafted the amendment specifically so that it would not inhibit that aim. There are strong reasons for us to be careful, and a central point of pension protection is that benefits accrued are deferred earnings, and thus cannot be reduced.

The reduction of accrued pension benefits could be contrary to the European convention on human rights. I accept that mention of that is like a red rag to a bull for some Conservative Members, but the Government have made an important commitment by signing off the Bill’s compatibility with the convention.

For all the reasons that I have set out, and so that we put beyond doubt the potential for retrospective provision, I hope that the Minister will agree that amendment 44 is helpful and that he will be able to accept it.

12.30 pm

**Sheila Gilmore** (Edinburgh East) (Lab): If, as Conservative Members have suggested, the Government’s position is that there will be no retrospective changes, there would be no particular harm in setting that out explicitly in the clause. We will otherwise be asking people to have complete trust just because a particular Government, at a particular time, have said that something will happen. Pensions are such long-term propositions that people are anxious about what might happen to them. They do not necessarily distrust the current Government, but they might have views about what could happen in the future.

That point is important, particularly because we have just gone through a period of substantial changes, albeit subject to negotiation, although some would say that that negotiation was subject to a certain amount of duress, with people’s arms tied behind their backs. Nevertheless, those changes have arisen due to a change in circumstances, and we do not necessarily know what

changes in circumstances will take place over the next 10 to 20 years. It is undoubtedly true that it is not that long since some of the circumstances that have led to the current pension changes were simply not thought about. For example, recent improvements in longevity seem to have taken even actuaries by surprise—in the public and the private sectors—and I assume that the profession is looking at that. People did not feel that longevity was such a big issue 10 or 15 years ago.

It is possible that there will have to be changes to provision in the future. Perhaps we will be living even longer and the pressures on pensions will be even greater. There might also be changes in the country’s economic circumstances. I do not think that anybody is suggesting that we would not want to look again at certain provisions, but the key point is that that should happen with consent. If the amendment were agreed to, it would give reassurance to many people who have already been through a lot of changes and would be willing to negotiate a substantial number of changes. I therefore hope that the Government will not oppose it.

**Sajid Javid:** Amendment 44 deals with member consent requirements and would provide for what is known as a “member consent lock” on reductions to accrued rights, so that members would have to consent to any changes that would have an adverse effect. I thank the hon. Member for Nottingham East for tabling the amendment, because while it is always important properly to give things consideration, this is an especially important issue, for the reasons that he articulated.

At present, there are several member consent and consultation requirements across public service schemes for rights that have already been built up. Each is designed to safeguard against unfair reductions in members’ rights, but they vary in nature and extent. For example, consent locks apply in the civil service scheme for any reduction in accrued rights, and in the police scheme for any changes that would make a member worse off. Conversely, in the local government, teachers and health schemes, there are what are known as “no worsening” provisions, which enable pensioner members to opt out of changes that have an adverse effect on their accrued rights.

The Bill will not change those existing provisions for the current schemes, but we do not think it would be appropriate to set up a consent lock, or indeed “no worsening” provisions, across the board for the current schemes. Changing how the current schemes operate could inhibit their flexibility and efficiency, and interfere with the much more important issue of implementing the new schemes to ensure long-term sustainability. That is why we are leaving the rules for current schemes largely untouched by the Bill and focusing instead on starting from a blank sheet of paper for new schemes.

**Alison McGovern:** Will the Minister give a specific example of how the proposal would inhibit flexibility?

**Sajid Javid:** If the hon. Lady will allow me, I will come on to a couple of examples.

Going forward with the new schemes, the approach that we have taken in the Bill is to set up a homogenous set of member consent and consultation requirements. Such simplification is a fundamental aspect of the Bill’s

[Sajid Javid]

aim of rationalising provisions and ensuring consistency across schemes. The provisions can be found in clauses 20 and 21. In regards to rights that have already built up, the clauses provide that any changes with a significant adverse effect on members' benefits will be subject to enhanced consultation requirements and the affirmative procedure. This standardised approach has been chosen as an appropriate balance between protecting members' benefits and administrative efficiency. Most changes affecting members' rights are minor and technical, but it is important that they can be made lawfully to ensure that schemes run smoothly.

Let me give a couple of examples of what has happened in the past. In 1998, former grant maintained schools' potential to obtain foundation school status meant that regulations were retrospectively amended to make it clear that local authorities would be deemed to be the employer for pension purposes of all teachers in maintained schools. That is one example of retrospective changes that are designed not to remove rights or to hurt anyone, but to make the scheme more flexible to take account of legislative change: in that case, the previous Government's introduction of foundation school status.

In November 2011, regulations on the NHS scheme made a change with effect from 1 April 2008 to clarify the meaning of "dependent child", which had been raised by members. Again, the Government thought it appropriate to clarify that term. Tax changes in Budgets or otherwise could also affect schemes in unintended ways. Under various Governments, including numerous times under the previous Government, retrospective changes to regulations affecting tax situations have been made. Those are good and sensible examples of the kinds of retrospective changes made in the past, and we cannot rule out the possibility that they might be needed in future.

**Chris Leslie:** The cases cited by the Minister did not necessarily affect individuals' accrued benefits or deferred earnings; they related to tax issues and administrative or reporting arrangements. We do not have a problem with the retention of the consent lock arrangements for existing schemes; our problem is that he talks about having a blank sheet of paper going forward on new schemes and trashing the consent lock arrangements for new provisions while saying that consultation is an adequate replacement. He must understand that people will have severe concerns and misgivings about that.

**Sajid Javid:** The phrase "blank sheet of paper" does not mean that there is no protection—of course not. It means quite the contrary. As we are starting with new schemes, it makes sense to look at the best way to have a consistent approach across schemes, because there have been inconsistencies in old schemes.

I hope that I can partly answer the hon. Gentleman's question about what protections are available in the Bill while I address some of the issues that he raised. It is vital to note that any changes to scheme rules will always be subject to the European convention on human rights so that members' benefits have appropriate protection. Hon. Members should also be aware that convention rights can now be enforced directly, which was not case when the provisions in the 1972 Act from which the

amendment draws its inspiration were framed. I also remind the Committee of the Government's clear and public commitment that benefits accrued under the current schemes will be protected in full. Clause 3 does not undermine that in any way, but allows schemes to continue to operate on their current basis until their reform in full in 2015.

**Debbie Abrahams:** In Tuesday's evidence session, Lord Hutton praised the Government's approach to the Bill, but he had concerns about this aspect of it, which he thought was detrimental because of how it might be perceived, particularly by public service workers, and about how the Bill might be used in future. Does the Minister accept that point?

**Sajid Javid:** I accept that members of schemes will want to be absolutely reassured that when there is flexibility for retrospective changes, particularly regarding accrued rights, there is a high degree of protection and a really high hurdle to cross. Many Members, including the hon. Member for Edinburgh East, have rightly raised this important issue, so let me outline again—perhaps I have missed out bits of this—where we believe the Bill provides protection for accrued rights.

First, there is the clear public commitment of Ministers. The Government have made it clear that we will protect the rights that people have built up in their current schemes, and that will not change. That is important in itself, but the European convention on human rights also provides substantial protection for pension rights. Article 1 of protocol 1 restricts state interference with personal possessions such as pension rights, so we can rely on UK courts giving scheme members swift access to remedy if they feel that there is an unlawful use of power.

The Bill protects rights. Any change to such rights must first go through an enhanced consultation procedure and a report process. Any changes that the Government want to make must be explicitly endorsed by Parliament under the affirmative procedure, which provides a high level of scrutiny. Members can be reassured that a high hurdle already exists to prevent any unlawful interference in pension rights that people might have built up.

**Alison McGovern:** Will the Minister say precisely what he means by swift access to redress?

**Sajid Javid:** If someone were seeking redress, clearly they would believe that the Government of the day had gone over and beyond the commitments that they had made. In that case, the courts would always be open for people who believed that the Government had not kept to their commitments. However, these are very high hurdles and the affirmative procedure, through Parliament, after proper scrutiny, applies. That is an appropriate way to handle changes. That is how Parliament has handled such matters in the past.

**Alison McGovern:** My question was not about whether the courts were open or closed. I was seeking clarification on what the Minister means by "swift".

**Sajid Javid:** I think the hon. Lady knows the answer to her own question. I do not know what she expects "swift" to mean. If people believe that the rules have not been kept to under the Bill or under related regulations in individual schemes, redress in the courts is always

available. Of course, that should not be the case and people should not have to worry about it. The Government have set high hurdles to make potential changes. As we have discussed, there are different levels of protection in current schemes. There is a strong case for a consistent approach. The hurdles that the Government have rightly set and the protections that already exist in law provide adequate protection.

The hon. Lady also raised the question of women's state pension age. She will know that the Government needed to act swiftly. To give an example of what "swift" might mean, we needed to act swiftly on introducing changes, because the country was facing economic challenges and there were changes in life expectancy that were not taken into account in the timetable that the Government inherited. During that process, the Government accepted that there would be a significant impact on certain groups of women and made an amendment so that the maximum increase in the time limit was no more than 18 months for women.

12.45 pm

**Alison McGovern:** I feel that I must ask my question again. I am not unaware, in general terms, of the meaning of "swift", but I must ask the Minister what is his expectation of the responsiveness of courts on the issues that we are discussing? This is not about the meaning of "swift" in relation to the Government's response to the public outcry in this place and among Members over women's pensions and the situation in which the Government put those people. The point—

**Greg Hands:** Whose fault was that?

**Alison McGovern:** The Government Whip speaks from a sedentary position. If he wants to raise issues about the public finances more broadly, I am sure that there are plenty of opportunities for him to do so. I am trying to get to the heart of an important question about the Bill. How realistic is access to redress through the courts for people who might be affected?

**Sajid Javid:** The hon. Lady will know that the Government must always act lawfully in everything they do, not just in regard to the Bill, and that is a major deterrent in itself. I do not think that she is suggesting that the Government would wilfully act unlawfully. The Government will always act lawfully. That is a major deterrent and individuals can take comfort in it. If someone needed to go to court—I am sure she has a good understanding of the legal system—there is nothing to stop the courts granting an injunction within days, if they thought that appropriate. With that, I urge the hon. Member for Nottingham East to withdraw his amendment.

**Chris Leslie:** We have had a worthwhile, albeit disappointing, debate. We began by echoing fairly the worries and anxieties of many public service workers who do not want to see their accrued benefits—the savings that they have accrued in their pension schemes—retrospectively grabbed without their consent.

Amendment 44 was tabled in a genuinely constructive spirit, given that Ministers had said that they simply wanted to mirror the provisions of the Superannuation

Act 1972. We discovered, in looking through the Bill, that the clause did not mirror those provisions for new schemes going forward. That was an anomaly in the Minister's initial statements.

I entirely accept and am glad that we are not in a position whereby the Minister is introducing a Bill to change consent locks for existing schemes, but he said that we should start with a blank sheet of paper for the new schemes and began to say that this was "simplification". Out in the country, public service workers hear the word "simplification" and alarm bells start to ring. They think, "Hold on a minute, what is going on here?"

The Minister says that we should trust the words that Ministers have explicitly uttered giving these commitments. The Chief Secretary said, "No ifs, not buts." The Government would not touch those accrued benefits. The Minister said that we should not have to worry, but people will worry. It is important that he recognise that the words of politicians do not necessarily assuage all the anxieties of public sector workers, given what has been happening to their places of work in recent years in particular. Perhaps this is the new promise of Bromsgrove or however we might want to characterise it. Ministers need to make those points, but that is not sufficient. People want protections in the Bill—enshrined in legislation—and mirroring the provisions of the 1972 Act. We do not ask for anything further for those new schemes; we simply ask for those existing provisions to be transposed across for the new arrangements.

Then we heard the truth of the matter from the Minister: this is not a drafting anomaly. I thought it could have been, but it turns out not to be. The Government want to move from a consent-lock arrangement, which they think is somehow messy because it is across the board, to a consultative framework. Consultation is not the same as consent. It does not require the concurrence of all parties and stakeholders involved. Often people hear the word "consultation" and they say, "Oh, okay, we know what that means. This is Ministers pretending that they are going to listen to our views and then ignoring them." We have seen that far too frequently.

The Minister talks about an enhanced consultation process. He even prays in aid the fact that there will have to be an affirmative resolution—a positive vote in both Houses of Parliament. I am afraid that past practice in respect of statutory instruments shows that often there is scant scrutiny. Worse, if a Minister believes that a change should be made and proposes an affirmative order, guess what? The Government have a whipped majority that can rush that statutory instrument right through. Again, that is not a protection. It is not the same as the consent of the members affected.

Then the Minister argued—my hon. Friend the Member for Wirral South was absolutely right to probe him on this—that there are protections under the European convention of human rights that are justiciable and that any members of those schemes can go through the elongated and far from swift processes of applying for judicial review. How on earth would they pay for or cope with that? What if there was just a change to their accrued benefits of several hundred pounds? The prospect of having to take that all the way through to the European Court of Justice is absolutely disproportionate. The thing that annoys the Opposition far more is the

[Chris Leslie]

fact that this matter could be solved with great ease if the Minister simply transposed those 1972 superannuation consent procedures across to the new schemes.

This is not and should not be a party-political point of contention. It is about putting beyond doubt those misgivings that members of public service schemes have. This is one of the elements of the Bill that we feel most strongly about. Lord Hutton put together a very thoughtful report and we should listen to his misgivings on those things. It would be far preferable if we could go through the process with some degree of unanimity and cross-party engagement. We have a duty to reflect the doubts and anxieties that many members of public service schemes will have. The arguments against having the consent lock for new schemes have not been rebutted sufficiently, given that it would be so easy to put that in the Bill. There would not be a massive cost attached to doing so; there would certainly be no financial penalties involved.

This is an easy concession that the Minister can make. I urge him and his officials to look again and reflect on the provision. We have to ensure that the schemes are viable and have the trust and confidence of public sector employees. Otherwise, the opt-out problem might start to arise, with people starting to withdraw from the schemes. We do not want that to happen.

People have to trust the schemes totally. For those reasons, I do not wish to withdraw the amendment. I shall press it to a Division.

*Question put, That the amendment be made.*

*The Committee divided: Ayes 6, Noes 10.*

**Division No. 1]**

**AYES**

Abrahams, Debbie  
Ashworth, Jonathan  
Gilmore, Sheila

Jamieson, Cathy  
Leslie, Chris  
McGovern, Alison

**NOES**

Burt, Lorely  
Doyle-Price, Jackie  
Evans, Graham  
Freer, Mike  
Fuller, Richard

Gibb, Mr Nick  
Hands, Greg  
Javid, Sajid  
Jones, Mr Marcus  
Leadsom, Andrea

*Question accordingly negated.*

*Ordered, That further consideration be now adjourned.*  
*—(Greg Hands.)*

12.56 pm

*Adjourned till this day at Two o'clock.*