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Dear [MPs' formal salutation]

**REVIEW OF THE MPs' SCHEME OF BUSINESS COSTS AND EXPENSES
AND CHANGES TO MPs' STAFF PENSION ARRANGEMENTS**

I write to inform you of the launch of our consultation today on this year's review of the *MPs' Scheme of Business Costs and Expenses* ("the Scheme"). This letter also includes important information about automatic enrolment in workplace pensions for your staff.

Consultation on the Scheme

This year's consultation focuses on a small number of changes to the Scheme that are necessary ahead of the General Election. We are consulting on changes relating to MPs' staff pensions, to ensure that the Scheme complies with pension auto-enrolment legislation; a minor amendment to ensure consistency and clarity regarding subsistence for MPs' staff members; and the requirements on MPs when starting, ending or amending a lease for either rental accommodation or an office, to ensure good practice and clarity of expectations.

These changes help to ensure that the rules will remain fair, workable and transparent into the new Parliament. This small-scale review will ensure that necessary changes to the Scheme can be considered, implemented and communicated in good time before the General Election.

The consultation on the Scheme will be open until 18 January 2015. Copies are available on our website at www.parliamentarystandards.org.uk.

LETTER FOR ALL MPs via email

I invite you to share your views on the matters set out in this year's consultation. Please send your response to schemeconsultation@parliamentarystandards.org.uk.

You may also send hard copy responses to:

Scheme Consultation Response
Independent Parliamentary Standards Authority
4th Floor, 30 Millbank
London SW1P 4DU

We will publish your response in full, including your name (but not your contact details), unless you ask us not to. We will also publish our analysis of the responses.

Once the consultation has closed, we will analyse all the responses and consider whether changes should be made to the Scheme. We will also review the budget levels. We will publish a new edition of the Scheme in February 2015, which will come into effect on 1 April 2015, with some changes taking effect on 8 May 2015, after the General Election.

Automatic Enrolment in workplace pensions

As you may know, recent legislation requires all employers automatically to enrol eligible workers into a qualifying workplace pension scheme. This includes the taxpayer-funded parliamentary staff working for you in your constituency and in Parliament.

The legislation places several duties on employers. The primary duty is to select a pension scheme and then to enrol automatically all eligible staff in the scheme and pay an employer's contribution. In addition, there are several other administrative duties, including:

- processing opt-outs for workers who do not want to stay in the pension scheme after being enrolled;
- giving written statutory information to all staff members so that they know the effect of automatic enrolment in relation to them;
- on-going monitoring of the earnings of staff members on casual contracts so that they are automatically enrolled into the pension scheme if they meet the eligibility criteria; and
- re-enrolling any staff who have opted out of the pension scheme every three years.

More information about employers' duties can be found at [The Pensions Regulator's website](#).

LETTER FOR ALL MPs via email

IPSA processes the payroll for your parliamentary staff already and we propose to take on all the auto-enrolment duties in respect of these staff on your behalf. This will mean that you will not need to select a pension scheme. Nor will you need to undertake the administrative work of assessing and classifying your staff, informing and, where appropriate, enrolling staff (both initially and on an ongoing basis), or processing any opt-outs. We will do all of this for you, even though these responsibilities technically sit with you as the employer of your staff.

These auto-enrolment duties will not begin for MPs in respect of their staff until 1 March 2016 but, in preparation for this work, we need to make some changes to the *MPs' Scheme of Business Costs and Expenses* for its next edition. We are seeking your views on these changes as part of our current consultation process.

The Scheme refers currently to the Portcullis Pension Plan, set up by the House of Commons for MPs' staff in 2003. The Portcullis Pension Plan cannot, unfortunately, be used as an "automatic enrolment scheme" under the new legislation. Therefore, we will be inviting bids from across the pensions market to provide a new, qualifying pension scheme for MPs' staff. We plan to have this in place for the new Parliament.

From 8 May 2015 (the day after the General Election), all employer's contributions that we make on your behalf will go to the new pension scheme. As with the current Portcullis Pension Plan, all staff will have the opportunity to make contributions to the new pension scheme, although no-one will be required to do so. We will keep you and your staff informed about the new pension scheme, and the process for moving staff across to it, in the New Year. There is no action required from you at this stage.

If you wish to find out more about Automatic Enrolment, the Pensions Minister is holding a seminar on 21 January, to which I know you have been invited. One of my team will be speaking at that event and will be able to give you more information about how we will support you in meeting your legal duties under the legislation.

Yours sincerely



Professor Sir Ian Kennedy
Chair