

# Cost Management, Benefit Design and Administration Committee

DATE:	1st July 2024
VENUE:	Hybrid meeting (MS Teams and 18 Smith Square)
TIME:	11:00am to 1:00pm

## AGENDA

Item		Paper	Timings
1	Welcome, introductions, apologies and declaration of interests		11:00
2	Meeting protocol		11:05
3	Actions and Agreements from 19 <sup>th</sup> February 2024 meeting	<b>Paper A</b>	11:10
4	Update on McCloud and Pensions Dashboards		11:15
5	Update from Gender Pensions Gap working group	<b>Paper B &amp; Annex A</b>	11:25
6	Opt out survey and forms	<b>Paper C</b>	11:45
7	Normal Minimum Pension Age	<b>Paper D</b>	12:00
8	Update on recent engagement activity	<b>Paper E</b>	12:10
9	Administration data collection discussion		12:20
10	Post-Election Planning		12:35
11	AOB and date of next meeting		12:55

# Cost Management, Benefit Design and Administration Committee

## Meeting of 1 July 2024

### Item 3 – Paper A

### Hybrid meeting – 19 February 2024

### Actions and agreements

#### Present

George Georgiou	Employee representative (GMB), Chair
Sean Collins	Practitioner – Oxfordshire Pension Fund
Simon Taylor	Practitioner – West Midlands Pension Fund
Emma Mayall	Practitioner – Greater Manchester Pension Fund
Kevin Gerard	Practitioner – Carmarthenshire Pension Fund
Glyn Jenkins	Employee representative (UNISON)
John Neal	Employee representative (Unite)
Charity Main	Academies representative (Anglian Learning)
Jonathan Teasdale	Actuaries – Aon
Steven Scott	Actuaries – Hymans Robertson
Graeme Muir	Actuaries – Barnett Waddingham
Michelle Doman	Actuaries – Mercer
Alan Wareham	Department for Levelling Up, Housing and Communities (DLUHC)
Mike Scanlon	Government Actuary's Department (GAD)
Martin Smith	GAD
Matt Gurden	GAD
Lorraine Bennett	Local Government Association (LGA) – Senior Pensions Adviser
Jo Donnelly	LGA – Board Secretary
Jeremy Hughes	LGA – Senior Pensions Secretary
Ona Ehimuan	LGA – Pensions Secretary
Becky Clough	LGA – Board Support and Policy Officer

#### Items 1 and 2 – Welcome, introductions and declarations of interest

1. The chair welcomed all in attendance to the meeting. Steven Scott deputised for Catherine McFadyen (Hymans Robertson).
2. There were no conflicts of interest declared.

#### Item 3 – Actions and agreements from 30 October 2023 meeting

3. The minutes of the meeting on 30 October 2023 were agreed as a fair and true record of the meeting.

#### Scheme Advisory Board Secretariat

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## **Item 4 – Economic Activity of Public Bodies (Overseas Matters) Bill**

4. Jo Donnelly (JD) informed the Committee that the Bill was in the House of Lords and would be having its second reading on 20 February 2024. As with the Commons stages of the Bill, it was expected that there would be significant debate. The Bill would be moving to Committee Stage after the second reading.
5. The SAB Secretariat team have met with the Pensions Regulator (TPR) to discuss enforcement of the Bill. TPR are having ongoing discussions to ascertain the framework for enforcement but have indicated that they expect to be able to utilise existing resourcing and were not anticipating a significant number of enquiries on the matter.
6. The LGA would continue to issue briefings at each stage of the Bill and the next stages will be closely monitored to understand if the amendments the LGA proposed or supported would be accepted.

## **Item 5 – McCloud update**

7. Lorraine Bennett (LB) gave a verbal update to the Committee. The team had published Part 1 of the McCloud technical guide for administrators in November 2023. Part 1 of the guide addressed underpin protection and which pension accounts qualify for underpin protection. Parts 2 and 3 would follow once government guidance in the remaining areas is issued. The team hosted two free webinars on McCloud for administrators in December 2023 which were well received and attended by over 270 practitioners. Once Parts 2 and 3 of the technical guides had been published, more webinars would be delivered.
8. Consultation on the further statutory guidance from DLUHC (which aims to deal with topics not covered in the earlier guidance) was expected to start in the coming weeks. The consultation would be a closed, technical exercise but would include LGA/SAB.
9. McCloud remained a substantial administrative project that is substantially impacting the workloads of funds, compounded by the ongoing recruitment and retention issues in the sector. Another significant issue was that administration software suppliers had not yet been able to provide all the updates needed to perform the required calculations for all casework, such as transfers.

The issue of teachers with excess service was also discussed. Remedy in the Teachers' Pension Scheme (TPS) could mean that teachers will retrospectively become eligible for membership of the

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LGPS for the remedy period in respect of any excess service. This part of the remedy will involve exchanging a significant amount of information between TPS, employers and LGPS administering authorities. The team had held meetings with Capita (the current TPS administrator) to discuss the ongoing and emerging issues for the LGPS on teachers with excess service.

10. LB said that when the public sector pension schemes make extra payments to members because of the McCloud remedy, HM Treasury rules mean they must pay interest, where due, at 8%. However, HMRC has said that they would treat any interest paid above the 'commercial rate' as an unauthorised payment. That means following the HMT rules could trigger an unauthorised payment charge for the member of 40%, with a further 15% scheme sanction charge. LB was hopeful that the government would pass legislation to disapply unauthorised payment charges in these circumstances. The Committee expressed its hope that common sense would prevail and that the issue would be resolved.

## **Item 6 – Update on Gender Pensions Gap (GPG) working group**

11. Becky Clough (BC) gave an update to the Committee. Since the last meeting, the working group had met on 11 December 2023 and 13 February 2024. The group discussed actions needed to implement the next steps agreed by the Board and put an action plan in place.
12. One action underway was that the Secretariat has contacted the Policy team at the Department of Health and Social Care to gather information on their pension buyback policy and were awaiting their response. The NHS pension scheme currently allows members to buy back lost pension after a qualifying break within 'a reasonable amount of time'. The working group will consider any further information it receives and identify how this might work in the LGPS.
13. The working group are also aiming to produce improved member comms on the impact on pensions during unpaid leave and will be working with practitioners represented on the group.
14. The Secretariat are also working with the LGA Workforce team to hold a virtual event on the Gender Pensions Gap on 9 May 2024 at 2.00pm. This event is aimed at employers and funds and will seek to inform attendees about the GPG work and action plan in place. John Neal (JN) asked if member representatives will be included in this event or will alternatively have a similar separate event aimed at providing information to members. BC agreed to discuss this further after the meeting.

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15. A blog post will be added to the LGA's Workforce newsletter at the end of March 2024. The content would highlight the results of the Board's reports into the GPG along with the ways the working group are exploring the next steps and how the employer's role could help in narrowing the gap.
16. BC informed the Committee that the progress of New Fair Deal, was an agenda item at the first meeting between the Board Chair, Councillor Roger Phillips and new Minister Simon Hoare on 17 January 2024 (which Board Secretary, Joanne Donnelly, also attended). The topic was unfortunately not discussed due to a full agenda at that meeting; however, the Secretariat will continue to ask for progress updates from DLUHC on how best to take the issue forward.
17. The Secretariat have also met with the Pensions Policy Institute to discuss carrying out further research into the intersectional analysis of the GPG.

**ACTION – that BC and JN discuss the inclusion of member representatives in the planned virtual event on 9 May 2024**

## **Item 7 – Update from the surpluses working group**

18. Jeremy Hughes (JH) introduced Paper B to the Committee. The working group met on 12 January 2024 following the Board's publication of the [surpluses statement](#) in December 2023. The group considered further topics of discussion now that the statement had been published, feedback on the statement and following two Board LGPS Live webinars on the topic.
19. It was agreed by the Committee that the aim of the working group has been fulfilled and it would not need to meet again, however the members of the group would be retained as a contact list for the Board to engage with in the future if needed. The Compliance and Reporting Committee's Funding Strategy Statement (FSS) working group was proposed to further address, in the new guidance, some of the issues arising from fund surpluses and it was agreed to widen the scope of the FSS working group to ensure the issues raised would be discussed.

**AGREED – that the Surpluses working group be closed.**

## **Item 8 – GAD update on LGPS data for the scheme cost control mechanism (CCM) valuation**

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20. Mike Scanlon (MS) and Martin Smith (MSm) from GAD introduced Paper C to the Committee which covered provisional results for the HM Treasury-led CCM, results for the separate SAB-led Scheme Cost Assessment (SCA) and an analysis of the reasons for the differences between the two. The assumptions for the SCA had been agreed by the Board at its last meeting and GAD had used these assumptions to calculate the scheme cost. The results of this were at Annex A while provisional CCM results were at Annex B (both circulated as confidential papers)
21. The Committee noted that the final outcome of the 2020 SAB SCA was likely to be that no recommendation for changes to the scheme would be made to the Secretary of State at this time. The Committee accepted this and was content for that view to be reported to the Board at its March 2024 meeting.

## Item 9 – Opt Outs data and survey

22. Ona Ehimuan (OE) introduced Paper D to the Committee. The Secretariat had submitted a further Freedom of Information (Fol) request to the Pensions Regulator (TPR) to request the opt out information held by TPR which is submitted by LGPS employers in their declaration of compliance [with auto-enrolment legislation] returns. The TPR response, shared with the Committee at Annex A, did not provide the level of detail needed for substantive analysis.
23. To continue this work, the Secretariat would next develop an Opt Out survey once the new Data Analyst team member had started with the team in March. This survey would be issued to Local Authority employers via the LGA's contacts list. It was acknowledged that this would not capture all the participating LGPS employers but there was no practical way of extending it further.
24. It was also proposed that the scope of the survey include questions on whether opt out forms should ask members their reason for opting out, and whether any data on the characteristics of the individuals opting out – to show how opt out rates vary across certain groups – could be captured. The Committee also suggested that a pilot exercise be carried out with a small number of willing employers to do a “deep dive” into whether it would be possible to do some analysis of differences in the characteristics of those not joining the scheme.

**ACTION – That the Secretariat draft and issue a new Opt Out survey and explore expanding the data collected in the template opt out form.**

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## **Item 10 – Suggested changes to the Committee Terms of Reference**

25. BC introduced Paper E to the Committee. Following a review of the Committee's Term of Reference, the Committee agreed the changes proposed by the Secretariat.

## **Item 11 – DLUHC Update**

26. Alan Wareham (AW) gave a verbal update to the Committee. DLUHC were currently focusing on the publication of the statutory guidance to assist the preparation of fund annual reports and the consultation for the guidance of the implementation of the McCloud remedy. The next priority for the DLUHC team was the drafting and publication of guidance in response to the Board's Good Governance recommendations. It was expected that there would be a consultation on draft guidance in the Summer.
27. There were also plans for a consultation on changes to survivor benefits and the rules on forfeiture. Exact timings could not be confirmed however it was expected that the two areas could be addressed in a single consultation.
28. Glyn Jenkins (GJ) informed the Committee that Unison's General Secretary had written to the Chief Secretary to the Treasury to request an update on the change to survivor benefits to reflect the Goodwin judgment. The response received was to expect amending regulations, possibly in Spring 2024.
29. In response to a question from GJ, AW confirmed that implementation of the New Fair Deal policy was not under active consideration by DLUHC.
30. Simon Taylor (ST) welcomed the Annual Report guidance and noted that it included a suite of Key Performance Indicators (KPIs). He asked whether there were any plans for the KPIs to be reviewed by this Committee. BC explained that the updated KPIs had been consulted on with meetings with 15 individual fund officers, taken to the National Technical Group and Pension Officer Groups for feedback, and the Pensions Managers' Conference in Torquay in 2023. It was hoped that the renewed guidance would be reviewed on a more regular basis so the guidance could be adjusted to suit emerging requirements. It was agreed that once the guidance was published, the Secretariat would update the Committee on any emerging issues at the next meeting in July.

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## **Item 13 – AOB and date of next meeting**

31. There were no items raised under any other business. The date of the next meeting was confirmed as 1 July 2024.

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## HYBRID MEETING – 1<sup>st</sup> July 2024

### ITEM 5 – PAPER B

#### Update from Gender Pensions Gap (GPG) working group

##### Current position

1. Since the last meeting, the working group met on 29<sup>th</sup> May 2024 and significant progress has been made on the [action plan agreed](#) by the Board in March 2024. An updated action plan can be found at **Annex A**.
2. In March 2024, [a blog post](#) was published by the Board Secretary, Jo Donnelly to introduce the GPG work and how the employer's role could help the gap. The blog was aimed at the Local Government Association's (LGA) workforce subscribers, who are mainly HR/personnel staff at Councils.
3. Following this, the Secretariat jointly arranged a webinar with the LGA's Workforce team that was held on 9<sup>th</sup> May 2024. Over 100 attendees joined the webinar and presentations were provided by the Workforce Team on the LGA's gender pay gap reporting, from the Equality and Human Rights Commission and from the Pensions Team on the Board's GPG work and the Employer's Role. Insight was also provided by an actuary who sits on the Board's working group on the actuarial aspects of the gap.
4. During the webinar, attendees were asked whether they would be interested in supporting the Secretariat in conducting more research into gender gaps at the employer level. So far, 8 employers and 2 LGPS funds have contacted the Secretariat team offering to help. An initial scoping meeting has taken place and another meeting is planned for 28<sup>th</sup> June 2024.
5. The initial suggestion for this further research involves:
  - Producing individual employer gender pensions gap data
  - Looking at the impact of life events and other absences. That would include looking at the frequency of pension sharing on divorce and the take up of Shared Cost Additional Pension Contributions
  - Identifying best practice examples of HR/payroll procedures

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- Looking at non-pension data held by employers on members – e.g, ethnicity, and intersectional analysis.
6. There are significant barriers to obtaining and sharing data which will need to be identified and worked through during this proposal phase. For example, some of the data proposed for further research is held directly by the employing organisation, or via a third-party provider (such as a payroll or HR provider) and some data by the pension fund.
  7. The appropriate data sharing agreements and approval process will need to be reviewed and, if necessary, amended. An initial research proposal document is to be drafted, with the aim to have agreement by the Board on the scope. In addition to the employers interested in supporting further research who attended the webinar, the Secretariat are considering the cross-over with the results of the opt out survey in Item 6 Paper C as there is an opportunity to gather data on pension membership and intersectional analysis from any data gathered on optants out.
  8. The Secretariat have also followed up on a request at the March 2024 Board meeting to engage with the work in the private sector on the GPG issue. The Secretariat have met with Alexandra Miles from Legal and General involved in GPG reporting and the work of the [Pensions Equity Group](#), launched in 2023. There are key areas of cross-over between our workstreams and their main areas of focus, including on improving employer engagement, encouraging best practice on dealing with life events/absences, pensions technology and disclosing employer level pension gaps.
  9. The working group discussed during the last meeting the LGPS regulations which set out the process for dealing with unpaid authorised leave and the actuarial factors which determine the cost of purchasing additional pension lost during an absence, known as Shared Cost Additional Pension Contributions (SCAPCs). It was noted that in some circumstances the member cost of a SCAPC was greater than what their contribution rate would have been if the benefit had built up during 'normal' service. Also, the LGPS regulations mean that where SCAPCs are purchased for lost pension, there are no attached dependent benefits paid in the event of the member's death.
  10. The regulatory timescale and cost of SCAPCs could be disproportionately impacting female members of the LGPS. The group

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have suggested that the Board write to the Government Actuary's Department and the Department for Levelling Up, Housing and Communities asking for a review of these factors, as they appear to be potentially discriminatory.

11. On 17<sup>th</sup> May 2024 [the Board wrote](#) to the then Chief Secretary to the Treasury suggesting that the Government take a consistent and active approach to the gender pensions gap across public sector pension schemes. The Secretariat has also been consulting the actuarial community to consider what can be offered or included on Gender Pensions Gap reporting to funds and employers for the 2025 valuation.

## Next steps

12. The Secretariat will continue to work on the activities highlighted in this report and on the actions listed in the action plan at Annex A.

**Recommendation 1 – That the Committee notes the position as set out above and that the Secretariat continues with the actions planned in Annex A of this report**

**Recommendation 2 – The Board writes to GAD and DLUHC to ask for a review of factors used for SCAPCs**

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**DRAFT Scheme Advisory Board - Gender Pensions Gap (GPG) action log**  
**V5 – for the CMBDA meeting on 1 July 2024**

No.	Action point	Follow up actions	Status	Comments
1.	Investigate feasibility of changes to regulations to extend the deadline for scheme members to elect for SCAPCs	a) Contact Department for Health & Social Care for background on NHS policy on pension buy-back and statistics for take-up.  b) Consider how potential impact could be measured and impact on employers contributions  c) Transfers in – explore the impact of funds allowing all transfers in and not being fund discretion (Note: all funds have to accept club transfers in and aggregate other LGPS rights)	COMPLETED   ONGOING   NOT STARTED	No response – to be removed from action log
2.	Plan specific communications needed for employers on the GPG to raise awareness of the specific issues which impact the GPG within the LGPS regulations, particularly during scheme member life events	a) Develop FAQ for employers similar to current strike leaflet to cover unpaid leave  b) Add content to LGA Employer Role course  c) Investigate how pension administration systems show in member self-service portals the pension impact of breaks and life events	ONGOING   COMPLETED   ONGOING	Draft started   Slides added   To be explored in action point 8

		<p>d) Collate the best practice examples for HR/payroll procedures and communications during life events</p> <p>e) Investigate if actuaries could include gender pensions gap as part of valuation report</p>	<p>ONGOING</p> <p>ONGOING</p>	<p>Part of further research with employers following webinar</p>
3.	Work with LGA workforce team on increasing awareness of GPG and identify the policy solutions which could have a positive impact	<p>a) Presentation at virtual event on 9<sup>th</sup> May 2024 with LGA workforce team covering GPG aimed at HR leads and pension contacts across Local Government</p> <p>b) Contribute to LGA's monthly blog/workforce bulletin on GPG in March 2024</p> <p>c) Investigate with LGA workforce team to consider the duty which could be put on employers for reporting future GPG</p>	<p>COMPLETED</p> <p>COMPLETED</p> <p>NOT STARTED</p>	<p>Next steps - further research with employers</p>
4.	Continue the discussions with DLUHC on the progress of New Fair Deal and impact of outsourcing on the GPG	<p>a) Put forward as a topic for Cllr Phillip's discussion with the new minister</p> <p>b) Explore how to understand the impact of outsourcing on the GPG</p>	<p>ONGOING</p> <p>NOT STARTED</p>	<p>To be revisited post general election</p> <p>To be revisited post general election</p>
5.	Explore further research options with Pensions Policy Institute (PPI)	<p>a) Provide PPI initial comments on the research proposal and investigate potential funding options</p>	<p>ONGOING</p>	<p>Feedback provided to PPI on proposal and data sharing issues to be investigated.</p>

		b) Meet with employers who volunteered to discuss further research following the LGA workforce GPG webinar	ONGOING	
6.	Add questions on GPG to Opt Out survey	a) Planned for when new Secretariat analyst starts in late March 2024	COMPLETED	Survey closed 7 <sup>th</sup> June – results to be presented at CMBDA 1 <sup>st</sup> July committee meeting
7.	To write to the Chief Secretary to the Treasury, Laura Trott MP	a) Draft and send letter suggesting that the Government take a consistent and active approach to the gender pensions gap across public sector pension schemes	COMPLETED	Letter issued 17 <sup>th</sup> May 2024 and published on SAB website
8.	Explore the cross-over of work with the Pensions Equity group and pensions in the private sector	a) Meet with Alexandra Miles (LGIM) to compare action-plans and areas of cross-over	ONGOING	Cross-over areas identified and being explored (such as employer best practice, pension administration systems, divorce policy, mandatory disclosures)

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## MEETING OF 1<sup>st</sup> July 2024

### ITEM 6 – PAPER C

#### OPT OUT SURVEY

##### Background

1. At the last Committee meeting it was agreed that the Secretariat would develop an opt-out survey to be issued to Local Authority employers via the Local Government Association's contacts list. It was acknowledged that this would not capture all the participating LGPS employers (approx 17% of employers but 64% of active membership\*) but there was no practical way of extending it further.
2. To obtain a range of data, it was proposed that the scope of the survey include questions on whether opt out forms should ask members their reason for opting out and questions around promotion of the LGPS. Annex A gives the survey questions.

##### Report

3. At Annex B is a summary and analysis of the responses received.

##### Next steps

4. The Committee is asked to agree that:
  - a) the Secretariat follow up with those respondents interested in discussing further and whether they hold data on the characteristics of the individuals opting out (to see if opt out rates vary across certain groups);
  - b) the Secretariat engage with LGA pensions colleagues to review the opt out template documents, including with a view to suggesting that employers collect reasons for opting out (maybe with a short list of common reasons and a plain text field);
  - c) the Secretariat engage with LGA pensions colleagues and the National Communications Working Group to help produce promotional materials, as supported by employers in the survey response.

\*LG Finance Statistical release LGPS Funds England and Wales 2022/23

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## Annex A

### Background

Cost of living pressures have forced many people to review their outgoings. There is some evidence of an increase in staff opting out of other public service pension schemes. Through this survey, the Local Government Association (LGA) asked member councils about their experience of staff opting out and the value placed on being able to offer a high-quality defined benefit pension scheme like the LGPS in recruitment and retention.

### Method

A survey (Appendix 1) was devised by the SAB team to explore the data held by employers and understand their perceived importance of being part of the LGPS. We do not generally have access to contact details for LGPS employers, however the LGA does maintain contact lists of local authorities in England and it was decided to focus on this section of the membership.

A contact list for local authority employers in England was obtained from the LGA Workforce team and, from this, 'second level' contacts (broadly equivalent to Head of Service level) were used. Where they were not available generic email addresses were used for employers.

The survey was advertised in the May 2024 LGA Workforce bulletin and emailed directly to 325 local government contacts. 53 councils responded to the survey, a response rate of 16.3%.

Authority Type	Percentage of Respondents
District Council	36%
County Council	17%
Unitary Authority	15%
Metropolitan	15%
Unknown	11%
London Borough	6%

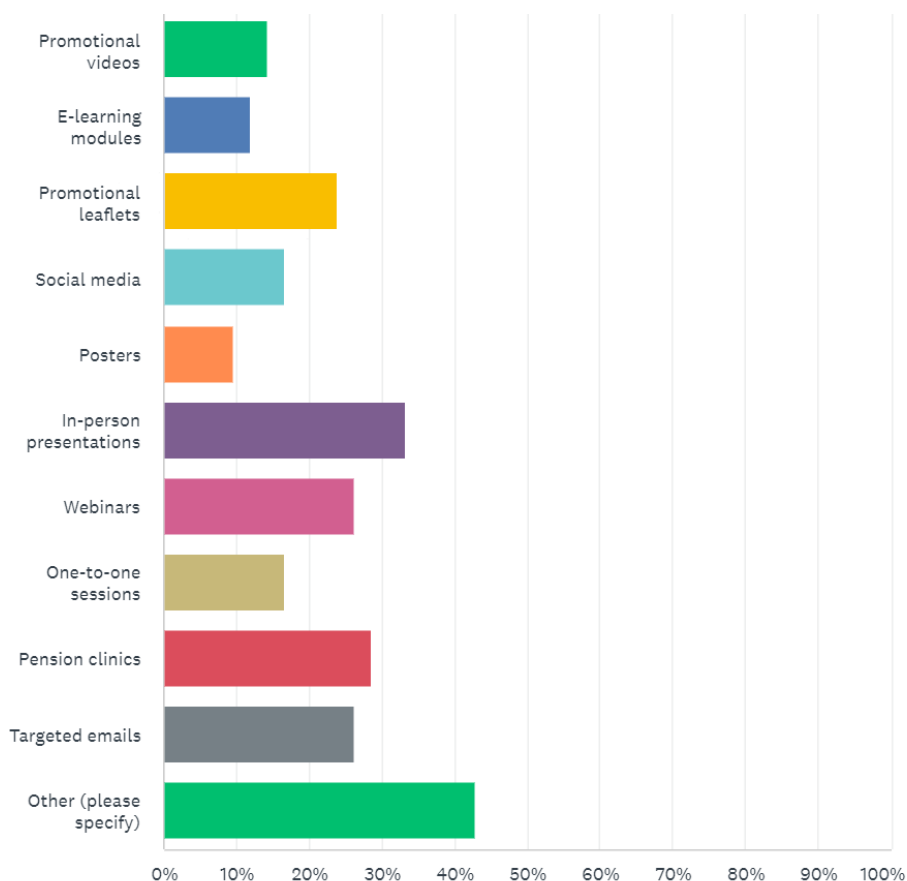
### Results

All respondents said the LGPS was important to staff recruitment and retention within their organisation. 48% said it was extremely important, 41% answered very important and 12% said somewhat important.



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Only 3 employers (6%) said that they do not promote the LGPS benefits to their employees. Those that do promote the benefits do so in a variety of ways as seen in the graph below.

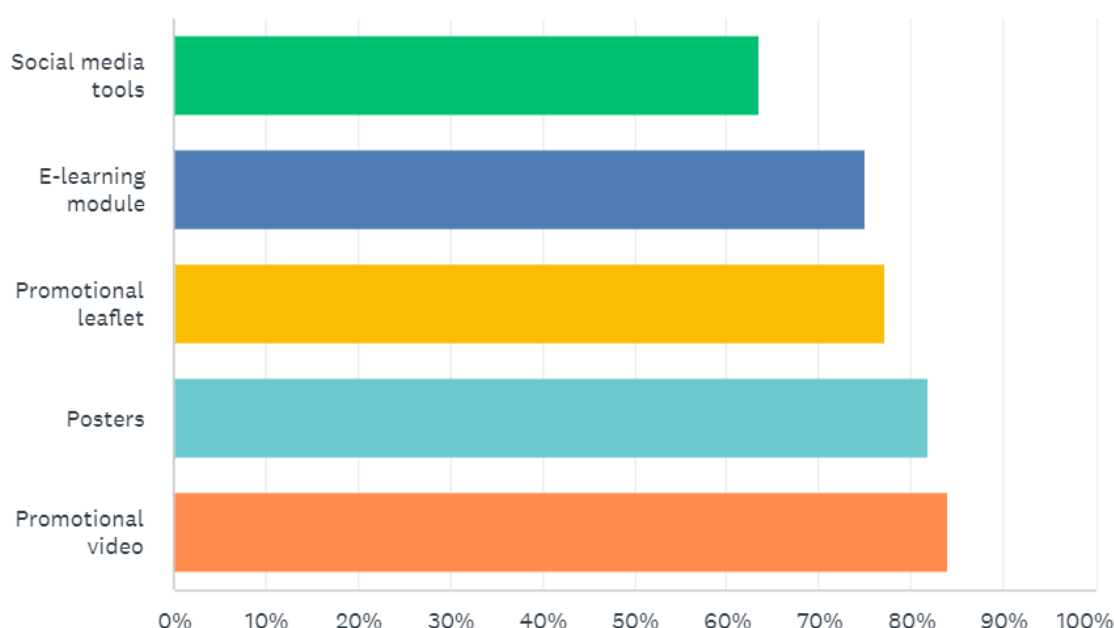


Most commonly, employers promote the benefits of the LGPS to their employees through in-person presentations, pension clinics, targeted emails, and webinars. Those that answered 'other' said that they promote it as part of their recruitment and induction programmes, through employee communication channels such as their intranet, newsletters, and by partnering with third party providers.

Those that do not promote the benefits of the LGPS were asked to expand on why, one employer said that *"all staff automatically enter LGPS at start unless they opt out so there is no need to "sell" it"*. Other employers referred to not enough *"capacity"* within their team to do this and *"lack of standard literature"* about the scheme. Two of the three employers that do not promote the LGPS to their employees were District Councils.

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Respondents were asked if any resources would be useful to them and provided with a list. The graph below shows a high proportion of the respondents would find the materials listed useful. Promotional videos would be most useful to employers, with over 84% of respondents choosing this option.



Respondents were asked to rank in order of priority which employees would you promote the LGPS to, 1 being highest priority and 4 being lowest. Over 85% of respondents ranked new employees as their highest priority, the majority of respondents then ranked employees who have opted out as their second highest priority, followed by employees considering opting out, and existing scheme members as their lowest priority.

Rank	1	2	3	4	Average rank
<b>New employees</b>	85.37%	9.76%	2.44%	2.44%	3.78
<b>Employees who have opted out</b>	7.32%	48.78%	26.83%	17.07%	2.46
<b>Employees considering opting out</b>	7.32%	17.07%	58.54%	17.07%	2.15
<b>Existing scheme members</b>	0.00%	24.39%	12.20%	63.41%	1.61

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Only 35% of respondents currently review the number of employees who are eligible for the LGPS who have chosen not to join, compared to the number of employees who are currently active members of the LGPS. The breakdown of this by authority type can be found below. Only one Unitary Authority out of the six that responded to this survey answered yes.

Authority type	No	Yes
County Council	63%	38%
District Council	53%	47%
London Borough	67%	33%
Metropolitan	67%	33%
Unitary Authority	83%	17%
Unknown	100%	0%

13 employers shared the percentage of their employees eligible for LGPS membership who are not currently active members in the LGPS, these numbers ranged from 3% to 40%, with an average of 13% and median of 10%.

Over 69% of respondents said they have not noticed a change in employees opting out of the LGPS, while 5% (2) said they have noticed an increase in the number of employees deciding to opt out – one County Council and one District Council. The rest of the respondents (26%) said they were not sure or did not know. Those who said they have noticed an increased were asked to provide additional commentary on this, one employer said that *“more employees are opting out or enquiring about a break due to cost. We do try and promote the 50/50 scheme”*.

Only 5% (2) respondents said that they collect and hold the reasons for employees opting out of the LGPS, 95% of employees said they do not. The two employers that do collect and hold this data were asked if they were able to share this data with us, one responded yes and the other responded no.

55% of respondents said that they were interested in working with the LGA to explore this issue further and potentially share non-identifiable data on LGPS membership within their organisation. This 55% consisted of 5 County Councils, 6 District Councils, 2 London Boroughs, 3 Metropolitans, 3 Unitary Authorities, and 1 unknown.

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## **Appendix 1 Opt Out Survey.**

*(Logic was applied in survey software to skip irrelevant questions).*

### **Membership of the Local Government Pension Scheme (LGPS) – how important is it to your organisation and your employees?**

#### **About this survey**

The Local Government Pension Scheme (LGPS) is one of the largest defined benefit schemes in the world. It has more than six million members and around 15,000 employers participate in it. Members mainly work for local authorities but there are also non-teaching staff in academy trusts, staff in some central government funded bodies and some former local authority staff transferred to private contractors.

Cost of living pressures have forced many people to review their outgoings. There is some evidence of an increase in staff opting out of other public service pension schemes. Through this survey, the Local Government Association (LGA) is asking member councils about their experience of staff opting out and the value placed on being able to offer a high-quality defined benefit scheme like the LGPS in recruitment and retention.

The LGA has also been looking at the differences in outcome between men and women in relation to pension savings. So far, we have undertaken studies of the “gender pensions gap” between male and female members of the LGPS, but those likely to be facing the greatest challenges in later life are those who have opted out of the pension scheme offered by their employer.

Your responses will provide data we can use to ensure the LGPS membership is valued by local government employees.

#### **Organisation Name**

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#### **In your opinion, how important is the LGPS to staff recruitment and retention within your organisation?**

Extremely important

Very important

Somewhat important

Not so important

Not at all important

Not sure/don't know

# Cost Management, Benefit Design and Administration Committee (CMBDA)

**Do you promote the LGPS benefits to your employees?**

Yes

No

**How do you do this? Please tick all that apply**

Promotional videos

E-learning modules

Promotional leaflets

Social media

Posters

In-person presentations

Webinars

One-to-one sessions

Pension clinics

Targeted emails

Other (please specify) \_\_\_\_\_

**If you don't promote the LGPS to your employees, why is that?**

\_\_\_\_\_  
\_\_\_\_\_

**The LGA is planning to produce resources to help employers promote the LGPS. Would you use any of the promotional materials listed below? Please tick all that apply**

Promotional video

E-learning module

Promotional leaflet

# Cost Management, Benefit Design and Administration Committee (CMBDA)

Social media tools

Posters

**Which employees would you promote the LGPS to? Please rank in order of priority.**

New employees

Employees who have opted out

Employees considering opting out

Existing scheme members

**Do you review the number of employees who are eligible for the LGPS who have chosen not to join compared to the number of employees who are currently active members of the LGPS?**

Yes

No

**What is the percentage of your employees eligible for LGPS membership who aren't currently active members in the LGPS? If you do not have exact figures, please give a best estimate.**

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**Which of the following statements applies to you?**

We have noticed an increase in the number of employees enquiring about opting out of the LGPS

We have noticed an increase in the number of employees deciding to opt out of the LGPS

We have noticed an increase in both the number of employees enquiring about and deciding to opt out the LGPS

# Cost Management, Benefit Design and Administration Committee (CMBDA)

We have not noticed a change in employees opting out of the LGPS  
Not sure/don't know

**Please can you provide further commentary on this**

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**Do you collect and hold reasons for employees opting out of the LGPS?**

Yes  
No

**If collected, are you able to share this data with us?**

Yes  
No

**Are you interested in working with the LGA to explore this issue further and potentially share non-identifiable data on LGPS membership within your organisation?**

Yes  
No

**Please can you share a contact name and email address so we can get in touch**

# Cost Management, Benefit Design and Administration Committee (CMBDA)

**MEETING OF 1<sup>st</sup> July 2024**

**ITEM 7 – PAPER D**

**FORTHCOMING CHANGE TO NATIONAL MINIMUM PENSION AGE**

## **General Legal Position**

1. The normal minimum pension age (NMPA) is set in overarching pensions legislation and is the minimum age at which pension savers can access their pensions without incurring an unauthorised payments tax charge. It is currently set at age 55 and the Government has legislated for it to rise to 57 on 6 April 2028.
2. However, the Finance Act 2022 provides protection for individuals who, before 4 November 2021, had an unqualified right to take their pension before age 57. An unqualified right is a right that does not depend on the employer's or pension scheme administrator's consent.
3. Members of uniformed services pension schemes will be exempt from the increases to the NMPA.
4. The Government response to the initial consultation said that "Where the rules expressly state that benefits can be drawn from 55, the Government considers that would amount to an unqualified right". It is generally understood that public sector pension scheme rules need to be amended in order for this change to take effect.

## **LGPS Specific Position**

5. Regulation 30 of the LGPS Regulations 2013 says that members may take their benefits having "attained the age of 55" without making any reference to the minimum pension age in legislation.
6. When the Government consulted in 2021 on increasing the NMPA, the Local Government Pensions Committee (LGPC) responded to the consultation setting out [the LGA's preferred approach to the proposals](#). That opposed granting any protections to existing members on grounds of equity (it would create a two-tier workforce) and administrative complexity.
7. When the NMPA was last increased (in 2010, when it was increased from age 50 to 55) no specific protection for LGPS members in England and Wales affected by the change was given.

## **Next steps**



# Cost Management, Benefit Design and Administration Committee (CMBDA)

8. The Committee is asked to consider whether it wishes to make a recommendation to the Scheme Advisory Board on this question, and if so, what that recommendation might be.
9. While the Board could make representations to Government on this question, we expect that HM Treasury will want to hold a common line across the public sector schemes (with the exception of the uniformed services) – not least because of the extra complexity that might arise for transfers between schemes if different approaches are adopted.
10. It is understood that so far no specific discussions have been had at official level between HM Treasury and government departments on this topic. In ministerial correspondence between Simon Hoare MP and Kevan Jones MP, dated 20<sup>th</sup> March 2024, the minister indicated that officials had not yet considered regulatory changes because there was still sufficient time before the change is effective. The minister stated that any proposed regulatory changes would be subject to the usual public consultation process.

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# Cost Management, Benefit Design and Administration Committee (CMBDA)

## MEETING OF 1<sup>st</sup> July 2024

### ITEM 8 – PAPER E

#### UPDATE ON RECENT ENGAGEMENT ACTIVITY

1. Before the general election was called, the minister, Simon Hoare, held three roundtables with a number of fund and pool attendees. The first (May 14<sup>th</sup>) was called an “investment roundtable”, the second (May 20<sup>th</sup>) was called a “fund merger roundtable” and the third (May 23<sup>rd</sup>) was called an “investment and governance” roundtable. The third roundtable went ahead the day after the general election was called.
2. Cllr Phillips and Jo Donnelly were present at the first two roundtables, but not the third. The content of both roundtables attended was similar, with some of the same attendees from funds (officers and elected members) as well as pool representatives. Members of the DLUHC team attended all the roundtables, including the recently appointed Deputy Director Michelle Warbis.
3. The minister stressed his view that any future government – be that Conservative or Labour – would be keen to engage more closely with the LGPS. Government would be keen to see whether funds and pools were investing in UK-based opportunities, and understanding barriers where these could be said to exist. There would also likely be considerable attention paid to minimising costs where possible.
4. As the minister had clearly stated publicly before, he felt that the structure of 86 separate funds in England and Wales is not the way that the scheme would be structured, were it being established now. The discussions in the roundtables were productive and robust, with a significant number of attendees emphasising to the minister the importance of the proposals in the Board’s good governance project being implemented to allow a proper picture of scheme governance to emerge.
5. Whilst the roundtables were ongoing, on May 15<sup>th</sup> the minister sent a letter to administering authorities in England. The letter was sent as a follow up to a letter sent to all English councils in mid-April about productivity plans. Funds in Wales, and administering authorities who are not councils (SYPA, LPFA and EA) did not receive the minister’s letter.
6. On June 17<sup>th</sup>, Jo Donnelly held a hybrid session with officers to discuss some of these themes. This was attended by 64 officers from around 50 funds. Cllr Phillips will also be holding an online session with Pension

# Cost Management, Benefit Design and Administration Committee (CMBDA)

Committee Chairs on June 25<sup>th</sup> to discuss similar matters. So far around 20 PC Chairs have accepted the invitation, and at the session on June 17<sup>th</sup> officers were encouraged to flag the email invitation to their Chairs to maximise attendance.

7. Both sessions have been widely welcomed and are in fact the first such sessions held directly between the Board Chair and Secretary with Committee Chairs and fund officers respectively. The aim is to hold more sessions in future, particularly once there is more clarity post-election on how the scheme may be affected by any change of government.

## **Next steps**

8. The Secretariat will continue its engagement activities with funds, pools, government officials and figures in the opposition, ahead of the election as permitted, and afterwards.
9. The Secretariat, with approval from the Board Chair, has drafted some text that funds may wish to use when responding to the minister's letter. Fund officials were informed that responses should be addressed to officials (Michelle Warbis and Teresa Clay) rather than the minister.

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