

# Scheme Advisory Board

## **HYBRID MEETING – 24 MARCH 2025**

### **ITEM 13 – PAPER I**

#### **COST MANAGEMENT, BENEFIT DESIGN AND ADMINISTRATION COMMITTEE (CMBDA)**

#### **CHAIR’S REPORT FROM MEETING – 24 February 2025**

##### **Local Government Pension Committee (LGPC) update**

1. The Committee received an update on the implementation of the McCloud remedy including webinars for scheme members. Lorraine Bennett (LB) also mentioned that while guidance had been expected from MHCLG on using the discretion not to include underpin information in annual benefit statements for 2024/25, none had been forthcoming and LGPC were fielding many queries about the use of the discretion. It was also noted that there not currently many queries from members on McCloud remedy.
2. LB also confirmed that the new Government was pursuing the Pensions Dashboard project and kept the connection date for LGPS of October 2025. There was as yet no go-live date for access to the Dashboard for the public though.
3. It was noted that LGPC were expecting shortly a consultation on member benefits changes, which is expected to include; proposals to equalise survivor benefits, removing the age 75 limit for death grants, updating forfeiture rules, making buying pension to cover absences easier and fairer and proposals on New Fair Deal.
4. LB also mentioned that the changes to the Normal Minimum Pension Age from 55 to 57 from 6 April 2028 and the latest position on this for the LGPS will be covered in the LGPC update to the Board. The Committee were also updated on LGPC’s response to the proposed changes to inheritance tax included in the Autumn 2024 budget.

##### **MHCLG Update**

5. The Committee were informed that the 220 responses to the Fit for the Future consultation were being analysed and the response will be issued in due course. MHCLG remain interested in the Board’s work on the Gender Pensions Gap and changes to the treatment of unpaid leave within the scheme.
6. It was noted that the consultation period for Fit for the Future was very short and the Committee expressed its preference for longer to respond to the coming consultation on member benefits (mentioned in paragraph 3 above). MHCLG officials gave reassurances that there would be more time allowed for responses to that consultation.

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## 2025 fund valuations and section 13

7. The Committee discussed the 2025 actuarial valuation, and the Committee were reminded of the published Funding Strategy Statement (FSS) guidance to assist funds. It was expected that there will be a mixed picture of funding positions across the Scheme and there will be the need for continued discussion on managing any surpluses and extensive engagement with employers.
8. The Board Chair will hold another meeting with pension committee chairs and the approach to 2025 valuations will be the key topic for discussion. The Committee discussed whether there was a need for more consistency in the setting of discount rates, or at least greater consistency in the way that the different considerations were considered, recorded and implemented in the valuation report. Given different actuarial approaches it was recognised that consistency was easier to achieve in the themes considered than in achieving the same outcomes.
9. Member representatives expressed concern about zero per cent employer contribution rates, citing that funds should be making at least the same contribution as scheme members. It was confirmed that the four actuarial firms are expected to meet soon to discuss their approaches to the upcoming valuation.
10. **Post meeting update:** Michelle Warbis, Deputy Director, Local Taxation and Local Government Pensions at Ministry of Housing, Communities and Local issued [a letter to administering authorities](#) on 10 March 2025, concerning the use of interim contribution reviews and looking ahead to the 2025 local fund valuations. Also, at a meeting with the fund actuaries on 10 March 2025, they asked if the Board would be prepared to consider offering some guidance ahead of the local fund valuations on these issues. It is recommended that a statement be drawn up, with the key messages being taken from the recently completed FSS guidance and the approach in the Board's [surplus statement](#) (especially in relation to managing conflicts of interest between the administering authority and scheme employer roles).

**Recommendation – that the Board asks the Secretariat to draft a statement ahead of the 2025 local fund valuation.**

### **Opt Out and Gender Pensions Gap (GPG) Survey**

11. The Committee noted that the Secretariat was continuing to work with MHCLG officials to put in place an effective system for monitoring the level of opt outs from the LGPS and gain intelligence if there were particular groups that were disproportionately doing so.
12. The Committee received an overview of the findings from the Secretariat's survey, launched on 5 December 2024, of local government and academy school employers which included questions on what type of data is held by

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employers on employees who opt out and employer interest in GPG data reporting.

## Gender Pensions Gap (GPG) working group

13. The working group has met and made significant progress on its action plan. For example, it has developed a paper setting out a standard GPG definition and reporting approach (including methodology) for the LGPS. This was drawn up by both fund, member and employer representatives and was approved by the Committee. The proposal is that the initial step in LGPS GPG reporting could be done via the 2025 local fund valuation reports.
14. The Committee also agreed to seek Board approval for the Secretariat to arrange a “roundtable” event to bring together in the summer the various stakeholders with an interest in gender pensions gap and pensions adequacy generally. That event could bring together representatives of public sector schemes (broadly defined, so including those like Railpen or USS), the actuarial profession, member representatives and representatives of employer groups (like the Local Government Association, University and Colleges Employers Association (UCEA), academy representatives etc). It is also expected that the Minister for Pensions, Torsten Bell MP, would be invited to this event.

**Recommendation – that the Board asks the Secretariat to work up a detailed proposal for a roundtable event on GPG in the summer.**

## Committee Workplan

15. The Committee agreed the key workstreams expected for 2025 and therefore asking the Board to approve the workplan below:

Workstream	Details	Timescales
Gender Pensions Gap	The Committee agreed action plan	Ongoing
Opt out data	Work with MHCLG to devise a system to enable collection and analysis of opt out data	Consultation expected in coming months Depending on timing, maybe discuss response at June 2025 CMBDA meeting

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Workstream	Details	Timescales
MHCLG consultation on member benefits	Work with MHCLG on initial proposals  Prepare a Board response once the consultation launches	Consultation expected in coming months  Depending on timing, maybe discuss response at June 2025 CMBDA meeting
Normal Minimum Pension Age (NMPA)	With NMPA changing in 2028, clarity will need to be sought on the protection for existing members. Board to agree on review on receipt of LGPC technical paper	TBC – not clear yet when Government will make policy decision or consult on any necessary changes
Review of local fund valuations (Section 13 exercise)	To be discussed with GAD and waiting to see if there will be any steers on surpluses or employer contributions from MHCLG	TBC  Scottish fund section 13 due in summer 2025, which may give some indication

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

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