

Scheme Advisory Board

Hybrid Meeting – 24 November 2025

Item 4 – Paper B

LGPC Update

Background

- The Local Government Pension Committee (LGPC) is a committee of councillors constituted by the LGA. It represents local authority interests in dealing with Government and others on local government pension issues. Its work is carried out by the LGPC secretariat at the LGA.
- The LGPC secretariat also provides an advisory and training service to LGPS administering authorities across the UK. The service is funded by a subscription on LGPS authorities as well as training and qualification income.

Consultation on TPR's enforcement strategy

We submitted a response on behalf of the LGPC and the LGA to [the Pensions Regulator's \(TPR\) consultation on its new enforcement strategy](#). TPR is looking to modernise how it protects savers and regulates workplace pensions. It wants to act earlier, intervene smarter, and deliver better outcomes for savers.

The response is broadly supportive of the strategy, but raises concerns about transparency, particularly the lack of feedback on reported breaches and whistleblowing cases. It calls for greater clarity on how enforcement decisions will be measured and prioritised and recommends that administration quality and data integrity be explicitly included in risk assessments. The response also highlights risks around reliance on self-reported data and TPR's understanding of the LGPS.

September 2025 CPI rate announced

On 22 October 2025, the Office for National Statistics announced the annual rate of increase in the Consumer Prices Index (CPI) for September as 3.8 per cent. The Government usually uses this figure to set increases for LGPS pensions in payment and for revaluing active and deferred pension accounts. The increases are applied from the following April.

Pensions dashboards

Key milestone

October marked a key milestone for the pensions dashboard project with 31 October 2025 being the scheduled 'connect by' date for public service pension schemes.

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There are now less than 12 months until the legal deadline for pension providers and schemes to connect to the pensions dashboards ecosystem.

The number of workplace and personal pension records connected is now more than 60 million, alongside tens of millions more State Pension records. This represents three-quarters of the records in scope.

We took the opportunity to remind LGPS administering authorities of [TPR's pensions dashboards guidance](#) and the resources available from the LGA:

- Pensions dashboards connection guide
- Pensions dashboards AVCs guide.

The LGA guides are available on [Administrator guides and documents \(England and Wales\)](#)

Template Memorandum of Understanding (MoU) - AVCs

We recently published a template MoU along with explanatory notes for LGPS administering authorities to use with their AVC providers. The MoU aims to clearly define the respective responsibilities and obligations related to meeting pensions dashboards requirements for AVC data.

LGPS administering authorities are ultimately accountable for ensuring that AVC data is included on pensions dashboards and that it complies with legal requirements. However, many legacy AVC arrangements lack formal contractual agreements, making it difficult to establish clear responsibilities. The MoU is intended to bridge this gap by outlining roles and duties, and to support the development of formal contractual arrangements that may occur in the future. The MoU covers key areas including:

- provision and format of AVC data
- data matching and reporting obligations
- data protection requirements
- service level expectations and escalation procedures

Inheritance tax consultation response

On 21 July 2025, HM Treasury (HMT) published its [response to the consultation on inheritance tax \(IHT\) changes](#).

At the Autumn Budget 2024, the Government announced that for deaths after 5 April 2027:

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- most unused pension funds and death benefits will be included in the value of a person's estate for IHT purposes
- pension scheme administrators (PSA) will be responsible for reporting and paying any IHT due on pensions to HMRC.

Following significant concerns raised by this Committee and the pensions industry, HMT has amended its proposals. The key changes are:

- all death-in-service benefits from registered pension schemes will be excluded from the value of an individual's estate for IHT purposes, regardless of whether the scheme is discretionary or non-discretionary – currently non-discretionary death-in-service benefits are included in the value of an individual's estate for IHT purposes
- personal representatives (PRs), and not PSAs, will be responsible for reporting and paying any IHT due on pension benefits
- PSAs will have new duties to support PRs in paying IHT on pension benefits
- to support PRs and beneficiaries who may struggle to pay IHT on pensions, the Government will offer multiple payment options. These include allowing pension beneficiaries to instruct PSAs to pay IHT in respect of pensions on their behalf – though the pension beneficiaries remain liable for the IHT.

The Government intends to publish tools and guidance to support PRs, PSAs and beneficiaries ahead of implementation in April 2027. We are attending meetings HMRC is holding with the pensions industry on implementing the policy.

Recommendation

The Board is asked to note the contents of this report.