

LGPC Bulletin 259 – January 2025

This bulletin contains updates for all LGPS stakeholders. It includes important articles on:

- [2025/26 employee contribution bands](#) – LGPS England & Wales
- [McCloud – club transfers new resources](#) – LGPS Scotland
- [Peer support project](#) – SAB England & Wales

If you have any comments or articles for future bulletins, please contact query.lgps@local.gov.uk.

Index

LGPS England & Wales	3
2025/26 employee contribution bands	3
LGPS Scotland	3
Updated pension sharing actuarial guidance	3
Other news and updates	4
Automatic enrolment earnings bands 2025/26.....	4
Inheritance Tax consultation – LGA / LGPC response.....	5
New Pensions Minister.....	5
McCloud	5
Club transfers new resources – LGPS Scotland	5
Recalculating pension debits for McCloud	6
Pensions dashboards	7
PDP blog on the Reporting Standards	7
TPR dashboards ‘Hot Topics’ article.....	7
TPR publishes updated dashboards guidance.....	8
Training	8
Unpaid training invoices.....	8

2025 Training Programme	8
LGPS England & Wales Scheme Advisory Board (SAB)	10
Audit consultation – SAB response	10
Board annual review	11
Fit for the Future Consultation - response.....	11
Funding Strategy Statement (FSS) updated guidance available.....	11
Peer support project.....	12
Updated opinion on the fiduciary duty in LGPS.....	12
Letter to chief financial officers and pension committee chairs	12
SAB website.....	13
Your LGPS contacts – stay connected.....	13
HMRC.....	13
Pensions schemes newsletter 166.....	13
Wider landscape	14
GAD blog on the future of pensions administration	14
Useful links	14
LGPS pensions section.....	14
Raising a query	15
Team contacts	15
Further information.....	17
Copyright.....	17
Disclaimer	17

LGPS England & Wales

2025/26 employee contribution bands

Table 1 sets out the employee contribution bands effective from 1 April 2025. These are calculated by increasing the 2024/25 employee contribution bands by the September 2024 CPI figure of 1.7 per cent and then rounding down the result to the nearest £100.

Table 1: Employee contribution bands England and Wales 2025/26

Band	Actual pensionable pay for an employment	Main section contribution rate for that employment	50/50 section contribution rate for that employment
1	Up to £17,800	5.50%	2.75%
2	£17,801 to £28,000	5.80%	2.90%
3	£28,001 to £45,600	6.50%	3.25%
4	£45,601 to £57,700	6.80%	3.40%
5	£57,701 to £81,000	8.50%	4.25%
6	£81,001 to £114,800	9.90%	4.95%
7	£114,801 to £135,300	10.50%	5.25%
8	£135,301 to £203,000	11.40%	5.70%
9	£203,001 or more	12.50%	6.25%

Action for administering authorities

Share the table with your Scheme employers as soon as possible so they can make the changes needed to payroll systems.

Review and update your member communications before 1 April 2025.

LGPS Scotland

Updated pension sharing actuarial guidance

On 14 January 2025, the Scottish Public Pensions Agency issued updated actuarial guidance on pension sharing following divorce, which took immediate effect.

The guidance has been updated to set out the additional calculations necessary where the statutory underpin applies. Minor amendments and corrections have also been made.

You can find the guidance on the [Actuarial guidance](#) page of www.scotlgpsregs.org.

Other news and updates

Automatic enrolment earnings bands 2025/26

Employers need to know the earnings bands that apply for 2025/26 for the purposes of automatic enrolment under the Pensions Act 2008. The UK Government announced in its [review of the automatic enrolment earnings trigger for 2025/26](#) that it will remain at its current level of £10,000. This is unchanged since the 2014/15 year. The tables below show the position for the 2025/26 year.

Table 2: Automatic enrolment earnings bands 2025/26

Earnings*	Age 16-21	Age 22 to <SPA**	Age SPA** to <75
Under lower earnings threshold (£6,240)	Entitled worker	Entitled worker	Entitled worker
Between £6,240 and £10,000	Non-eligible jobholder	Non-eligible jobholder	Non-eligible jobholder
Over earnings trigger for automatic enrolment (£10,000)	Non-eligible jobholder	Eligible jobholder	Non-eligible jobholder

* Earnings: separate contracts are treated separately

** State Pension Age

Table 3: Automatic enrolment earnings bands per period

Pay reference period	Lower earnings threshold	Earnings trigger for automatic enrolment
Annual	£6,240.00	£10,000.00
6 months	£3,120.00	£4,998.00
3 months	£1,560.00	£2,499.00
1 month	£520.00	£833.00
4 weeks	£480.00	£768.00
2 weeks	£240.00	£384.00
1 week	£120.00	£192.00

Inheritance Tax consultation – LGA / LGPC response

On 22 January 2025, we published our [response](#) on behalf of the LGA and LGPC to HMRC’s consultation on [Inheritance Tax on pensions: liability, reporting and payment](#).

The response was initially published in draft form on 17 January 2025 to assist administering authorities with their own responses. We took into account views from administering authorities in our response.

You can view the response on the Non-scheme consultations pages of www.lgpsregs.org and www.scotlgpsregs.org.

New Pensions Minister

On 14 January 2025, Torsten Bell MP was appointed [Parliamentary Under Secretary of State \(Minister for Pensions\)](#) in the Department for Work and Pensions. Emma Reynolds, who previously held this role, was appointed Economic Secretary to the Treasury.

McCloud

Club transfers new resources – LGPS Scotland

On 8 January 2025, Rachel Abbey emailed Scottish administering authorities confirming that we have published new resources to help process Club transfers for members protected by the underpin:

- **Club transfers out and McCloud guide** summarises the information that you must provide to the receiving scheme in relation to a Club transfer out.
- **Club transfer calculator** to work out the additional information that you must provide to the receiving scheme that may not be included in your current system output.

This basic calculator cannot be used for all cases. Authorities remain responsible for providing the information required by section 4.7 of the [Club memorandum](#). Manual calculations may be required for some complex cases.

Please read the ‘Notes’ tab before using the calculator. This contains useful information about how to use the calculator and its limitations.

No cells in the spreadsheet are protected. Authorities may wish to make local changes to include additional information or to ensure the wording is aligned with their other communications.

You can find the guide and calculator on the Administrator guides and documents page of www.scotlgpsregs.org. Use the 'subject' filter on the right-hand side of the page to find all resources related to McCloud.

Please contact rachel.abbey@local.gov.uk if you have any questions about using the calculator or if you spot any errors in the output.

Action for administering authorities

Compare the guide with your current system output to check whether you are supplying all the information needed in relation to a Club transfer for a McCloud protected member. Use and adapt the new calculator to fill any gaps.

Recalculating pension debits for McCloud

Administering authorities may wish to delay calculations for CARE accounts if:

- the account qualifies for underpin protection,
- the account includes pension debits in respect of a pension sharing order (PSO) with an effective date between 1 April 2014 (1 April 2015 in Scotland) and 30 September 2023, and
- the recalculated cash equivalent as at the PSO effective date exceeds the original cash equivalent.

We do not expect that this will impact many cases.

If a PSO took effect between 1 April 2014 (1 April 2015 in Scotland) and 30 September 2023 for a CARE account that qualifies for underpin protection, administering authorities must revisit the case as part of the McCloud remedy. This involves recalculating the cash equivalent as at the PSO effective date taking account of the underpin. This is provided by regulation 12 of the LGPS (Amendment) (No 3) Regulations 2023 (England and Wales) and, for LGPS Scotland, regulation 12 of the LGPS (Remediable Service) (Scotland) Regulations 2023.

If the recalculated cash equivalent exceeds the original cash equivalent, the authority must reassess the benefits awarded to the ex-spouse or civil partner.

However, regulation 12 does not require authorities to recalculate pension debits. We are aware that the Government may amend the regulation to change this, and we expect clarification over the next couple of months.

Consequently, for certain members, authorities may be required to recalculate benefits for McCloud (potentially increasing them) and recalculate pension debits (potentially reducing the benefits). If the recalculations are done at the same time,

the authority will likely increase the benefits by a lesser amount. Where the authority recalculates the benefits first, it will likely need to later reduce the benefits when it recalculates debits and reclaim overpayments.

For new calculations for CARE accounts that qualify for underpin protection, authorities may also need to subsequently recalculate the debit, reducing the benefits payable.

Therefore, authorities may wish to delay the calculation (or recalculation) until the position on recalculating pension debits is clarified. If it cannot be delayed, authorities should advise the relevant beneficiaries that they may need to subsequently reduce benefits and reclaim overpayments.

For further details on pension sharing McCloud recalculations, see section 7 of the McCloud administrator guide, which is available on the administrator guides and documents pages of www.lgpsregs.org and www.scotlgpsregs.org.

Action for administering authorities

Consider delaying calculations (or recalculations) for affected cases until the position on recalculating pension debits is clarified. If not, advise beneficiaries that the benefits may subsequently need to be reduced with any overpayments reclaimed.

Pensions dashboards

PDP blog on the Reporting Standards

On 8 January 2025, the Pensions Dashboards Programme (PDP) published a [blog on the draft Reporting Standards](#). The blog explains what the standards are and the updates made to them on 19 November 2024.

Amongst the changes is a new two-phase approach, with pension providers and schemes initially only being required to keep records from April 2025. An additional duty to routinely send data to MaPS will apply later. Operational monitoring has also been removed. In addition, reporting requirements for dashboards will be confirmed later. The blog confirms the final standards will be published in quarter one of 2025.

TPR dashboards 'Hot Topics' article

The Pensions Regulator (TPR) has written [a targeted article focusing on the 'Hot Topics'](#) identified through their industry engagement. The article covers how administering authorities should work with their advisers and third parties, such as AVC providers.

TPR plans to write a further article in February / March 2025, focussing on registration codes, such as what they are, how to use them and how to request additional codes.

TPR publishes updated dashboards guidance

In December 2024, the Pensions Regulator (TPR) published [updated dashboards guidance](#). The updates include information on:

- **registration codes** - a new section outlining the actions administering authorities need to take regarding registration codes.
- **legislative changes** - incorporates the Department for Work and Pensions (DWP) guidance on staged connection. TPR expects schemes to connect in line with DWP's guidance and to consider and mitigate the risk if they delay connection
- **Money and Pensions Service (MaPS) standards** – includes the draft data standards, reporting standards and Code of Connection
- **industry feedback** - the dedicated industry engagement team for dashboards has consistently provided insight and feedback from providers and schemes, which TPR has reflected in clarifications and updated scenarios
- **data expectations** - clarifications on data for matching purposes and to return accurate and timely data to members
- **ongoing developments** - while testing is ongoing, and with further developments, TPR has highlighted where schemes need to be alert to these developments and speak regularly to their providers to ensure they are up to date.

Training

Unpaid training invoices

We are experiencing a high volume of non-payment for our training courses and conferences. The LGPC team is not resourced to repeatedly chase this debt. We have therefore taken the difficult decision not to honour future bookings where previous training invoices remain unpaid.

We are currently undertaking an audit of outstanding invoices and will contact the relevant authorities.

2025 Training Programme

2025 training events are available for booking via the [LGA events website](#). Each course page provides information on the programme, pricing and the booking link.

Bookings are processed on a **first-come, first-served basis**. To ensure fairness, each topic is limited to **five delegates per organisation**.

If you are unable to secure a place on a course or require more than five places, please email training.lgps@local.gov.uk with details of the course(s) you wish to attend, including the number of places required and preferred format (online or in person). We will maintain a waiting list and may consider running additional sessions if demand is sufficiently high.

In response to your feedback, we have split the following courses:

- **Transfers:** now split into Transfers In and Transfers Out
- **Retirements:** now split into Intermediate Retirements and Advanced Retirements.

The following courses have remaining places:

Employer Role training

- [Employer role: 29 May 2025 online](#)
- [Employer role: 20 June 2025 online](#)
- [Employer role: 16 July 2025 London](#)
- [Employer role: 29 July 2025 online](#)
- [Employer role: 14 August 2025 online](#)
- [Employer role: 19 August 2025 online](#)
- [Employer role: 30 September 2025 online](#)
- [Employer role: 28 October 2025 online](#)

Understanding LGPS Transfers Out training course

- [Transfers out: 26 March 2025 London](#)
- [Transfers out: 9 April 2025 online](#)
- [Transfers out: 1 May 2025 online](#)

Understanding LGPS Transfers In training course

- [Transfers in: 22 April 2025 online](#)
- [Transfers in: 7 May 2025 online](#)

Aggregation training

- [Aggregation: 23 April 2025 London](#)
- [Aggregation: 30 April 2025 online](#)
- [Aggregation: 8 May 2025 online](#)

Insight training course

- [Insight: 22-25 September 2025 Eastbourne residential](#)

Intermediate Retirements training course

- [Intermediate retirements: 9 July 2025 London](#)
- [Intermediate retirements: 7 August 2025 online](#)
- [Intermediate retirements: 3 September 2025 online](#)

Advanced Retirements training course

- [Advanced retirements: 30 July 2025 London](#)
- [Advanced retirements: 12 August 2025 online](#)

For more information on all available training courses, please visit [LGPS Training and Development](#).

For any further enquiries, please contact us at training.lgps@local.gov.uk.

Action for administering authorities

Please share details of the employer role training with your Scheme employers to ensure they are aware of the opportunities available.

LGPS England & Wales Scheme Advisory Board (SAB)

Audit consultation – SAB response

Following the publication of the Government's [English Devolution White Paper](#) on 16 December 2024, an open consultation was launched setting out proposals for overhauling the local audit system in England. The consultation is called '[Local audit reform: a strategy for overhauling the local audit system in England](#)' and closed on 29 January 2025.

The consultation set out a strategy which commits to a series of measures to improve the local audit system. Notably, paragraph 77 contained a proposal to decouple the pension fund accounts from the main accounts of administering authorities, which has been recommended by the Board for some time.

The Board welcomes the Government's commitment set out in this proposal and has responded to the consultation. The response is limited to the decoupling proposal and is available on [the Board's website](#).

Board annual review

The Board Chair, Cllr Roger Phillips, published the Board's [first Annual Review](#). This document is a factually based overview of the work completed by the Board over the previous 12 months (January 2024 to December 2024). Cllr Roger Phillips believes this is an important piece of work to highlight the various workstreams that the Board and the Secretariat team had led on and will continue delivering to support administering authorities and the scheme, in line with its statutory duties.

Fit for the Future Consultation - response

On 14 November 2024, the Government published its [LGPS: Fit for the future consultation](#). The consultation sought views on proposals relating to LGPS investments. It covers asset pooling, UK and local investment and governance. The consultation closed on 16 January 2025.

On 10 January 2025, the [Scheme Advisory Board published its response](#). On 16 January 2025, [the Local Government Pensions Committee published](#) its response.

The Board hoped that by publishing in the week before the consultation closed funds were able to consider the points raised in their own responses. The Board hoped that by publishing in the week before the consultation closed funds were able to consider the points raised in their own responses. The Board's response was shaped by the views of the elected members, scheme member representatives, practitioners and other advisers that make up the Board.

Funding Strategy Statement (FSS) updated guidance available

Updated guidance for preparing and maintaining a FSS can be found on the [Board guidance page](#). This guidance is the latest publication which has been reviewed and jointly approved by the Board's Compliance and Reporting Committee, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing, Communities and Local Government (MHCLG). It replaces the 2016 guidance produced by CIPFA.

The FSS guidance is intended to help administering authorities create their own funding strategy, covering all necessary topics but without prescribing specific policy approaches.

Visit the Board's website for more information on the areas the redraft has developed and the associated [climate scenario analysis guidance](#).

The SAB, CIPFA and MHCLG acknowledge the contributions of all those involved in producing the new guidance.

Peer support project

The SAB's Board's original Good Governance recommendations contained a recommendation that the LGA consider establishing a peer review process for the LGPS. At the November 2024 Board meeting, it was agreed that the Secretariat would start a project to scope out the work involved to deliver this recommendation and establish a working group under the Board's Compliance and Reporting Committee.

The Board welcomed that this proposal featured in MHCLG's 'LGPS Fit for the Future' consultation, although the Board's response also pointed out some issues with the MHCLG proposal for them to consider. Also, in its response, the Board confirmed that the peer review/support offer should be shaped by administering authorities' needs and seek to build on already established networks of best practice sharing and support across the Scheme.

Action for administering authorities

To assist the Board's work in scoping out what is needed, the Board's Secretariat team is seeking volunteers to participate in a working group. If you are interested, please contact the [Board's Secretariat Team](#). SAB Board's Secretariat Team. Volunteers from officers in governance roles or with governance responsibilities would be particularly welcome.

Updated opinion on the fiduciary duty in LGPS

The Board has received Nigel Giffin KC's updated opinion on the fiduciary duty in LGPS. This is intended as a review of, and update to, Nigel's 2014 opinion and is entitled "'Local Government Pension Scheme: Investments and Non-Financial Considerations'.". The updated opinion can be found on the [Board's website](#) on the [Legal Opinions and Summaries page](#).

The Board's Secretariat will consider whether further advice on specific points would be helpful and will work with funds to ensure instructions cover the pertinent questions and elements of most interest.

Letter to chief financial officers and pension committee chairs

The Board Chair, Cllr Roger Phillips, [has written a letter](#) addressed to chief financial officers and pension committee chairs at administering authorities. The purpose of the letter is to ensure that administering authorities provide appropriate resources for effective pension service delivery. The letter can be found on [the Board's website](#).

SAB website

[The SAB website](#) provides information about its work. Use the links below to find out more about:

- [a summary of the last SAB meeting](#)
- [latest news](#)
- [SAB meeting and agenda papers](#)
- [committee meetings and agenda papers](#)
- [Responsible Investment Advisory Group meetings and agenda papers](#).

Your LGPS contacts – stay connected

The SAB secretariat and LGPC team uses the Your LGPS Contacts database to keep practitioners informed about its ongoing and future workstreams and to issue this bulletin. Unfortunately, emails often result in a high number of ‘undeliverable’ messages.

Administering authorities are responsible for maintaining their contacts details on [‘Your LGPS Contacts’](#). Authorities should regularly review their details so they remain accurate and up to date.

HMRC

Pensions schemes newsletter 166

On 22 January 2025, HMRC published [Pensions schemes newsletter 166](#). The newsletter includes articles on:

- **inheritance tax on pensions consultation:** HMRC is reviewing the consultation responses and will publish both a formal response and draft legislation later this year
- **tax codes for pensions:** starting April 2025, HMRC will automatically update temporary tax codes to cumulative codes for new pension recipients, ensuring they pay the correct tax faster
- **pension schemes return:** from April 2025, returns for 2024/25 tax year must be submitted via the Managing Pension Schemes service
- **lifetime allowance protections and enhancements:** the deadline to apply for fixed protection 2016, individual protection 2016, overseas enhancements and pension credit enhancements is 5 April 2025, though the deadline may be earlier for overseas and pension credit enhancements
- **low earners anomaly:** top-up payments for low earners in net pay pension schemes, such as the LGPS, will still be made for the 2024/25 tax year, but are expected to be delayed until 2026

- **public service pensions remedy:** provides information on what members should do if the public service pension scheme issues pension savings statement for 2023/24 late.
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Wider landscape

GAD blog on the future of pensions administration

On 14 January 2025, the Government Actuary's Department (GAD) published a [blog on the future of pensions administration](#). The blog focuses on three key areas:

- increasing complexity in pensions administration
- technical debt due to underinvestment in technology
- talent shortages, including the challenge of recruitment.

It also looks at the challenges ahead in 2025, covering Pensions Dashboards, data management and the role of artificial intelligence in enhancing efficiency and member experience. It also looks at the challenges ahead in 2025, covering Pensions Dashboards, data management and the role of artificial intelligence in enhancing efficiency and member experience.

Useful links

[LGPS member website \(England and Wales\)](#)

[LGPS member website \(Scotland\)](#)

[LGPS Advisory Board website \(England and Wales\)](#)

[LGPS Advisory Board website \(Scotland\)](#)

[LGPS Regulations and Guidance website \(England and Wales\)](#)

[LGPS Regulations and Guidance website \(Scotland\)](#)

[Current LGPS job vacancies](#)

[Public Sector Transfer Club](#)

[Recognised Overseas Pension Schemes](#) that have told HMRC that they meet the conditions to be a ROPS and have asked to be included on the list.

LGPS pensions section

Raising a query

If you have a technical query, please email query.lgps@local.gov.uk and one of the team's LGPS pension advisers will get back to you. To avoid delays in receiving a response, please do not email advisers directly.

Team contacts

Joanne Donnelly (Head of Pensions)

Telephone: 07464 532613

Email: joanne.donnelly@local.gov.uk

Lorraine Bennett (Principal Pensions Adviser – LGPC Secretariat)

Telephone: 07766 252847

Email: lorraine.bennett@local.gov.uk

Jayne Wiberg (Lead Pensions Adviser – LGPC Secretariat)

Telephone: 07979 715825

Email: jayne.wiberg@local.gov.uk

Rachel Abbey (Lead Pensions Adviser – LGPC Secretariat)

Telephone: 07827 307003

Email: rachel.abbey@local.gov.uk

Steven Moseley (Lead Pensions Adviser – LGPC Secretariat)

Telephone: 07780 227059

Email: steven.moseley@local.gov.uk

Lisa Clarkson (Senior Training and Development Adviser – LGPC Secretariat)

Telephone: 07464 532596

Email: lisa.clarkson@local.gov.uk

Karl White (Training and Development Adviser – LGPC Secretariat)

Telephone: 07464 652886

Email: karl.white@local.gov.uk

Toni Durrant (Training and Development Adviser – LGPC Secretariat)

Telephone: 07385 224553

Email: toni.durrant@local.gov.uk

Holly De-Buriette (Programme Support Officer – LGPC Secretariat)

Telephone: 0207 664 3056

Email: holly.de-buriette@local.gov.uk

**Jeremy Hughes (Senior Pensions Secretary - LGPS Scheme Advisory Board
England & Wales)**

Telephone: 07960 513946

Email: jeremy.hughes@local.gov.uk

**Becky Clough (Board Support and Policy Officer – LGPS Scheme Advisory
Board England & Wales)**

Telephone: 07795 410793

Email: becky.clough@local.gov.uk

**Ona Ehimuan (Pensions Secretary (Governance and Digital) – LGPS Scheme
Advisory Board England & Wales)**

Telephone: 07501 088144

Email: ona.ehimuan@local.gov.uk

**Sarah Tingey (Research and Data Analyst – LGPS Scheme Advisory Board
England & Wales)**

Telephone: 07548 952802

Email: sarah.tingey@local.gov.uk

**Sophia Chivandire (Pensions Policy and Support Officer – LGPS Scheme
Advisory Board England & Wales)**

Telephone: 0207 664 3085

Email: Sophia.chivandire@local.gov.uk

Further information

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