

John McDonnell (Hayes and Harlington) (Lab): Is it not true that the vast majority of public servants will still be paying more and working longer, and that a significant number will still lose out? The protections for the lower-paid will not affect trained firefighters, trained teachers or trained doctors, or many other public servants. The accrued rights that the right hon. Gentleman has offered are actually a legal duty, and he will exacerbate the industrial relations climate by making an offer, but at the same time threatening to take it off the table.

Danny Alexander: I know that the hon. Gentleman has taken a long interest in these matters, but he is wrong in his characterisation. He is of course right that we are asking public sector workers to work longer, to set the normal pension age in line with the state pension age, but frankly that is happening to every single person in this country. Public sector workers cannot be immune from that trend any more than anyone else. He mentioned firefighters. Let me say that good discussions are taking place on the firefighters' pension scheme. We have delayed setting a cost ceiling to take account of all the factors in the firefighters' pension scheme, particularly the double accrual.

Sarah Newton (Truro and Falmouth) (Con): I welcome the statement, because I think it demonstrates that the Government are listening to the concerns expressed by nurses, teachers and firefighters in my constituency. During the scheme-by-scheme discussions, will the Chief Secretary bear in mind those with physically demanding jobs, such as firefighters? Will they retain the right to retire before reaching the state pension age, while still benefiting from their pensions?

Danny Alexander: That is a very good question. We are, of course, listening carefully to representations. As I have said, we have delayed setting a cost ceiling for the firefighters' pension scheme, particularly in the light of some of the issues that my hon. Friend has mentioned, but what we are discussing now is the normal pension age for schemes; early retirement arrangements on an actuarially reduced basis will remain in place.

Andrew Percy (Brigg and Goole) (Con): While it is true that all taxpayers pay for the pensions that we are discussing, it is low-paid private sector workers working beyond retirement age—such as my dad—who are subsidising public sector pensions while receiving none of the benefits. I therefore welcome the proposed changes, and hope that my former colleagues in the teaching profession will accept them.

Firefighters' pensions were mentioned earlier. Firefighters from my constituency whom I met yesterday were worried less about change than about whether they would be fit to do their job after the age of 55. Are the Government still prepared to discuss that issue with the union?

Danny Alexander: Yes, and John Hutton said in his report that he thought it appropriate to retain a lower retirement age for firefighters, the armed forces and the police. It is precisely because of the importance of such issues that the Under-Secretary of State for Communities and Local Government, my hon. Friend the Member for Bromley and Chislehurst (Robert Neill)—who is leading the negotiations—is taking longer than expected to set the cost ceiling. That will enable us to ensure that the arrangements for firefighters are appropriate and will allow them to

continue to receive a very decent pension in return for what is a very important contribution to our society.

Julie Elliott (Sunderland Central) (Lab): *Although I welcome the Chief Secretary's statement, I am disappointed that it has taken eight months to get any serious negotiation and any movement from the Government. I am particularly concerned about two issues. The first is to do with low-paid women workers in the pension scheme, and particularly those who work part time. Has any analysis been done of the possible impacts if they opt out of their pension scheme, therefore receiving less money when they retire from the benefits they then receive? On the firefighters' pension scheme, we have heard conflicting answers from the Chief Secretary: he has said they will have actuarially reduced pensions, but he has also said they will be allowed to retire early. I am therefore a little confused as to where the Chief Secretary stands on that.*

Danny Alexander: *I am very grateful indeed for the first welcome for my statement from an Opposition Member. The hon. Lady is right that it is important to consider low-paid workers, which is why we are proposing to move to a career-average basis, under which low-paid workers will keep more of their own contributions, instead of subsidising the pensions of the highest earners.*

It is also why we have tiered the contributions increase in order to try to prevent opt-out. The negotiations on the firefighters' scheme are ongoing, and I am told they are going well. We have delayed the publication of the cost ceiling to make sure we can take into account all the issues raised by firefighters in the discussions.

Jane Ellison (Battersea) (Con): *I welcome today's statement. Many of the measures will meet the concerns of people such as the firefighters I met yesterday. On career-average earnings, does my right hon. Friend share my aspiration about the system being fairer to those who have taken career breaks, many of whom will be women?*

Danny Alexander: *I am grateful to my hon. Friend for reminding me of that important point. Public service pensions must reflect not only the careers of people who spend an unbroken working life in the public sector, but the careers of the many people who take time out. By having a career-average basis, especially when each year's contribution is revalued by earnings, people who take a career break will still get the full value of the contributions they have made in both parts of their career.*