

## **Hutton report welcomed as positive and sensible by London Pensions Fund Authority**

*London, 10 March 2011* – The [final report](#) of Lord Hutton's independent review of public sector pensions delivers no major surprises, but represents a welcome move towards fairer and more sustainable pensions for public sector workers, the [London Pensions Fund Authority](#) [LPFA] said today.

In proposing a switch to career average pensions, a retirement age linked to the state pension age and independent oversight of the running of public sector pensions, Lord Hutton has echoed key recommendations made by the LPFA. The report also highlights the LPFA's governance structure as an example of good practice.

There remain a handful of issues which still need to be addressed – notably the short term impact of pension contribution increases proposed by the government last year, which the LPFA has warned could lead to significant numbers of public sector workers opting out of their pension schemes, before the Hutton reforms have had the chance to take effect. The LPFA was also disappointed by Lord Hutton's rejection of a cap on pensionable pay, which would have addressed perceptions of unfairness around staff on higher incomes.

### **LPFA Chief Executive, Mike Taylor, said:**

“Lord Hutton has produced a report which, if implemented, will go a long way towards ensuring public sector pensions remain fair and affordable for the taxpayer, but which continue to provide adequate retirement income for millions of Britons working in the public sector.

“We have long advocated some of the major changes proposed in today's report, and we are pleased Lord Hutton has clearly listened to the industry in drafting his report, and resisted the clamour from certain parties for a drastic reduction in the quality of public sector pensions.

“There remains a concern, however, that the government's plans to raise the level of employees' pension contributions could lead to significant numbers opting out of public sector schemes, potentially scuppering Lord Hutton's plans before they have the chance to take effect.”

The LPFA contributed to the review, advocating the replacement of existing final salary public service pension schemes with career average defined benefit schemes, an increased retirement age in line with the state retirement age, the introduction of a cap on pensionable pay and the establishment of an independent framework tasked with overseeing public sector plans.

**Ends**