

04 February 2011

Rt Hon George Osborne MP
Chancellor of the Exchequer
HM Treasury
1 Horseguards Road
London
SW1A 2HQ

Our Ref: RC/GRAH01017/01110082

Re: Hutton Report

Dear

I am writing to you with regard to the Hutton Report, about which several of my constituents have expressed their concern.

As you will be aware, serving Police officers currently pay around 11% toward their pensions, which is amongst the highest level of contribution found in the public sector. I understand that the Interim Report of John Hutton contains a proposal which would allow the contribution to be increased up to 15%.

Whilst it is widely acknowledged that there are problems in the way many pension schemes are structured and financed, the view of my constituents is that 11% is already a significant contribution. A rise to 15% could be construed as a cut in salary to individuals and a gain to the treasury. Whilst of course no decisions can be made regarding the recommendations until the Hutton Report is published, my constituents would ask that you take the following points into consideration.

Any suggestions for remedy which might be raised in the Report, would be best considered in the wider context of the problems highlighted in the review. For example, should the Report highlight serious structural problems which might be remedied by an increase in employee contributions, an alternative solution might be to relax the rules which limit the length of service to thirty years. This would allow an officer to make contributions for a greater number of years, rather than limiting service and increasing contribution rates.

However any increased contribution by Police officers, whether through increased rates of contribution or increased length of service, should be reflected by increased retirement benefits.

It is also worthwhile noting that changes made in 2006 should, in time, address a number of the concerns raised regarding the structural viability of the pension scheme. It is important to ensure that Police officers do not lose out further overall, as it would be unfair for officers to lose in terms of either take-home pay or pension.

As would be normal practice in such pension reviews, any changes to the scheme should only apply to new applicants to the scheme. I feel it is also prudent to consider that, given the recent 2006 review, a further pensions review concurrent with a reduction in Police levels might risk destabilising the Police service.

I look forward to hearing from you.

Yours sincerely

Angela Smith MP
Penistone and Stocksbridge