

Written Ministerial Statement

Public Service Pensions

The Chief Secretary to the Treasury (Rt hon Danny Alexander): On 20 December 2011 I set out to the House the main elements of the new public service pension scheme designs, following the agreements reached with the majority of unions representing health, civil service and teachers' workers (*Hansard, Column 1201*). These agreements were based on the Government's enhanced offer, an 8% value increase, which I announced in the House on 2 November 2011 (*Hansard, Column 927*).

Departments continued to engage with trades unions to finalise the remaining details of the new schemes. Those discussions concluded earlier this year, with Proposed Final Agreements being reached. My honourable friends the Minister for the Cabinet Office and Paymaster General, the Minister of State Department for Education and the Secretary of State for Health reported the details of these final agreements to the House on 12 March (*Hansard, Column: 1WS, C4WS and C7WS*).

The Government made it clear that the Proposed Final Agreements were its final position. Most of the unions agreed to take the agreements to their Executives on this basis, as the best deal that could be achieved through negotiations.

Most unions have now consulted their membership on the final scheme designs for the NHS Pension Scheme, Teachers' Pension Scheme and Principal Civil Service Pension Scheme.

I am now confirming to the House that the Government will be taking forward legislation based on the position reached in March. Legislation will be introduced during the current Parliamentary Session to take these changes forward, as announced in the Queen's Speech on 9 May.

I can also confirm that the Government has reviewed the Fair Deal policy and agreed to maintain the overall approach, but deliver this by offering access to public service pension schemes for transferring staff. When implemented, this means that all staff whose employment is compulsorily transferred from the public service under TUPE, including subsequent TUPE transfers, to independent providers of public services will retain membership of their current employer's pension arrangements. These arrangements will replace the current broad comparability and bulk transfer approach under Fair Deal, which will then no longer apply. The Government will bring forward detailed proposals for implementing this in the autumn.

The Government will now focus on implementing the public service pension reforms and unions are invited to work with the Government to ensure the changes are introduced as effectively as possible.

HM Treasury
4 July 2012