



***Responding to the final report of the Public Service Pensions Commission...***

**ACA WELCOMES REPORT AND THE THRUST OF ITS PROPOSALS,  
BUT EXPRESSES CONCERN AT THE CHALLENGES AHEAD TO  
CONCLUDE REFORMS BY 2015**

**10 March 2011 – The Association of Consulting Actuaries (ACA), which proposed a career average formula in its responses to the Public Service Pensions Commission, has today welcomed the thrust of the proposals and recommendations in Lord Hutton’s final report, published earlier today. The ACA is however concerned at the degree to which the proposals require further detailed announcements by Government and negotiation, scheme by scheme, and whether – as the next election approaches – they will have the resolve to push through the much needed reforms.**

The Hutton report says that it should be possible to introduce the new scheme ‘before the end of this Parliament’ (recommendation 26), but the ACA says it is far from clear that this will be achievable given the known strong resistance to the reforms from most of the trade unions representing public sector employees and given the number of schemes involved.

Commenting on the report, **Andrew Vaughan, Secretary of the ACA** said:

“The report follows very much along the lines of what we had expected and the proposals make sound sense for the future. But much remains to be done to make a reality of the package – all the hard work is being left to Government and public sector employer bodies.

“It is to be hoped the trade union reaction, once they have considered the actual proposals, is less reactionary than that voiced to date. I am sure they must appreciate that the escalating costs of public sector pensions falling on taxpayers, the majority of whom have far inferior pension arrangements, is unsustainable and unfair.

“As we have been saying for close to a decade now, the real challenge for Government, alongside these reforms, is to update the private sector pension regime so employers can once again feel confident that they can offer a wider range of quality arrangements, with the flexibility to control forward costs as mortality and other conditions change.

“Hutton proposes that public sector employers should have a ‘fixed cost ceiling’ for pensions with an ‘automatic default’ to take actions to keep within this if costs are being exceeded and proposed changes cannot be agreed (recommendation 12). Similar legislative proposals for the private sector would be helpful in ensuring employers are protected when they offer ongoing quality arrangements above the modest baseline required from 2012.”

**For further details:**

Andrew Vaughan – ACA Secretary  
Graeme Muir – ACA Main Committee  
Steve Leake – general comment  
David Robertson

07778 9030237  
07796 308100  
01483 540 300  
020 3207 9380  
(M: 07919 911380)

### **About the Association of Consulting Actuaries (ACA)**

The **Association of Consulting Actuaries (ACA)** is the representative body for consulting actuaries, whilst the Institute and Faculty of Actuaries is the professional body. The ACA has 1,750 members working in around 75 firms. ACA Members are all qualified actuaries and all actuarial advice given by members is subject to the Actuaries' Code. The ACA forms the largest national grouping of consulting actuaries in the world.