

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

## HYBRID MEETING – 30 June 2025

### ITEM 3 PAPER A - Actions and agreements from 24 February 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
Paul Guillotti	Practitioner – Richmond and Wandsworth Pension Fund
Matthew Trebilcock	Practitioner – Gloucestershire Pension Fund
Glyn Jenkins	Employee representative (UNISON)
John Neal	Employee representative (Unite)
Jonathan Teasdale	Actuaries – Aon
Robert Bilton	Actuaries – Hymans Robertson
Melanie Durrant	Actuaries – Barnett Waddingham
Michelle Doman	Actuaries – Mercer
Martin Smith	Government Actuary's Department (GAD)
Matt Gurden	GAD
Ben Lavelle	Ministry for Housing, Communities and Local Government (MHCLG)
Lorraine Bennett	Local Government Association (LGA) – Senior Pensions Adviser
Joanne Donnelly	LGA – Board Secretary
Jeremy Hughes	LGA – Principal Pensions Secretary
Ona Ehimuan	LGA – Pensions Secretary
Becky Clough	LGA – Board Support and Policy Officer
Sophia Chivandire	LGA – Pensions Policy and Support Officer
Sarah Tingey	LGA – Research and Data Analyst

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

1. The Chair welcomed all in attendance to the meeting including Sophia Chivandire who joined the Secretariat team in December 2024. Robert Bilton deputised for Catherine McFadyen (Hymans Robertson). There were also apologies from Kev Gerard (Dyfed Pension Fund).
2. There were no conflicts of interest declared.

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## Item 3 – Actions and agreements from 28 October 2024 meeting

3. The minutes of the meeting on 28 October 2024 were agreed as a fair and true record of the meeting.

## Item 4 – LGPC Update

4. Lorraine Bennett (LB) highlighted the main points in Paper B to the Committee. Administrators are continuing to implement the McCloud remedy. The team is working with [Affinity Connect](#) to deliver McCloud webinars for scheme members, the first of which will be held in April 2025. For annual benefit statements, administering authorities have until 31 August 2025 to inform members whether they will be exercising discretion to not include underpin information in the 2024/25 statement for a particular class of members. There is currently no guidance on when this should be exercised.
5. Melanie Durrant (MD) expressed some concern on the ongoing implementation of the McCloud project affecting the data during the fund valuation year. The Chair also asked whether there had been many member queries about McCloud. On the latter, LB said it was understood that there had been minimal member queries to date, probably as there was no member action needed in LGPS. She also suggested that funds would need to engage with their actuary on any data gaps because of McCloud.
6. It was confirmed that an upcoming consultation will include proposals to equalise survivor benefits, remove the age 75 limit for death grants, update forfeiture rules, make buying pension to cover absences easier and fairer and introduce new Fair Deal into the LGPS regulations.
7. LB drew the Committee's attention to the Written Ministerial Statement which confirmed that the new government was continuing with the Pensions Dashboard programme. The statement confirmed that there will be multiple dashboards, but the Money Helper dashboard would be prioritised. The "connect by" date for LGPS funds remained October 2025 but no date had been set yet for when the public would gain access.
8. A paper will be taken to the next LGPC and SAB meetings on 24 March 2025 to get their view on the changes being made to the Normal Minimum Pension Age which will be increasing from 55 to 57 from 6 April 2028. LB also informed the Committee about the detailed LGPS response to the consultation on changes being proposed to inheritance tax that were included in the Autumn 2024 budget.

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9. The Committee noted the report.

## Item 5 – MHCLG Update

10. Ben Lavelle (BL) informed the Committee that the around 220 responses to the Fit for the Future consultation were being analysed, and the response will be issued in due course. MHCLG remain interested in the Board's work on the Gender Pensions Gap and changes to the treatment of unpaid leave within the scheme.
11. Jeremy Hughes (JH) asked BL how long the consultation on member benefits was to be open for. Although not yet confirmed, the consultation is expected to be issued soon and be open for 12 weeks.
12. The Committee noted the update.

## Item 6 – 2025 fund valuations and section 13

13. Jeremy Hughes (JH) introduced the item. Fund valuation projects were already underway, and the Board published the Funding Strategy Statement guidance in December 2024 to assist funds. It is expected that there will be a mixed picture of funding positions across the Scheme and there will be continued discussion on managing any surpluses and extensive engagement with employers needed. JH explained that though some funds will find themselves in a position of notional surplus, there are still uncertainties that will need to be considered such as the risk of climate change, the current economic outlook and political terrain.
14. The Board Chair was planning to hold another meeting with pension committee chairs to discuss these issues, but the date was yet to be determined. The Committee was asked about the messages that should be prioritised by the Board and how strongly the Board should commit to a message on consistency across the scheme.
15. Paul Guillotti (PG) said that he was already getting representations from scheme members and employers on this issue. The disparity in approaches between actuaries was an issue and the Government Actuary's s13 review would only apply some consistency after the event.
16. MD said that the four actuarial firms were meeting soon to discuss the upcoming valuation. They also saw risks in having very different messaging even if the different underlying actuarial models meant that was complicated. The actuaries were also having separate meetings with GAD on this.

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17. Glyn Jenkins (GJ) said that Unison would like to see more consistency in discount rates applied as it was hard to justify how they were set so high. He also voiced concern that the funding position of the scheme could easily change and did not believe that zero per cent employer contribution rates were appropriate. He said that scheme employers should be making at least the same contribution as scheme members. This was endorsed by John Neal of Unite, who did not want to see the example of RBKC followed. The Committee also considered whether MHCLG was minded to intervene in relation to the process followed at RBKC.
18. Michelle Doman (MDo) said that funds set their own funding strategies, with the advice of actuaries. She felt that messages on consistency should be more about the themes that should be considered but noted that even the consideration of the same themes would produce different outcomes. Robert Bilton (RB) said that there is a danger associated with setting a single discount rate due to the variations between employers but supported the idea of the consideration of similar themes.
19. JH noted that the SAB standard assumptions were intended to create a basis for comparison between funds and it might be an appropriate time to review them and check that they were still fit for purpose. It was agreed that the Committee should review the standard basis assumptions used and would bring a paper on this to the next Committee meeting.

**ACTION – that the Secretariat adds a review of the Board’s standard basis assumptions used at the scheme cost assessment exercise to the agenda of the next CMBDA meeting on 30 June 2025.**

## **Item 7 – Update from the Gender Pensions Gap (GPG) working group**

20. Becky Clough (BC) introduced Paper C to the Committee. Actions A and D on the GPG action log had largely been completed since the last meeting and Annexes A and B detailed the outcomes. Action B was expected to start in March 2025 as the Secretariat would be meeting with the Pensions Equity Group (PEG) to further discuss how the ‘Mind the Gap’ best practice guide issued by the group could be adapted to suit the LGPS. As confirmed earlier in the meeting, the member benefits consultation being issued by MHCLG included consideration of changes to the treatment of unpaid leave for the purpose of SCAPCs. Actions E to G have not yet been started and are long-term actions.
21. Sarah Tingey (ST) presented Annex A to the committee which gave an overview of the findings from the survey launched on 5 December 2024 to local government and academy school employers called ‘*Exploring the*

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*Gender Pensions Gap in the Local Government Pension Scheme (LGPS)'. The survey included questions on employer interest in GPG data and what type of data is held by employers on employees who opt out.*

22. ST thanked Charity Main (CM) for facilitating engagement with the survey from the academies sector. Annex B contained an overview of the working group's proposals on the reporting of the gender pensions gap including the inclusion of reporting in the fund valuation reports. The links between the gender pay gap, the gender pensions gap and the newly introduced "gender pensions savings gap" are also included as a possible reporting metrics but would need further discussion. The document has been shared with MHCLG as a potential standard model for reporting if this does become a requirement.
23. The Chair asked about the distinction of the pensions saving gaps and whether this would be more burdensome for funds. BC said this is terminology relating to how much is annually saved and was more relevant for DC scheme members (the metrics were intended to be universal). Further discussion is needed if this would be beneficial to report on for the LGPS. CM commended the work of the working group and asked whether there are any shorter-term actions that can be taken given the complexity of the work contained in Annex B. BC explained that the national communications working group are working on producing promotional materials to educate members about the benefits of the LGPS.
24. On the inclusion of gender pensions gap reporting in fund valuation reports, BC said discussions are ongoing about what could be included in 2025 valuation reports.
25. The Committee noted the report, agreed with the proposals and the next actions for the working group and the proposals in Annex B

## **Item 8 – Update on the Pensions Review – Phase Two**

26. The Board has previously agreed to emphasise the importance of this for LGPS stakeholders. JH said the Board would therefore be writing to the Pensions Minister Torsten Bell to request that Phase Two of the Pensions Review is started ASAP as the date for the commencement of Phase Two was yet to be determined.

## **Item 9 – New Fair Deal**

27. The Committee were informed that the Secretariat have discussed the upcoming consultation with MHCLG. In terms of the new Two-Tier Code proposed by the

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Labour Party in opposition, this was expected to be delivered through the Employment Rights Bill. Discussions about the content of that were ongoing between unions and the Government.

## **Item 10 – Normal Minimum Pension Age**

28. It was confirmed under Item 4 that a paper would be presented to the Board meeting in March 2025 on this topic.

## **Item 11 – Committee Workplan**

29. BC introduced Paper D to the Committee which gave an overview of the key workstreams expected for 2025. The Committee agreed to submit the workplan to the Board for approval.

**ACTION – that the Committee Workplan is submitted to the Board for approval.**

## **Item 12 – Local Government Organisation**

30. JH introduced the item to the Committee and presented slides highlighting some of the ways in which local government reorganisation could potentially affect the scheme. MDo emphasised that the potential impact of local government reorganisation on the setting of employer contributions through the triennial fund valuations was being considered in those areas where this is a live issue.

**ACTION – that the Secretariat share the slides presented with the Committee.**

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

31. ST informed the Committee that the Scheme Annual Report was currently being compiled, and it was hoped that it would be published towards the end of March 2025.

32. The Chair thanked Jo Donnelly (JD) for her leadership during her time as LGA Head of Pensions and the LGPS Scheme Advisory Board Secretary as she was stepping down from this role to become Chief Executive Officer of the London Pension Fund Authority.

33. The date of the next meeting was confirmed as 30 June 2025 at 11am.

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