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A CIPFA and Barnett Waddingham Joint Production

"Local Pension Boards – One Year On…."

(LGPS Reform and the future)

Bob Holloway
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Everything you need to know about LGPS reform according to ………….

"I was fortunate yesterday to meet the scheme advisory board"

- Genuine desire to engage with scheme stakeholders
- Regular meetings with the scheme advisory board
- Separate meetings with the Chairman, Councillor Roger Phillips
- Regular updates on the LGPS

"Achieving better value for money for the taxpayer is high on my list of priorities"

- Pooling agenda is well advanced
- Detailed proposals by 15 July
- But work can continue into the Summer
- Proposals assessed against reform and criteria guidance
- Ongoing concerns about infrastructure
- Clear message about regulated v non-regulated operators
- Concerns about proposed intervention power
- What about Wales?

England: (16) 25
Try: Watson
Conversion: Farrell
Penalty: Farrell (6)
Wales: (0) 21
Try: Biggar, North, Faletau
Conversion: Biggar, Priestland (2)
Man of the match: Maro Itoje (England)

“We must also ensure that sufficient money is going into the scheme”

- Section 13 – the rationale
- Masters of our own destiny
- GAD appointed by the Secretary of State
- Working hard with GAD and actuaries to achieve consensus on the way forward
- “Dry run” section 13 report has been invaluable
- To publish or not to publish?
- Ongoing issues and concerns

"The consultation closed on 19 February with over 25,000 responses"

- Ethical considerations will be banned
- DCLG will be taking over investment functions
- Proposals undermine transfer of power to local government
- About 120 technical responses to draft regulations
- Ministers still considering their position on boycotts
- Working hard to get regulations in place for 1st September
- New investment strategy statements ready by 1st April 2017.
- The long and winding road……..!

"Whatever the outcome, we must recognise that achieving solvency and long term cost efficiency takes precedence, in regulatory terms, over stability of costs to employers"

Meeting the true cost of the new scheme

V

Easing financial pressures in times of austerity

“None of us can predict the outcome of the forthcoming scheme valuation or whether any cost savings will need to be found. But if they do, I am confident that the board will approach that task with their usual fairness and thoroughness”

Cost pressures :-

- 2013 scheme based on 2010 data and assumptions
- Cost strain of joining the club transfer scheme
- Revaluation methodology
- low 50/50 take up rate

0%-1% increase – SAB may make recommendations

1% to 2% increase – SAB should make recommendations

Over 2% increase – SAB must make recommendations.

Employer and employees sides must reach consensus

If not, the default position applies (change in accrual rate)

"The Times ahead will be very challenging"

- EU exit?
- Investment regulations – what now?
- Amendment regulations – New Fair deal
- GMP reconciliation
- Freedom and choice extended to AVCs
- 2016 valuations, markets and discount rates

Any Questions?