

Scheme Advisory Board

Hybrid Meeting – 24 November 2025

Item 14 – Paper I

Cost Management, Benefit Design and Administration Committee (CMBDA)

Chair's Report from Meeting – 3 November 2025

Local Government Pension Committee (LGPC) update

1. The Committee received an update from Lorraine Bennett on how funds could use their discretion not to include McCloud remedy in this year's Annual Benefit Statements (ABS). We understand that the provision to extend the implementation period to 31 August 2026 was being widely used. Some LGPS administering authorities have also had issues obtaining the necessary information from other public service pension schemes to assess eligibility and appropriate benefits in LGPS for McCloud remedy.
2. The Committee was also reminded that the staging deadline for the Pension Dashboard was 31 October 2025, but that some issues for connection remained problematic.
 - a. Administering authorities using Civica were not able to connect to the Pensions Dashboard by the staging deadline of 31 October 2025 due to technical issues. The Pensions Regulator and the Pensions Dashboards Programme (PDP) have been advised.
 - b. Inclusion of Additional Voluntary Contribution (AVC) data has been difficult. LGPC are working to standardise approaches and get agreement between funds and software suppliers on a solution and have recently published a memorandum of understanding (MOU) on this for funds to use with their AVC providers.
3. The statutory [connection deadline](#) for all schemes to be connected to the Money and Pensions Service remains 31 October 2026.
4. On 21 July 2025, HM Treasury (HMT) published its response to the consultation on inheritance tax (IHT) changes. Following significant concerns raised by the Local Government Association (LGA) and the pensions industry, HMT has very helpfully amended its proposals. It is understood that tools and guidance will be published ahead of implementation in April 2027. LGPC continue to attend meetings with HMRC and the wider pensions industry on effectively implementing the policy.
5. Further to the Government's helpful statement in June on the Virgin Media case, it was noted that the Pension Schemes Bill now included a clause that would enable the Government Actuary's Department (GAD) to

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retrospectively produce new compliance certificates, where historic ones were not done or weren't available. It was expected that this action would give auditors greater comfort that the risk of any adverse outcome for LGPS was remote.

MHCLG Update

6. MHCLG officials reported that they had met the new Local Government Minister, Alison McGovern MP and priorities were in relation to the investment/pooling agenda and the member benefit reforms, including the recently launched [Access and Protections consultation](#). It was noted that the Pension Schemes Bill had passed through Committee stage at the House of Commons and a date for the Report Stage was expected shortly. It was hoped that Royal Assent would be granted early next year. Draft regulations to amend the 2016 Investment Regulations that would give effect to the Government's proposals would be available in November/December 2025.
7. The Committee also heard that the Government's response to the Access and Fairness consultation was likely to be announced before the end of the calendar year. That would include confirmation of the reporting requirements in relation to the Gender Pensions Gap as part of the 2025 local fund valuation process. To help prepare, actuaries already had been given some indication of what changes Ministers might be willing to make in response to consultation responses received.

Board response to the Access and Protections consultation

8. Generally, the Committee welcomed proposals contained in the consultation. In relation to the proposed change to Normal Minimum Pension Age (NMPA), MHCLG officials confirmed that it was their intention that the new NMPA would be used as the minimum age for the early access to pension redundancy benefits that were set out in Regulation 30(5) of the 2013 scheme regulations.
9. In relation to the proposals around a new process for academy transfers, it was agreed that it was reasonable for multi-academy trusts to request to move into a single fund. However, also relevant to decisions would be the cash-flow impacts of large transfers, administrative impact and the need not to allow for "contribution rate shopping". The Committee looked forward to seeing the proposed MHCLG policy document on its approach to making decisions in cases where there was some opposition to a transfer on these grounds.
10. There was support from the Committee for the New Fair Deal proposals, with some discussion about how these changes might lead to greater compliance with the requirements to protect members involved in staff transfers out of the public sector.

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Employer incentives to leave public sector schemes

11. The Board had included in its response to the Access and Fairness consultation a request for Government to consider a change in the law to prevent LGPS employers from offering an incentive for eligible staff to join a pension scheme other than the LGPS. We suggested (along with the LGPC response) an amendment of the Pensions Act 2008 to provide that it is unlawful to incentivise eligible members to opt out of a public service pension scheme, even if the employer is offering an alternative Auto Enrolment qualifying scheme.
12. While the Government response has not yet been issued, we understand it is unlikely this would be dealt with in primary regulations. However, MHCLG officials have invited further discussion about how to deal with this issue within LGPS regulations. The Committee agreed to give further thought to how this might be done and draft some proposals.

New Administration strategy

13. The Committee noted that in line with the Fit for the Future response, the new mandatory strategy was likely to be wider in scope than existing strategies, which generally just set out employer/administrator relations. . Scoping discussions with MHCLG are yet to start but the aim was to bring a work plan and timeline to develop this to the next Committee meeting.

Gender Pensions Gap (GPG)

14. The Secretariat reported they have received interest from [Pensions for Purpose](#) and Westminster Pension Fund to explore participation in further research. In line with the existing GPG workplan, this research would cover the quantitative data available through an LGPS fund and its participating employers and aim to identify:
- The scale and drivers of the gender pension gap within LGPS employers, looking at intersectionality with other characteristics (like religion and ethnicity where this data is held) by undertaking GPG reporting and overlaying this alongside protected characteristic data
 - The views of scheme employers on the main drivers of the GPG and the employer policies and communication activities which they are responsible for which could assist in narrowing the gap
 - Assess the effectiveness of communication strategies by gathering the views of scheme members and non-scheme members on retirement provision generally, but also specifically on perceptions of the value of the LGPS as part of their remuneration package
 - Produce practical recommendations and actionable insights that can be implemented by funds and scheme employers

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- Sharing issues and best practice to increase awareness and engagement across the LGPS ecosystem, ultimately supporting more equitable pension outcomes.

15. It is anticipated that the cost of this type of research would be around £20,000 - £25,000 which potentially could be shared with other interested stakeholders. The Committee agreed to recommend that the Board allocate up to £10,000 which could be recovered through the 2026/27 budget (subject to approval by the Minister).

16. The Secretariat continue to liaise with the Pension Equity Group on how the “Mind the Gap – Reducing the gender pensions gap” best practice guide could be updated to be more relevant for public sector pension schemes.

Committee Workplan

17. The Committee agreed the key workstreams expected for 2026 and therefore asks the Board to approve the workplan below:

Workstream	Details	Action for next Committee	Timescales
Gender Pensions Gap	<p>The Committee previously agreed to address the actions contained in the GPG action log. Over the past year, the following actions have been completed.</p> <ul style="list-style-type: none">• Submitted its response to the Access and Fairness consultation which included proposals to address the GPG.• Explored a standard GPG definition methodology for reporting• Analysed responses to the GPG survey issued <p>The Committee will continue to:</p>	See separate paper	Ongoing

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Workstream	Details	Action for next Committee	Timescales
	<ul style="list-style-type: none"> • Look into customising the PEG 'Mind the Gap' document for the LGPS • Investigate tools to communicate the impact of breaks, life events and improve financial planning for women • Propose further research into the GPG 		
Opt out data	Work with MHCLG to devise a system to enable collection and analysis of opt out data	Depends on content and timing of MHCLG consultation response	Consultation response expected in coming months
MHCLG consultations on member benefits	<p>The Committee contributed to the development of the initial proposals and the Board's response to the first consultation</p> <ul style="list-style-type: none"> • Going forward the Committee will: • Respond to the second consultation on member benefits (see separate paper) • Continue to work with MHCLG on implementation and any resulting guidance as appropriate 	Depends on content and timing of MHCLG consultation responses	Government response to first consultation expected in coming months
Normal Minimum Pension Age (NMPA)	NMPA will change in 2028 but MHCLG have proposed protections for some existing members (see separate paper)	Depends on content and timing of MHCLG consultation responses.	Consultation closes towards the end of December. Any response likely to be in 2026

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Workstream	Details	Action for next Committee	Timescales
	The Board is yet to consider its response		
Review of local fund valuations	<p>GAD to undertake s13 report and make recommendations</p> <p>Secretariat to separately review FSS to assess effectiveness of new guidance and consistency around exit credit policies (agreed at last Committee meeting)</p> <p>The Secretariat will need to arrange scheme-wide analysis of reports once all completed</p>	Next meeting is 9 March so likely to be too soon for review	Scheme-wide analysis on the 2025 valuations expected in Summer 2026
Employer incentives to leave LGPS	The Board made recommendations to the Government previously, but these need to be refined to be LGPS specific	Consider possible options and draw up paper for the next Committee meeting	February for initial options paper, Summer for firm proposal
<p>HMT Cost Control Mechanism</p> <p>SAB Scheme Cost Assessment</p>	<p>Process for the 2024 CCM has started with data gathering and analysis</p> <p>GAD presented assumption options for Scheme Cost Assessment at the June 2025 Committee meeting to consider the assumptions advice for the SAB process</p>	Dependent on GAD timing (fuller update being prepared for November Board meeting)	Ongoing

Recommendation – that the Board notes the progress made by the Committee on the issues set out above and agrees the workplan.
