

Buckinghamshire County Council

## **Outcomes of the Hutton Review of Pensions**

Pension Fund Consultative Group

March 2011



Buckinghamshire County Council

## **Lord Hutton's Final Report – Independent Public Service Pensions Commission (IPSPC)**

### **Underlying principles:**

Public Service Pensions should be:

- Affordable & sustainable
- Adequate & fair
- Supporting productivity
- Transparent & simple

Government response to Hutton to be published in the Autumn.

## Lord Hutton's Final Report – Independent Public Service Pensions Commission (IPSPC)

### Scheme Benefits:

- Government should replace final salary pension schemes with a new career average scheme
- Benefits should be increased in line with average earnings during the accrual phase for active members
- Pensions in payment should be increased in line with prices
- Flexible retirement should be encouraged and abatement of pensions eliminated
- Accrual rates, indexation and employee contributions are a matter for the Government
- Undesirable for future non-public sector workers to have access to public service pension schemes


## Hutton

### Governance:

- Framework that ensures independent oversight of the governance, administration and data transparency of public service pension schemes
- Each individual LGPS Fund should have a properly constituted, trained and competent Pension Board
- A pension policy group for each scheme at national level to discuss changes to scheme rules
- Schemes should regularly publish data, as far as possible produced to common standards which is collated centrally and then compared between public service schemes/LGPS Funds

## Hutton

### Implementation and transition

- Members of the current public service pension schemes should move to the new schemes for future service
  - Maintain the final salary link for past service for current members
  - Over time public service pension schemes should move to a common framework for scheme design
  - It should be possible to introduce the new schemes before the end of this Parliament
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## Hutton

### The LGPS

- Appropriate to maintain the funded arrangements for the LGPS in the future
  - Centrally collated comprehensive data covering all LGPS Funds should be published including Fund comparisons
  - Central and local government should monitor the benefits associated with current co-operative projects within the LGPS and if appropriate, encourage the extension of this approach
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