Members of the House of Lords
House of Lords
London
SW1A 0PW

December 2013

Dear Colleague,

I am writing to you to draw your attention to a number of Government amendments tabled to the Pensions Bill. These are primarily technical in nature and many respond to recommendations made by the Delegated Powers and Regulatory Reform Committee (DPRRC) in their report on the Bill. I wrote to Baroness Thomas, the Chair of the DPRRC, yesterday outlining the amendments we are making to address the Committee’s recommendations and you should have received a copy of this letter.

The Government amendments tabled include a change to the statutory override provisions in the Bill to allow employers to recoup the value of their increased National Insurance costs where the funding arrangements would otherwise prevent that. There is also an amendment to the Pensions Act 2004 TUPE transfer requirements to take account of the fact that the current test for schemes which contract out of the additional State Pension will cease to exist with the end of contracting out. This is a consequential amendment to maintain the present position.

The Pensions Bill also amends provisions dealing with Category B state pensions for a person who is, or has been married or in a civil partnership. It consolidates provisions (made by the Pensions Act 1995) that equalised Category B pension entitlement between married and widowed men and women from April 2010, and the equivalent provisions made by the Civil Partnership Act 2004 and the Marriage (Same Sex Couples) Act which extended entitlement to Category B pensions to the members of a same-sex couple on the same basis as for married and widowed men. I am tabling some consequential amendments, repealing paragraphs 11 to 13 and paragraph 16 of Schedule 4 to the Marriage (Same Sex Couples) Act 2013 because they are superseded by Schedule 12 of this Bill.
Finally, we are also making an amendment to the Public Service Pensions Act to ensure that the policy as articulated during the passage of the Act can be delivered effectively. As part of the reforms, some of the smaller schemes set up by public bodies will be consolidated into the larger public service pension schemes. The reform of these smaller schemes is projected to take place between now and 2018, but will not be complete by the date of reform for the larger schemes, 1 April 2015. This consolidation is not detrimental to the members affected, whose accrued rights will be preserved, and will bring administrative savings.

However, the current wording of the Public Service Pensions Act 2013 would not allow transitional protection to be extended to former members of smaller schemes transferring into the larger schemes. If we are unable to extend this transitional protection, the existing smaller schemes would need to be kept open for the transitionally protected members, which would significantly reduce the scale of any savings. This amendment therefore ensures that transitional protection can be provided to this group and the administrative savings realised. There are further, related amendments to clause 51 to provide that Her Majesty’s Treasury can commence the provision in respect of the Public Service Pensions Act by Order and that, in line with standard practice, the commencement order will not be subject to any Parliamentary procedure.

I hope this letter is helpful and will place a copy in the House Library. If you would like any further information on these amendments or on the Pensions Bill more broadly, please contact the Pensions Bill team, by email at pensions.bill@dwp.gsi.gov.uk or by phoning the Bill Manager, Michael Cordy, on 02074497508.

Yours sincerely

David

Lord Freud

Minister for Welfare Reform