

Cost Management, Benefit Design and Administration Committee (CMBDA)

Hybrid Meeting – 3 November 2025

Item 7 Paper C – LGPC Update

Background

1. 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.
2. The LGPC also provides an advisory and training service to LGPS administering authorities across the UK. The service is funded by a subscription on LGPS authorities and training income.

McCloud remedy

3. LGPS administrators continue to implement the McCloud remedy. Although the McCloud implementation period set out in the statutory guidance runs to 31 August 2025; there is provision to extend the period to 31 August 2026 in certain circumstances. We understand this is being widely used.
4. We have been made aware the some LGPS administering authorities are having issues obtaining information from other public service pension schemes. Information from other schemes is needed where a member has:
 - a. previous membership in another public service pension scheme that could mean they qualify for the McCloud remedy in the LGPS
 - b. a member has transferred in benefits from such as scheme and more information is now required to calculate the McCloud remedy in the LGPS.
5. We are raising these issues with MHCLG as they arise.

McCloud webinars

6. Affinity Connect has been delivering webinars on McCloud to LGPS members in England, Wales and Scotland since March. Feedback from members who have attended a session has been very positive; however, numbers of attendees have decreased in recent months and administering authorities appear reluctant to publicise these free informative sessions to their members.

Cost Management, Benefit Design and Administration Committee (CMBDA)

7. We included an article in the October bulletin encouraging administering authorities to let members know about these sessions but are also planning to adapt them to a more general LGPS session from 2026. In the meantime, we will continue to publicise them on the national member website.

Pensions Dashboards

8. The connect by date for all public service pension schemes to connect to the dashboards ecosystem was 31 October 2025. We understand that administering authorities using Civica to connect to the dashboards will not meet the connect by date due to technical issues. The Pensions Regulator and the Pensions Dashboards Programme (PDP) are aware.
9. AVC data continues to be a problematic area for administering authorities. We have recently published a memorandum of understanding (MOU) for funds to use with their AVC providers. The purpose of the MOU is to set out responsibilities and duties in relation to complying with pensions dashboards requirements. This was developed with the help of a small group of administering authorities and Osborne Clarke legal firm.
10. PDP is currently carrying out consumer testing on the MoneyHelper Pensions Dashboard. Testing started with pension industry volunteers and has now moved to low volume testing with non-pensions specialist employees and will continue for the next few months. High volume testing will follow and will involve thousands of users and will be gradually scaled up over time until confidence is achieved in the performance of the service.
11. Looking further ahead, the Department for Work and Pensions (DWP) has committed to providing 6 months' notice for the launch of the MoneyHelper Pensions Dashboard.

Member benefit changes

12. The LGA team will prepare a response to the [LGPS: Scheme improvements \(Access and Protections\) consultation](#). The response will be on behalf of the LGPC and the LGA. We hope to share this with LGPS administering authorities at the start of December.

Inheritance tax consultation response

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

Cost Management, Benefit Design and Administration Committee (CMBDA)

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

- 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.

15. Following significant concerns raised by the LGA 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.

16. 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.
