

INDEPENDENT PUBLIC SERVICE PENSIONS COMMISSION – CALL FOR EVIDENCE

1. This report asks the Committee to consider the request from the Independent Public Service Pensions Commission for evidence and views to assist the review and to provide comments to be included in the response from Wiltshire Council.

Introduction & Background

2. The Independent Public Service Pensions Commission was set up by the Government to look at the shape and future of Public Sector pensions nationally. The review is being led by Lord Hutton of Furness.
3. The initial report was published in October 2010. This set out the case for change in the public sector: longer lives, the unfairness of a system that rewards high-flyers disproportionately, the imbalance between taxpayers and employees and contribution rates that do not reflect the value of benefits received. The main points from this paper were:
 - Increased contributions from members in the future although the Government will need to decide its implementation and how to protect the lower paid. This will include looking at the size and spread of employee contributions and when they would be implemented from.
 - A move away from a Final Salary Defined Benefit scheme with various options being considered including a Career Average Defined Benefit scheme, a notional Defined Contribution scheme with protection, or a hybrid type arrangement which combines elements of both.
 - A potential increase in the normal retirement age to reflect the fact members are living longer.
 - The potential to change the accrual rates for pension service as currently these are different across all the public sector schemes.
 - The potential to reduce and standardise Discount Rates across public sector scheme and reducing deficit recovery periods all which would increase liabilities.
4. The second report is due for publication in the spring (anticipated in March 2011) which is thought will outline options that the Government could implement. This has the potential to fundamentally change the current scheme.
5. The Commission wrote to all public sector funds on 1 November 2010 with the 'call for evidence' that would be considered as part of the review and any responses received will be published on their website shortly after the publication of the final report.

Main Considerations for the Committee

6. Appendix B shows a copy of the 'call for evidence' letter and the questions being asked by the Commission. Officers have presented suggested wording to form a response which is generally supportive (Appendix A) but Members are asked to consider these questions, after taking advice from officers and advisors and suggest amendments to the wording to form the response from Wiltshire Council for submission by 12 December 2010.

Risk Assessment

7. An area where the Fund usually has little influence is over its liabilities as highlighted in *PEN006: Significant rises in employer contributions for employers due to increases in liabilities* on the risk register. This provides an opportunity to assist in shaping the future of the scheme which makes it important to consider and submit a response.

Environmental Impact of the Proposals

8. There are none.

Financial Considerations & Risk Assessment

9. There are no direct financial considerations. However the outcome of the review may lead to a different scheme for members that may lead to changes in employer and employee contributions and the future funding of its liabilities.

Proposal

10. The Committee is asked to note the request for evidence as part of the Independent Public Service Pensions Commission review and to propose a response for submission by 12 December 2010.

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Unpublished documents relied upon in the production of this report:

None.