

Cost Management, Benefit Design and Administration Committee (CMBDA)

Hybrid Meeting – 3 November 2025

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 Guillioti (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

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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

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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

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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.
