

Greater Manchester Pension Fund response to HM Treasury consultation on indexation and equalisation of GMP in public service pension schemes

1. Introduction

I respond on behalf of Greater Manchester Pension Fund (GMPF) to this consultation.

GMPF is submitting this response from an administering authority perspective, having considered the impact the methods proposed in the consultation would have on our scheme members, scheme employers and taxpayers in general. We have also weighed up the cost implications against the administrative impact in drafting our response.

2. About GMPF

Tameside MBC is the administering authority of GMPF. GMPF is the largest Local Government Pension Fund (LGPS) in England and Wales with approximately 350,000 members, 470 contributing employers and assets with a value of approximately £20 billion.

3. GMPF response to the consultation

GMPF is broadly supportive of the response to questions 2 to 11 made by our actuary, Hymans Robertson, as well as the response to the consultation from the Local Government Pensions Committee (LGPC)/Local Government Association (LGA). We do not intend to give additional comments to the questions posed by HM Treasury as we feel that both Hymans and the LGPC/LGA reflect our view.

However, we would like to make specific comment on the policy option we would prefer.

GMPF is of the view that of the three proposals, the conversion of the GMP method is one that we could support if the cost burden to the LGPS of this option was addressed and a fair solution reached.

We think this option best meets the key tests set out in the consultation and from the perspective of scheme members, is the best for them. It offers the best long term solution, has the benefit of drawing a line under GMPs, offers simplification for members of a complex area and although the administration needed to undertake the exercise would initially be burdensome, as it is a one off exercise it will help simplify administration in the long term.

However, it is far from an ideal solution when the cost implications are considered. We have great concerns about the cost burden of this option as it currently stands to the scheme employers, local government and ultimately the knock on effect to taxpayers if local government has to fund this cost.

In order to fully support the conversion of GMP option, we would want to see this cost burden addressed, preferably by government making extra funding available to the LGPS to cover the costs.

4. Further information

For further information please contact Euan Miller – Assistant Executive Director Pensions Funding and Business Development. (General fund contact details on GMPFs member website at www.gmpf.org.uk).