Cost Management, Benefit Design and Administration Committee (CMBDA)

DATE:	3 November 2025
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 30 June 2025 meeting	**Paper A**	11:10
4	Ministry of Housing, Communities and Local Government (MHCLG) update	**Verbal**	11:15
5	Response to “Scheme improvements (access and protections)” consultation	**Paper B**	11:30
6	Employer incentives to leave public sector schemes	**Verbal**	11:45
7	LGPC Update	**Paper C**	11:55
8	New Administration strategy	**Verbal**	12:10
9	Local Fund Valuations 2025	**Paper D**	12:15
10	Scheme cost control mechanisms	**Verbal**	12:30
11	Update from Gender Pensions Gap working group	**Paper E**	12:40
12	Workplan update	**Paper F**	12.50
13	AOB and date of next meeting		12:55

Cost Management, Benefit Design and Administration Committee (CMBDA)

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Item 3 Paper A - Actions and Agreements from 30 June 2025

Actions and Agreements

Present

George Georgiou	Employee representative (GMB), Chair
Simon Taylor	Practitioner – West Midlands Pension Fund
Emma Mayall	Practitioner – Greater Manchester Pension Fund
Matthew Trebilcock	Practitioner – Gloucestershire Pension Fund
Glyn Jenkins	Employee representative (UNISON)
John Neal	Employee representative (Unite)
Richard Lane	Academies representative
Richard Paul	Higher Education representative
Becky Durran	Actuaries – Aon
Richard Warden	Actuaries – Hymans Robertson
Melanie Durrant	Actuaries – Barnett Waddingham
Michelle Doman	Actuaries – Mercer
Matt Gurden	Government Actuary's Department (GAD)
Martin Smith	GAD
Ben Lavelle	Ministry for Housing, Communities and Local Government (MHCLG)
Lorraine Bennett	Local Government Association (LGA) – Principal Pensions Adviser
Clair Alcock	LGA – Board Secretary
Jeremy Hughes	LGA – Senior Pensions Secretary
Ona Ehimuan	LGA – Pensions Secretary
Sophia Chivandire	LGA – Pensions Policy and Support Officer
Steve Simkins	Association of Consulting Actuaries (ACA) – Vice Chair (Attended for Item 10 only)

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

1. The Chair welcomed all in attendance to the meeting including Clair Alcock who joined the LGA as the new Head of Pensions in May 2025, Becky Durran who had been nominated to replace Jonathan Teasdale as Aon's representative, Richard Lane who had been nominated to replace Chairty Main as the Academies' representative and Richard Paul who had been nominated as the new Higher Education representative.

2. There were apologies from Paul Guilliotti (Richmond and Wandsworth Fund), Kev Gerard (Dyfed Pension Fund), Becky Clough and Sarah Tingey

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from the Secretariat. There were also apologies from Robert Bilton who has been nominated to replace Catherine McFadyen (Hymans Robertson); Richard Warden attended in his place.

3. There were no conflicts of interest declared.

Item 3 – Actions and agreements from 24 February 2025 meeting

4. The minutes of the meeting on 24 February 2025 were agreed as a fair and true record of the meeting.

Item 4 – MHCLG Update

5. Ben Lavelle (BL) informed the Committee that the Access and Fairness consultation was now live and would be closing on 7 August 2025 and presented slides on the areas covered and current proposals.
6. John Neal (JN) welcomed the equalisation of survivor benefits but questioned why the backdating of benefits for co-habiting partners was only partial. He also raised questions about the absence of costings for these changes. BL said that the costings have not been published and the department has not yet made assumptions about how many people will be eligible or will come forward.
7. Emma Mayall (EM) was supportive of the changes but raised the point that the administrative impact needed to be considered and added that opt out reporting and correcting and backdating remedies needed further development. George Georgiou (GG) said that GMB broadly supported the proposals but may ask for the 31-day cap on buying back pension contributions to be extended.
8. There was no update on New Fair Deal, but it was being actively considered.
9. On Fit for the Future, BL confirmed that the Government's response and the Pensions Schemes Bill had been published. The second reading on the Bill was expected before summer recess. It was expected that a second consultation on member benefit changes, accompanied by a ministerial statement, would be issued later in the year.

Item 5 – Access and Fairness Consultation – LGPC and SAB responses

10. The Board's response would be generally supportive of the proposals in the consultation but would include suggestions for some improvements. For example, how to combine some elements of the proposed mandatory Gender Pensions Gap (GPG) reporting as part of the 2025 triennial valuation while continuing to explore how to deliver the full MHCLG

proposal over a longer timescale. For example, there are issues with the employer size threshold for reporting as the proposed threshold of more than 100 employees does not take into consideration the fact that employees sometimes belong to different pension schemes. The Board in its response would propose that extending GPG reporting to all pension schemes, or at least all public sector pension schemes, would help with solutions in employer-level reporting.

11. It was also acknowledged that opt out data collection is complicated and how it is reported back to funds as anonymised aggregated data needs to be considered. The Secretariat were still working on the draft response for the Board to clear when it met on 21 July 2025.

12. Lorraine Bennett (LB) gave an overview of the LGPC response to the consultation which would be a policy and technical response. LGPC are supportive of the changes but would want statutory guidance on the steps to find survivor benefits claimants. The software systems cannot be updated to calculate the changes proposed without further guidance and until this is issued, correcting pensions would need to be done manually.

13. The biggest impact of the changes to survivor benefits will be on widowers. As the scheme membership is 74% female there will be a large cohort of male survivors of scheme members to review. LGPC was also likely to propose making the payment of death grants retrospective to 2011, rather the current proposed date of 2014, as this is when the over-riding legislation changed.

14. The LGPC response would not support the suggestion to increase the proposed 31-day threshold on making unpaid, authorised leave pensionable. The concern was the need for employee contributions to be made for a longer period, which could be unaffordable for lower paid members who had already forgone salary for that period. The LGPS response was also likely to recommend increasing the threshold for gender pensions gap reporting to 250 active members instead of the proposed 100 employees. LB also indicated that LGPC would support the raft of technical changes proposed (most of which had been suggested by LGPC or the National Pension Officer's Group).

Item 6 – LGPC Update

15. Lorraine Bennett (LB) highlighted the main points in Paper B to the Committee. Statutory guidance on McCloud implementation had been published. The impact of the remedy should be shown in members Annual Benefit Statements (ABS) from 31 August 2025, with administering authorities' discretion to extend that to 31 August 2026 in certain

circumstances. The Pensions Regulator (TPR) published a statement on 19 June 2025 to clarify what was expected in exercising that discretion. LGPC has fed back to TPR that this guidance had been issued too late since ABS's had already been sent in some instances. Funds would also need to make sure that their decision to use the discretion to delay inclusion of the remedy had been agreed by their Pension Committee and was clearly indicated on the relevant statements.

16. LGPC had already delivered webinars and had more planned to support officers with the implementation of the McCloud remedy. These were being held in conjunction with Affinity Connect. The webinars have been well attended and feedback showed was useful.

17. LB reminded the Committee of the Pension Dashboard connection date for LGPS is the 31 October 2025. Addition Voluntary Contribution (AVC) data is currently problematic as different providers want to take different approaches to the processing of the data. LGPC were hoping to produce a memorandum of understanding between LGPS funds and AVC suppliers on how the duties will be met.

18. As a result of the ruling in the Virgin Media 37 case, the Government Actuary's Department (GAD) confirmed that actuaries will need to provide certificates that schemes meet the contracting out requirements for significant benefit changes. However, the Government would legislate to allow GAD to retrospectively produce these certificates. GAD were still considering how this could be done but it would probably require historical data to be used.

19. As part of a promotional project for the LGPS, a toolkit is being produced for employers with communications aimed at new starters and people who have opted out of the Scheme. In response to a question, LB explained these communications were member-focussed and not intended to address media perceptions about "gold plated pensions".

Item 7 – Normal Minimum Pension Age

20. At the last Board meeting, it was agreed that the Board would take a position on changes that needed to be made to the Normal Minimum Pension Age once MHCLG bring forward their plans. To date, MHCLG have not yet brought forward their proposals. JN and Glyn Jenkins (GJ) expressed a preference for protection of the current NMPA of 55 in the LGPS Regulations.

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Item 8 – Update from the Gender Pensions Gap working group

21. JH introduced Paper C to the Committee which gave an overview of the progress of the group since the last Committee meeting. JH thanked Becky Clough (BC) for arranging the Gender Pensions Gap roundtable event which was held at the LGA offices on 18 June 2025. The event brought together over 40 industry professionals for a series of productive discussions on the gender pensions gap in the LGPS and more widely and it was agreed that the momentum that has been initiated by the Board in this area needed to be continued. Paper C gave an overview of the key points arising from the discussions on the day which included the link between pay and gender pensions gap.

Item 9 – Actuarial Valuation 2025 and SAB basis

22. Matt Gurden (MG) introduced Paper D to the Committee on the SAB basis assumptions for the 2025 triennial fund valuations. It was proposed that the base assumptions used in the 2022 valuation cycle be used again to maintain a consistency of approach. MG explained that initial findings show that funds were likely to apply a higher discount rate in this cycle of local valuations than the average from the last round. GJ queried whether the assumptions were too pessimistic, and MG noted that if the SAB basis assumptions were retained, it would probably lead to a lower average funding level than other methodologies. However, it was important to caveat this process since it was not intended to give an overall funding level for the scheme or any particular fund, but rather just give a basis for comparison.

23. Richard Warden (RW) noted that GAD would be looking at the reasons for variations between funds' own assumption setting as part of their Section 13 review, and that the SAB basis was likely to lead to quite different funding levels than local valuations for Hymans Robertson clients. However, he did agree that the proposal worked for consistency.

24. Michelle Doman (MD) agreed that communications were going to be important and asked about smoothing of asset valuations. MG said that this was possible but would add more complexity to the process.

25. The Committee agreed the recommendation set out in the letter.

Item 10 – Association of Consulting Actuaries (ACA) letter on exit valuations

26. On behalf of the ACA, Melanie Durrant (MDu) introduced the letter to the Committee and explained the exit credit and exit payment rules which arise when an employer no longer has active members in a fund. There are a

range of different approaches to calculation and decision making on exit credits which are discretionary, and it was asked whether it would be useful for the Board to provide some guidance on how to handle this to supplement the Funding Strategy Statement (FSS) Guidance.

27. MDu confirmed that Barnett Waddingham are taking the representations in the letter into account and noted that the new FSS Guidance emphasises the need to be clear and engage with employees.

28. The Vice Chair of the ACA and partner and actuary at ISIO, Steve Simkins (SS) was present at the meeting for this item. He felt that there was a need for a review in the consistency, calibration and transparency in the exit process. The main concern was the calibration of the cost of exit which could be 50% higher than annuity rates and could tip exiting employers from surplus to deficit. He said that this difference in outcomes was hard to justify and that long-term approaches designed by the actuaries don't seem to have moved with market conditions. It was recognised that the new FSS guidance did call for greater transparency, SA did not feel that this was a solution to the problem.

29. Members of the Committee questioned the clarity of the ask from the letter and after discussion it was agreed that the outcome of the new FSS guidance would be reviewed by the Secretariat. A sample of revised FSS's would be analysed (once available) and a report provided back to the Committee.

ACTION – that the Secretariat reviews the content of a sample of FSS's produced by funds under the new guidance and provides an analysis to the Committee.

Item 11 – Committee Workplan

30. JH introduced Paper E to the Committee which gave an updated overview of the key workstreams expected for 2025. The Committee noted the updates contained within the workplan.

Item 13 – AOB and date of next meeting

31. The Chair raised an item about an ongoing issue with United Learning who have been offering increased salaries to staff in exchange for them agreeing not to enrol in the LGPS and instead join a defined contribution scheme with lesser

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benefits. The Chair said that this ‘inducement’ to leave the scheme seemed to side-step legislation that was intended to prevent such situations. As the legality of this matter had yet to be determined, he suggested that the Board should seek legal advice on the matter. This was agreed.

32. It was also felt that employers offering an alternative scheme alongside the LGPS for their employees should also have to offer those staff appropriate, independent financial advice.

ACTION – that the Board seeks legal advice on the matter of potential inducement to leave the LGPS in favour of other schemes in exchange for other incentives.

33. The Committee wished to place on record its thanks to Jonathan Teasdale, Catherine McFadyen and Charity Main, who had both stepped down from the Committee since the last meeting.

34. The date of the next meeting was confirmed as 3 November 2025 at 11am.

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Cost Management, Benefit Design and Administration Committee (CMBDA)

Hybrid Meeting – 3 November 2025

Item 5 Paper B – Access and Protections Response

Background

1. The Government launched a consultation on 15 October 2025 entitled Local Government Pension Scheme in England and Wales: Scheme improvements (access and protections). The consultation is due to close on 22 December 2025 and contains proposals to amend Scheme rules in four main areas:
    - Normal Minimum Pension Age
    - Access for councillors and mayors
    - Academies
    - New Fair Deal
2. The Committee is invited to discuss what recommendations it would make to the Board about how best to respond. A short summary of the main proposals is below.
3. The Secretariat will use the steers given by this Committee and the Board to draft a response. That response will be shared in draft with members of this Committee and the Board before being finalised and cleared by the Board Chair and Deputy Chair (currently vacant).
4. Local Government Pension Committee (LGPC), which represents local authority interests in dealing with Government and others on local government pension issues is also likely to be preparing a response. As in previous consultations, we will aim to align our response with that, apart from where, due to the different composition of the Board, it believes that its interests diverge from those of the LGPC membership.

Normal Minimum Pension Age

5. From 6 April 2028, the Normal Minimum Pension Age (NMPA) is increasing from 55 to 57. In line with changes[1] brought in by the Finance Act 2022, the former pension age for those with scheme rights existing before 4 November 2021 can be protected [23ZB] . MHCLG is proposing to put in place protections for those who have LGPS membership before 4 November 2021 (and preserve earlier NMPA for those who have

[1] Finance Act 2022

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protections from earlier changes to NMPA). Protections will not be offered to those who joined the LGPS after 3 November 2021 but qualify for a protected pension age on benefits transferred in from another scheme.

6. The Committee has discussed the proposed change to NMPA protections on numerous occasions in the past without ever reaching a settled position. We anticipate that there would be significant additional work required of administrators to track where members have a protected NMPA and pay the benefits accordingly. At the same time, the flexibility to take benefits earlier than 57 is likely to be one that members value highly. That is both in terms of active members who have already started retirement planning, but also in terms of deferred members who in recent years have increasingly needed to access their LGPS benefits early.

   Are there particular issues or positions that the Committee would like the Secretariat to include in the draft response?

Access for councillors and mayors

7. In 2003, a special section of LGPS was established which enabled councillors, subject to permission being granted by the local authority's remuneration panel, to join the scheme and receive both retirement and death benefits for a flat contribution rate of 6% of their basic and special responsibility allowances.

8. In 2014 the Government decided to exclude new councillors and other elected local office holders in England from any membership of LGPS. The change came into effect on 1 April 2014 although already active members were allowed to stay in the scheme until the end of their term of office. In Wales, Scotland and Northern Ireland elected members have been allowed to remain in LGPS.

9. The current proposal is to make elected councillors and mayors eligible to join the "standard" LGPS scheme without requiring authorisation from their remuneration panel. Some features of the main scheme would however be "turned off" for elected members (eg around auto-enrolment, redundancy and the employer flexibility to award them additional pension).

10. The consultation refers to the LGA 2022 census of councillors, which showed that 59% of councillors were male, 92% were white and their average age was 59.5. The aim of the proposal is to help improve the representativeness of elected members, especially in terms of age. This is in relation to electors generally, rather than the local government workforce (which we know is very different in composition from councillors). There is also a stated aim to have greater consistency between the different nations in the UK.

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Are there particular issues or positions that the Committee would like the Secretariat to include in the draft response?

Academy transfers

11. Under the 2013 LGPS Regulations, academy schools participate in the fund in which the school is geographically located. Multi-academy trusts can run schools across different LGPS fund areas and the regulations also allow them to apply for a direction from the Secretary of State (under Schedule 3 part 2, paragraphs 3 and 4 of the LGPS Regulations 2013) to substitute a different administering authority as the appropriate authority.
12. The consultation contains two proposals, both relating to the process for changing the fund in which academy schools participate. The first is to set out some considerations that MHCLG believes should determine when such a direction should be granted. These seem broadly sensible. The other sets out a process for doing this by agreement "between the parties" without the need to seek a direction from the Secretary of State. This is something that we feel requires further thought and has significant risks of miscommunication and lack of legal clarity associated with it.
13. It is also worth noting that at the same time as issuing the consultation, MHCLG have granted the direction requested by Oasis in 2021. Oasis applied for a direction to transfer all of its LGPS interests (and those of its sub-contractors) into a single fund. That would involve transferring into the receiving fund the assets and liabilities from the 16 different exporting funds. Oasis applied for the receiving fund to be London Pensions Fund Authority (LPFA), despite it not having any active members in that fund.

Are there particular issues or positions that the Committee would like the Secretariat to include in the draft response?

New Fair Deal

14. The consultation proposals in this area aim to bring pension protections on staff transfers in local government in line with the government's Fair Deal guidance of 2013. Earlier consultations (in 2016 and 2019) contained proposals on how to achieve that in LGPS but were never put into effect. This consultation sets out updated policy proposals that build on those earlier proposals and which the Secretariat and LGPC colleagues have played a significant part in shaping.
15. Some of the key changes to existing arrangements are:

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- Putting provisions into the 2013 regulations directly, rather than relying on Best Value directions to local authorities (made under different powers) and other arrangements for different classes of employer
- Employers will no longer be able to offer “broadly comparable” schemes to the LGPS, they will have to offer continued access to LGPS
- The regulations will broaden out the existing “deemed employer” model so that newly defined “Fair Deal employers” (largely scheduled bodies) will continue to be the deemed employer for the purposes of the regulations in relation where their staff are contracted out (or further sub-contracted)
- As admission agreements will no longer be required, members shouldn’t have to put up with the uncertainty of working for an employer that has been required to enter into an admission agreement with the fund but hasn’t managed to do so by the time of the staff transfer.

16. Closely related to these proposals is the Labour Party manifesto commitment to put in place a revised and strengthened Two Tier Code, which would protect not just those workers involved in the initial transfer out of the public sector, but also those subsequently hired to work on that contract. The Employment Rights Bill contains powers to amend the Procurement Act to bring in this Code, but the Bill has not yet completed its passage through Parliament. It is also unclear what the Government intends the Two-Tier Code to contain in detail.

    Are there particular issues or positions that the Committee would like the Secretariat to include in the draft response?

Public Sector Equality Duty Assessment

17. The work done by the Board on gender pension gap reporting has shown that there are clearly differential outcomes from the apparently gender-neutral rules of the LGPS on men and women who participate in the scheme. This is driven by differences in career paths, societal family structures and probably an element of gender discrimination in employment. Because of this, the Board strongly believes that proposals to change scheme benefits or scheme rules should be accompanied by a proper analysis of the impact of that change on men and women. That would be:

a) To demonstrate that there is not likely to be any adverse impact on women of the change (a “negative check”); and

b) To consider whether there is an opportunity to implement the change in a way that reduces the evidenced differences in outcomes between men and women (a “positive” check).

18. The Committee also believes that in its response, the Board should again flag the need to find a means of assessing the impact of LGPS rules, and changes to those rules, for a wider range of protected characteristics. It is plausible that the differential outcomes seen between men and women might also be apparent between other protected groups, and this is something that MHCLG, as scheme authority, really ought to have data on.

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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.

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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.

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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.

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Item 9 Paper D – Local Fund Valuations 2025

Background

1. Each of the 86 LGPS administering authorities (AAs) in England and Wales are currently in the midst of undertaking their triennial local fund valuation. Key outcomes from this process are a reviewed Funding Strategy Statement (FSS) and a schedule of contributions required of scheme employers for the coming three years from 1 April 2026. It is also central to keeping up to date and ensuring alignment with the AA's Investment Strategy Statement.
2. While the circumstances are different for each AA, it is expected that the funding position for the majority will be improved from the 2022 exercise, and in some cases substantially. Since 2022 the major change hasn't been due to improved asset performance (which has continued to be modest in relation to the historical average) but a reduction in the pricing of liabilities. That has been driven by increases in gilt yields, while other relevant factors (like life expectancy, inflation and wage growth) are likely to have remained much as predicted in 2022.
3. As mentioned, the funding position of each AA is likely to be different and that position is likely to fluctuate significantly, and continue to shift, over time. It also needs to be remembered that different employers within a single fund may also have very different funding levels from each other.
4. At the beginning of this year, the Board issued revised FSS guidance that was intended to help AA review their funding strategy. The purpose of the FSS is to set out the AA's approach to managing long-term funding requirements and funding of risk, whilst enabling stability and sustainability of employer contributions. The production of this statement is done as a part of the valuation process but is separate from the fund valuation report.
5. Through the revised guidance, the Board specifically aimed to improve AAs' consideration of:
    - Roles and responsibilities of key parties
    - Engagement with employers and other key stakeholders
    - Funding deficits, surpluses and de-risking policies
    - Risk management (including climate risk)
    - Good practice in setting out the AA's policy on funding decisions

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6. There has been speculation and indeed concern that some AAs may set very low or even zero overall contribution rates for some employers – effectively granting them a contribution holiday. In this context, the Board issued a SAB statement in May 2025 giving its views on the implications of a surplus position, which updated the position set out in an initial statement (made December 2023).

7. There was controversy earlier in year when the Royal Borough of Kensington and Chelsea (RBKC) awarded themselves a contribution rate of 0%, through an interim review of contributions. This was the subject of several complaints to the Pensions Regulator although, as far as the Secretariat are aware, TPR hasn't taken action in relation to them. The Committee is reminded, though, that consequent to the actions of RBKC, an MHCLG letter on the use of Regulation 64A was issued, which declared their intention to tighten up what is seen as unintended and inappropriate use of the provision.

Contribution rates generally falling (in LGPS)

8. The main interest of stakeholders through this process is likely to be in relation to how employer contribution rates change. It seems likely that while the primary rate will remain around the same, the overall contribution rate is likely to reduce or be a negative secondary contribution rate. In many funds we expect to see significant reductions for large, scheduled employers (such as most local councils). The position will be more varied for smaller employers and those with different starting funding positions, such as academy trusts.

9. This downwards trend in contributions is particularly welcome at a time when employer contribution rates in the other public sector schemes seem set to continue increasing. Currently rates for some of the major public sector schemes are as below:

    - NHS Pension Scheme (England and Wales): 23.7%
    - NHS Pension Scheme (Scotland): 22.5%
    - Civil Service Pension Scheme: 28.97%
    - Teachers' Pension Scheme: 28.6%
    - Firefighters' Pension Scheme: 36.7%
    - Police Pension Scheme: 38.7%

Academy trust engagement

10. Through its engagement with the Department for Education and with AAs, the Secretariat is aware that the academy sector seems to be preparing more proactively for this valuation round than at any time previously. This

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is largely thanks to the Department for Education establishing more effective structures to support the sector and provide a forum for academy representatives to compare notes.

11. This increased engagement by a significant section of scheme employers should be welcomed, although it will inevitably increase the workload and level of challenge for fund officers in the short term. For example, greater efforts may be required in communicating and explaining the AA's preferred approach, especially if academies are treated differently from other scheduled employers (or in being treated the same they experience different outcomes).

12. The Secretariat is aware that some academy trusts have also engaged consultants to help them through the valuation process, with their expectations raised that they will be able to "negotiate" contribution rate reductions. This seems only likely to raise frustrations, on the part of trusts and AAs. However, with schools funding likely to remain challenging in the coming years, it is understandable that academy trusts are keen to explore any area for potential savings and will be very reluctant to contribute more than they feel is necessary to pension funds in surplus.

Next steps

13. At this point in the year, we expect consultation with scheme employers on the general funding approach to be already well underway in most funds. Employers are likely to shortly start to receive indicative contribution rates for the coming three-year period, with final rates needing to be set well before the current year-end (31 March 2026).

14. At the conclusion of the local valuation process, each local valuation will be reviewed in GAD as required by Section 13 of the Public Service Pensions Act 2013. They will produce a report that looks at the compliance, solvency, consistency of approach between AAs and the long-term cost efficiency of the scheme. GAD's 2022 review and the more recent review of Scottish fund valuations provide some indications of how GAD might approach its review of the 2025 valuations in England and Wales. While they will not prescribe any particular approach, we expect GAD to look closely at the rationale for the approach each AA has taken.

15. Once AAs have published their valuation reports, the Secretariat will approach Barnett Waddingham to see if they will be willing to undertake the usual scheme-wide analysis of reports.

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16. At its last meeting, the Committee also asked the Secretariat to review a selection of FSSs to assess effectiveness of new guidance and in particular review consistency around exit credit policies.

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Cost Management, Benefit Design and Administration Committee (CMBDA)

Hybrid Meeting – 3 November 2025

Item 11 Paper E

Update from Gender Pensions Gap (GPG) working group

Current position

1. The Board submitted its response to the Access and Fairness consultation which closed on 7 August 2025. The Board's response was shaped by the discussion and views shared at this Committee's last meeting. We are awaiting the Government's response to this consultation which is expected soon. In the meantime, the Secretariat have been engaging with the Government Actuary's Department (GAD) on the content of standard reporting guidance which may be required for the 2025 Actuarial Valuation reports.

2. The working group last met on 1 July 2025, and the group discussed how GPG reporting could work in practice in the Actuarial Valuation report and at employer level. There was consensus in the group that reporting at fund level was doable for 2025, with some high-level employer category data and disclosures. Employer level reporting would need further work but could evolve in the future, including using data from the 2025 report (i.e. it needn't wait until the 2028 reports are produced to begin employer reporting).

Further research proposal

3. The Committee's action plan has an ambition to undertake further research into the pensions gap for individuals with other protected characteristics, including the intersection of these with the already established gender pensions gap. It was intended that this research would extend and complement the already well-used reports the Board commissioned in 2024. The Secretariat have received interest from Pensions for Purpose and Westminster Pension Fund to explore participation in further research and have developed the below high-level specification. We have already held initial discussions with fund officers and Westminster Council employer representatives to discuss the potential outcomes.

4. To help develop this specification, the Committee are invited to comment on what the further research would have the greatest impact. The Secretariat suggests that the research should:

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- investigate the qualitative reasons for the gap and specifically aim to identify the intersectionality between ethnicity and gender.
- identify practical actions and best practices to close these gaps, as well as exploring obstacles to doing so for members and employers
- as eligibility for the LGPS is a major part of the remuneration offer in local government, research to better understand members' attitudes to pension saving could help, as well as improving retention and recruitment of staff by employers in the scheme.

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

6. 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 and Pensions for Purpose have expressed an interest in working together to produce a research report along these lines, in collaboration with the Board. The Committee are asked to consider whether they would recommend that the Board allocate

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funding for this. A contribution of up to £10,000 could potentially be allocated if this could be recovered through the 2026/27 budget (which would need to be agreed by the Minister). Additional sponsorship would still be needed to fully support the project and keep the cost affordable.

High-level timeline:

- November 2025 – research specification agreed
- December 2025 – budget submitted to Board
- December 2025 – scoping meeting with interested parties
- January 2026 – research conducted
- February 2026 – report produced

Best practice guide for employers

7. The Secretariat has been liaising 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. The guide is currently available on the Pension Equity Group’s website.

8. The guide was created to help employers with the gender pension gap, including how to identify it and how to reduce it. The Secretariat believes that some adaptation would be useful in encouraging LGPS employers to engage with GPG issues and consider what actions they can take to narrow the gap. The guide sets out the steps employers can take to address the gender pensions gap in their own organisations and groups the best practice into 4 key areas:

- Understanding your own gender pensions gap
- Going beyond statutory minimums
- Raising awareness with your employees
- Making meaningful benefit and policy changes

9. While much of the guidance is relevant to the LGPS, the section on "going beyond statutory minimums" applies only to defined contribution schemes. This could cause confusion for LGPS employers. To address this, the guide could either:

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- Include a dedicated section for public sector pension schemes, or
- Clearly indicate which sections do not apply to defined benefit schemes like the LGPS, or
- Alternatively, produce a separate version tailored specifically for public sector (defined benefit) pensions.

The Committee is invited to share their views on this proposed approach and the content, bearing in mind that the primary audience is employers.

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Cost Management, Benefit Design and Administration Committee (CMBDA)

Annex A - GPG action plan

11. The current status of the action plan is below.

Action	Status
A. Explore and propose a standard GPG definition and reporting approach (including methodology) for the Local Government Pension Scheme, including both for funds and employers	Reporting proposal agreed in February 2025 (**Completed**) Board response submitted to the Access and Fairness consultation (**Completed**) To work with MHCLG and GAD on the guidance for reporting (including methodology) (**Ongoing)**
B. Explore with the Pension Equity Group (PEG) how to adapt the 'Mind the Gap' employer best practise guide for the Public Sector	Meeting with other public sector pension schemes to be arranged (**Ongoing**) Identify appropriate networks for employer engagement (**Ongoing**) Include in the further research specification (**Ongoing**)
C. Work with MHCLG (as required) to conduct a more detailed review of treatment of authorised unpaid leave and produce proposals for consultation on amendment to the LGPS regulations and SCAPC's	Access and Fairness consultation launched with proposals for changes to unpaid leave (**Completed**)

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D.	Analyse the responses from the GPG survey to local government employers	Results issued in February 2025 (**Completed**)
E.	Investigate and identify how pension member self-service portals and other communication tools can help to communicate the impact of breaks, life events and improve financial planning for women	Not yet started.
F.	Identify the communication needed to 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.	Roundtable event with employer representatives and industry experts organised (**Completed**) Consultation response to address specific issues and ideas (**Completed**) For the Secretariat to identify the most appropriate employer forums and routes to continue to engage with LGPS employers. (**Ongoing**)
G.	Further research into the pensions gap for individuals with other protected characteristics, including the intersection of these with the already established gender pensions gap.	Work has started on a research brief and the Secretariat have met with a fund, scheme employer and research company to under the next steps and possible options for this research. (**Ongoing**)

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Recommendations – That the Committee notes the update provided in this report and comments on the further research proposal.

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Cost Management, Benefit Design and Administration Committee (CMBDA)

Hybrid Meeting – 3 November 2025

Item 12 Paper F

Committee Workplan

Current position

1. The workplan at Annex A details the main items of work that are expected to be undertaken by the Committee over the next year. We will put this workplan on the Board's website to ensure that administering authorities are aware of the work proposed by the Committee. This paper will be updated and brought to all subsequent meetings to give an update of activity.
2. At Annex B and for noting is an overview of the activity undertaken by the Gender Pensions Gap working group, which reports into this Committee. A detailed account of the working group's activity can be found in Paper D.
3. If a further working group is established to support development of guidance for mandatory administration strategies, then updates from that workstream will also come to this Committee.

Recommendation

For the Committee to submit the Committee Workplan at Annex A to the Board for approval.

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Cost Management, Benefit Design and Administration Committee (CMBDA)

Annex A – Draft Workplan

Workstream	Details	Action for next Committee	Timescales
Gender Pensions Gap	The Committee previously agreed to address the actions contained in the GPG action log. Over the past year, the following actions have been completed. • 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 The Committee will continue to: • Look into customising the PEG 'Mind the Gap' document for the LGPS • Investigate tools to communicate the impact of breaks, life events and improve	See separate paper	Ongoing

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Workstream	Details	Action for next Committee	Timescales
	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	The Committee contributed to the development of the initial proposals and the Board's response to the first consultation • 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	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
	members (see separate paper) The Board is yet to consider its response		
Review of local fund valuations	GAD to undertake s13 report and make recommendations Secretariat to separately review FSS to assess effectiveness of new guidance and consistency around exit credit policies (agreed at last Committee meeting) The Secretariat will need to arrange scheme-wide analysis of reports once all completed	Next meeting is 9 March so likely to be too soon for reviews of	Scheme-wide analysis on the 2025 valuations expected in Summer 2026
HMT Cost Control Mechanism SAB Scheme Cost Assessment	Process for the 2024 CCM has started with data gathering and analysis GAD presented assumption options for Scheme Cost Assessment at the June 2025 Committee meeting to consider the assumptions advice for the SAB process	Dependent on GAD timing (fuller update being prepared for November Board meeting)	Ongoing

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Annex B – Overview of GPG Working Group

Gender Pensions Group

Lead Officer	Becky Clough (LGA)
Supported by	Will King and Florence Nevin (MHCLG), Alison Murray (Barnett Waddingham), Julie West and Greer Flanagan (Hymans) Laura Caudwell and Ben Challinor (AON), Martin Griffiths (Berkshire), Diana McConnell (Westminster), Liz Manuel (Bedford), Julia Grace (Avon), Joana Marfoh (Islington), Karen Gibson (Dorset), John Neal (Unite), George Georgiou (GMB), Glyn Jenkins and Peter Urwin (Unison), Tara George (Meridian Trust), Davena Rankin (Glasgow Caledonian University), Jenny Bullen and Brian Allan (GAD), Jeremy Hughes, Rachel Abbey, Sarah Tingey, Lisa Clarkson and Luann Donald (LGA)

Start date	October 2023
Target completion date	Ongoing
Meetings since last Committee meeting:	1 July 2025

See Paper D for fuller detail.

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