

# **PUBLIC SERVICE PENSIONS ACT 2013**

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## **EXPLANATORY NOTES**

### **COMMENTARY ON SECTIONS AND SCHEDULES**

#### ***Parliamentary and other pension schemes***

##### ***Section 33: Great offices of state***

202. **Section 33** and Schedule 11 amend the pension arrangements for future incumbents of certain great offices of state, which are the offices of Prime Minister, Lord Chancellor and the Speaker of the House of Commons.
203. The effect of these provisions is that the current special pension arrangements that apply to the great offices of state will cease to apply in relation to future office holders. Instead, pension and severance payments will be provided to and in respect of these office holders on the same basis as ministers and certain other office holders listed in paragraph 16(2) of Schedule 6 to the Constitutional Reform and Governance Act 2010.
204. **Section 33** introduces Schedule 11 which contains amendments to existing legislation, which are required to give effect to the changes to the pension arrangements for the great offices of state.

##### ***Section 34: Parliamentary and other pension schemes: pension age***

205. **Section 34** has the effect that where a scheme under paragraph 12 (MPs' pension scheme) or 16 (Ministerial pension scheme) of Schedule 6 to the Constitutional Reform and Governance Act 2010 links the normal pension age under the scheme to state pension age, the scheme can provide for a change in the normal pension age in consequence of the link to apply to benefits that have accrued as well as other benefits under the scheme. The application is restricted to benefits that have accrued after the addition of the link to the scheme and does not apply to benefits accrued under current pension arrangements.
206. The section inserts new paragraph 29A into Part 2 of Schedule 6 to the Constitutional Reform and Governance Act 2010 which specifies the provisions that can be included in schemes made under that Schedule. The new paragraph means that, if it is decided (following the consultation requirements set out in Schedule 6 to the Constitutional Reform and Governance Act 2010) that the normal pension age of a scheme under paragraph 12 or 16 of the Schedule should be the same as state pension age, the scheme can also provide for benefits that have accrued under the scheme after the insertion of the link to be subject to later changes in state pension age.
207. The new paragraph makes it clear that paragraph 19 of Schedule 6 to the Constitutional Reform and Governance Act 2010, which gives special protection to accrued rights under the schemes, does not apply in relation to any such provision.

***Section 35: Members of the European Parliament***

208. This section inserts new subsections (3B) and (3C) into section 4 of the European Parliament (Pay and Pensions) Act 1979 (which allows for the creation of pension schemes in respect of Representatives to the European Parliament). The new subsections mean that if the scheme in future links the normal pension age under the scheme to state pension age, the scheme can provide for benefits that have accrued under the scheme to be subject to the link. The application is restricted to benefits that have accrued after the addition of the link to the scheme and does not therefore apply to benefits accrued under current pension arrangements.
209. The section also inserts new subsection (3D) into section 4 of the European Parliament (Pay and Pensions) Act 1979. This ensures that the MEPs' scheme can continue to contain provisions that are in the scheme for MPs. In particular it ensures that scheme managers may continue, once power to make new schemes passes to IPSA, to make small (under £5,000) payments from the Consolidated Fund to the beneficiaries of deceased members before probate. Commencement of paragraph 38 of Schedule 6 to the Constitutional Reform and Governance Act 2010 would otherwise remove this power.
210. There are currently only 6 active members of the pension scheme made under the European Parliament (Pay and Pensions) Act 1979. Article 25 of the Statute for Members of the European Parliament (European Parliament Decision [2005/684/EC](#) Euratom) provided that existing representatives would be able to opt for the "national system applicable hitherto in respect of the salary, transitional allowance and pensions for the entire duration of their membership of the European parliament." The active members of the scheme are those who exercised this option. The pension scheme is closed to new members.