

LGPC MEETING – 25 November 2024

Meeting agenda

Item		Timings
1	Welcome, apologies for absence and declarations of interest	11:00
2	Minutes of meeting held on 22 July 2024 – Paper A	11:05
3	Pensions review and Mansion House – verbal update	11:10
4	SAB update for England and Wales – Paper B	11:30
5	Regulations update for England and Wales – Paper C	11:40
6	Regulations update for Scotland – Paper D	11:55
7	Regulations update for Northern Ireland – Paper E	12:00
8	Technical Group update – Paper F	12:05
9	Training and conference update – Paper G	12:15
10	Any other business	12:25
11	Dates of future meetings	12:30

Paper A: Minutes of meeting held on 22 July 2024 - Hybrid

PRESENT

Cllr Nathan Yeowell	Chair, LGA
Cllr John Fuller	LGA
Cllr Richard Wenham	LGA
Cllr Doug McMurdo	LGA
Cllr Bev Craig	LGA
Cllr Vince Maple	LGA
Cllr Michael Headley	LGA
David Murphy	NILGOSC
Alan Wareham	MHCLG
George Graham	SAB representative
Kevin Gerard	Technical Group representative
Joanne Griffiths	Greater Gwent Pension Fund (observer)
Alan Wilkinson	SPPA
Eva Sobek	SPPA

Secretariat

Lorraine Bennett	LGPC
Joanne Donnelly	Scheme Advisory Board (SAB)
Rachel Abbey	LGPC
Toni Durrant	LGPC
Daniella Howell	LGPC

Non-attendees

Cllr Eddie Reeves	LGA
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1. INTRODUCTION FROM THE CHAIR

The Chair, Cllr Nathan Yeowell [NY], welcomed everybody to the hybrid meeting and asked those attending to introduce themselves.

On behalf of the Committee, NY congratulated Cllr Deirdre Costigan [DC] on her election as MP for Ealing Southall and to Cllr Bev Craig [BC] on her appointment to Leader of the LGA Labour Group and Deputy Chair of the Association.

2. APOLOGIES

Apologies for absence were received from Cllr Deidre Costigan [DC], Linda Welsh [LW] and Kimberly Linge [KL].

No declarations of interest were declared.

3. MINUTES

The minutes of the previous meeting held on 11 March 2024 were agreed as a true and correct record.

4. MATTERS ARISING

Restructure of the LGPC secretariat team

Following this committee's agreement to the restructure at the last meeting, the LGA HR team has re-evaluated the updated job descriptions. The restructure has now been approved by the LGA Senior Leadership team. This approval was delayed because of the ongoing agile futures project at the LGA – a wider structural review.

Lorraine Bennett [LB] explained that the team has been struggling to satisfy the demand for training and technical support, particularly since the Scheme changes due to the McCloud remedy were introduced. Recruitment of two new members of staff will start shortly - one each on the training and technical teams. The restructure will also create a new management post, which is needed due to the increased size of the team.

Kevin Gerard [KG] stressed the need to increase the size of the team, particularly to deliver more training. He asked if two additional team members would be enough to meet the increased demand for training and other services the team provides. LB explained that the cost and practicalities of increasing the team size must be carefully managed. She expects the additional training post to be self-financing through increased training revenue. The possibility of increased consolidation within

the sector could mean changes in the level of demand for the team's services and what type of support larger administering authorities need.

David Murphy [DM] explained that many administering authorities rely on the LGA pensions team, particularly to interpret complex legislation.

NY agreed on the need to increase the size of the team, but highlighted that there are decisions to be made about how quickly the team should grow and to what size. As agreed at the last meeting, a subset of members of this committee will consider medium term plans for the team. LB to share proposals on which views are needed. These will be picked up in the last quarter of 2024 once new members of the Committee are appointed.

Government pensions review

On 22 July 2024, Joanne Donnelly [JD] attended a roundtable led by the newly appointed Chancellor of the Exchequer, Rachel Reeves MP, about the Government pensions review. The recently announced review will be led by Emma Reynolds MP, the new Minister for Pensions. It will focus on defined contribution schemes, but will also affect the LGPS. Other leaders from large institutions such as the Pensions and Lifetime Savings Association, WTW and the Association of British Insurers attended the event, as well as representatives from LGPS pools.

The nature of LGPS investments was discussed at the roundtable – whether they are UK focused, and whether the assets are listed or unlisted. There was also a discussion about how the UK Government could incentivise investment in UK companies, through tax breaks for example.

There is a clear commitment to increasing the level of pooled LGPS assets, with legislation likely if pooling targets are not met by March 2025. The LGPC and SAB view is that their role is to influence this process so that increased pooling happens in the best way for the Scheme, its employers and members.

The Committee raised the following points about investing in infrastructure:

- the need for a definition of infrastructure for this purpose – water companies build infrastructure, but holding water company stocks may not meet a strict definition
- social housing may be a vehicle for administering authorities to generate income for the Scheme as well as satisfying their ambition for place-based infrastructure investments

- the ultimate responsibility is generating income for the Scheme. An infrastructure project with no income stream is not a viable investment
- if the Government legislates to force schemes to invest in a certain way, will it take responsibility for the performance of those investments?

JD expects any legislation to be strong enough to influence investment decisions, but not to impinge upon fiduciary duty.

The LGPS pools represented at the meeting are similar in construction. JD's view is that this is the Government's preferred model to build expertise and make savings, but this was not discussed at the roundtable.

George Graham [GG] asked if fund consolidation was covered. The meeting was mainly focused on investments, but consolidation is on the Government's radar. When fees were quoted, these included costs of investment and administration/governance. The Government is looking for efficiencies in both areas. The LGPS representatives emphasised the need for care in changing the structure of the Scheme because of the level of complexity. The SAB will have an important role in shaping any changes.

NY plans to continue discussions with the SAB and other interested sector bodies on how the LGPS can participate in the growth agenda.

5. REGULATIONS UPDATE ENGLAND AND WALES

LB presented the key points from Paper B.

McCloud

McCloud continues to be a priority at MHCLG and pension funds.

MHCLG consultation on annual benefit statements

MHCLG ran a limited consultation on McCloud and annual benefit statements during the pre-election period. As the legislation currently stands, administering authorities are required to reflect a member's underpin protection in the benefits quoted in their annual statement. The Ministry consulted on removing this requirement for 2024 and introducing a discretion for administering authorities not to reflect underpin protection in 2025 statements for certain members. MHCLG expects to lay the relevant legislation before the 31 August deadline for issuing 2024 statements.

TPR expects English and Welsh funds to report breaches if that legislation is not in place by 31 August 2024.

In LB's view, guidance for administering authorities on when the discretion should be exercised in respect of 2025 statements would be useful. This would help to avoid the discretion being used too widely.

DM asked whether there was an alternative to all funds reporting a breach, such as MHCLG issuing a letter of intent that administering authorities could rely on, or MHCLG reporting the breach on behalf of the Scheme.

Alan Wilkinson [AW] does not expect LGPS (Scotland) regulations to be changed before 31 August 2024. His expectation is that Scottish administering authorities that do not reflect McCloud protection in 2024 statements will report this as a breach of the law.

Statutory guidance

MHCLG has published statutory guidance on the implementation of the McCloud remedy. The Ministry's interpretation of the legislation means that a member's protection status can change, which makes the implementation of McCloud harder.

McCloud administrator guide and webinars

The team is currently working on an updated version of the McCloud guide for administrators which will include additional information on retrospective calculations. The guide will be published in September when the team will also host webinars for administrators. These will cover topics that administrators are struggling with, including transfers. The training team has also spent considerable time updating existing training materials to reflect the latest changes relating to McCloud.

GAD has recently published the actuarial guidance that administering authorities will need to process certain cases. Some calculations were on hold waiting for this guidance to be published.

The tax treatment of interest

Members will receive interest at 8 percent on retrospective payments related to McCloud. HMRC had previously said that part of this payment would be unauthorised and additional tax would be payable. LB welcomed HMRC's change of policy on this.

Teachers' excess service

The McCloud remedy will involve some teachers moving to the LGPS in respect of some of their service in the remedy period. The LGPC team continues to work with MHCLG, the Department for Education and Capita on this complex area. As the

project has developed, there has been a welcome reduction in the number of individuals in scope.

Abolishing the lifetime allowance (LTA)

The LTA was abolished from 6 April 2024, but the legislation to achieve this was rushed. The team is still waiting for clarification on some areas of the policy. The team has produced a guide for administrators, which has been updated several times as legislation is updated and HMRC responds to queries. They are also working on other forms and templates to assist administering authorities communicate with members about the new rules.

Pensions dashboards

DWP has now released the guidance on the staged timetable for schemes to connect to the dashboard ecosystem. The connect-by date for all public service pension schemes is 31 October 2025.

TPR expects all LGPS pension funds to connect by this date. They will be contacting administering authorities from this month to remind them about the deadline and conduct surveys.

LGPS promotion project

The team is working with the LGPS Communications Working Group to create a toolkit for employers to use to promote the LGPS to employees. The SAB surveyed employers on what resources employers would like to have to promote the LGPS. Employers were positive about all the resources mentioned in the survey and so the team will work to produce an e-learning module, video, promotional leaflet, social media posts, posters and email footers.

GG mentioned the Pensions and Lifetime Savings Association (PLSA) project on communicating with LGPS members about the retirement living standards. LB is aware of the project and that some administering authorities are working directly with the PLSA. The retirement living standards are not commonly used in the LGPS because the 'moderate' income is unachievable for most members.

Cllr Doug McMurdo [DMc] noted the number of deadlines that administering authorities need to be aware of. He asked whether the team could publish a calendar of these deadlines, and the possibility of funds having to confirm their awareness of impending deadlines. The LGPC team could set up a calendar to assist

administering authorities, but it was not their role to check whether funds were complying. It may be more appropriate for the SAB to consider this.

6. SAB UPDATE [E&W]

JD presented the key points from paper C.

Annual report guidance

SAB published its annual report guidance on 31 March 2024. This was an updated version of the guidance previously published by CIPFA. JD explained that the new guidance represents a step forward in improving transparency and consistency in fund reports. The guidance recommends shortening reports by using hyperlinks to administering authority policies, rather than including the full policy text.

Administering authorities are asked to use their 'best endeavours' to comply with the new requirements in the guidance in 2024. They will be required to comply fully from 2024/25 and MHCLG will be checking on compliance.

We do not yet have pooling guidance that was mentioned in the earlier consultation. There have been changes to how funds should report their asset allocations, with specific tables asking for information about UK-based investments.

Engagement

The SAB has increased its engagement with administering authorities over the election period. JD has facilitated meetings with fund officers and Cllr Roger Philips has held an online session with pension committee chairs. This was welcomed by administering authorities and SAB will continue with this increased engagement. SAB is well placed to facilitate open discussions with funds. Other bodies that organise such discussions may have an agenda to sell their products or services.

DMc welcomed the increased engagement with funds and noted that it had been lacking in the past.

Audits

Angela Rayner MP and Jim McMahon MP addressed the LGA Councillor Forum on 17 July. JD was pleased that local authority audit was given high priority by the Government. The King's Speech included a draft Audit Reform and Corporate Governance Bill. It is likely to take a year to 18 months for this to become law. JD hopes that a different vehicle can be used to deliver the separation of local authority and pension fund accounts sooner.

The SAB team has published an 'informer document' in partnership with the Institute of Chartered Accountants in England and Wales (ICAEW). The document aims to help resolve repetitive queries that funds receive from auditors.

Boycotts, divestment and sanctions (BDS) Bill

The BDS Bill did not receive Royal Assent in the last Parliament. The Bill does not appear to be on the current Government's radar. Although the Public Service Pensions and Judicial Offices Act 2022 includes a provision relating to BDS, this will only have effect if the Government issues guidance. JD has informed MHCLG that this provision is causing difficulties for fund officers and elected members in relation to lobbying.

7. REGULATION UPDATE SCOTLAND

The Committee noted the key points from paper D, which was presented by AW.

McCloud

LGPS Scotland is facing the same issues relating to McCloud as have already been discussed for England and Wales. SPPA plans to make changes to regulations relating to McCloud and annual benefit statements, but these will not be in place before the 31 August 2024 deadline for issuing statements.

SPPA published statutory guidance on implementing the McCloud remedy on 4 July 2024.

Revaluation date

SPPA has amended the revaluation date to align with the tax year. The amendment regulations came into force on 28 March 2024 but have backdated effect to March 2023.

Exit credit consultation

SPPA carried out a short technical consultation on introducing a discretion for paying exit credits when an employer leaves the Scheme. The proposals were similar to provisions which already exist in England and Wales. SPPA is currently considering the responses to the consultation and expects further movement at the end of 2024.

8. REGULATION UPDATE NORTHERN IRELAND

The Committee noted the key points from paper E, which was presented by DM.

Update

There has been one meeting of the LGPS (Northern Ireland) SAB this year and they covered matters that have already been discussed at this meeting.

The TPR general code is in force in Northern Ireland from 5 July 2024. This is later than the rest of the UK as it was necessary to wait until the Government was in place.

NILGOSC has received the results of their cost cap valuation. The cost of the Scheme fell, but because of the operation of the economic check, there will be no changes to member benefits.

As mentioned at the last meeting, there is a departmental review underway. The review will consider whether NILGOSC could operate more efficiently. As part of the review a question over who owns the Scheme assets and liabilities was raised. This is particularly important as the Government looks to influence LGPS investment decisions. NILGOSC could take a different attitude towards risk if they had assurances of financial backing from the Government. The departmental review will be published later this year.

NY agreed the need to find out the Government's position on who has the ultimate responsibility for LGPS assets and liabilities.

9. TECHNICAL GROUP UPDATE

KG presented the key points from Paper F.

Technical Group

The purpose of the technical group has evolved in recent years. The group decided to review the terms of reference which have been unchanged since 2019. Regional pensions officer groups have been asked to provide their views on the future of the group. KG will provide an update at the next meeting.

Cllr Richard Wenham [RW] asked for an update on the performance of AVC providers. The performance of Prudential and Scottish Widows has been mentioned at previous meetings. KG replied that there has been an improvement in Prudential's performance in recent months. Technical group has set up a subgroup to engage with Scottish Widows. Administering authorities can report any feedback at regional groups and escalate major issues to technical group. KG is not aware that any performance issues relating to other providers have been reported.

10. TRAINING AND CONFERENCE UPDATE

Toni Durrant [TD] presented the key points from Paper G.

Fundamentals training

Fundamentals training is now open for booking. It is aimed at councillors, and members of pension committees and local pension boards. It provides an overview of the LGPS in general, as well as looking into current issues affecting LGPS administration.

The dates, locations and programmes have been confirmed for the 2024 event, and the training team is in the process of confirming speakers. Bookings are going well for both in-person and online events.

Conference

The annual governance conference will take place on 30 and 31 January 2025 in Bournemouth. The programme and speakers are currently being finalised.

TD reminded the group that members of this committee get free places at the conference and Fundamentals training events. Please email training.lgps@local.gov.uk to book your place.

NY recommended the conference to the committee and welcomed the changes to the agenda.

Employer and administrator training

The demand for practitioner training remains high. The training team will deliver courses on aggregation, transfers and retirements in 2024. The team is also trying to meet the demand for training commissioned by individual funds or groups of funds.

The training focus group, made up of representatives from administering authorities, has fed back on what training they would like to be provided in 2025.

Insight training

The residential Insight training course provides an overview of the LGPS for new administrators. The team has added a further course in November 2024. The price for 2025 has been increased slightly to reflect the increased cost of delivering the training.

Apprenticeships and qualifications

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The Level 2 award in Pensions Essentials pilot started in April 2024 and is facilitated by Barnet Waddingham. This is the equivalent of a GCSE qualification, and it is not LGPS-specific. The pass rate of the current cohort of 18 students is 83 percent. The team is starting to work on recruiting the next cohort for this course.

The training team is progressing with the development of an LGPS-specific Level 3 qualification. The course is being designed in-house and the team is currently writing training materials and exam questions. There will be two intakes of students each year. Advertising for the first intake in April 2025 intake is planned for November 2024, to coincide with the Pension Managers' Conference in Torquay.

11. ANY OTHER BUSINESS

NY noted that this is the last meeting of the current committee and thanked members for their service. NY hopes to 'head hunt' people with knowledge of the LGPS to join the committee to replace labour members who have left or are likely to leave in 2024.

12. DATES OF NEXT MEETINGS

The next meeting will be held on 25 November 2024.

Paper B – SAB update England and Wales

Key points to note

The Board continues to make good progress in taking on the role of revising statutory guidance that was previously maintained by CIPFA's Pensions Panel. The project to revise the Funding Strategy Statement guidance is reaching a conclusion and the next steps will be to review the guidance around knowledge and skills, as well as responding to the Government's recent consultation on amendments on pool and administering authority governance.

The Board is still waiting to fully bottom out the priorities of the new Labour Government on benefits, fairness and adequacy, but increased engagement activity (such as convening meetings for all pension committee chairs and fund officers) has put us in a good place to represent the views of funds to the new Minister.

Decisions

The Committee is asked to note the content of this report.

Pensions Review

The Board Chair and Secretariat have been engaging with the [Pensions Review](#) which was launched in July. The review is led by Emma Reynolds MP, who is the first joint DWP/HMT Pensions Minister. Together with Jo Donnelly, Cllr Phillips had introductory meetings with both Emma Reynolds and Jim McMahon, the Local Government Minister. The Board and many other stakeholders also submitted evidence to the Pension Review team.

The Chancellor has [announced plans for further reform in the LGPS](#) in a consultation which closes on 16 January 2025. These reforms will be focused on the eight existing investment pools. We are not expecting any changes to the structure of the underlying 86 funds in England and Wales as a result of this consultation.

The consultation, launched yesterday evening, gives more detail on the proposals, which include:

- Requiring LGPS pools to be FCA regulated entities with the capability to manage assets internally, and to give investment advice to their LGPS partner funds

- LGPS funds will retain responsibility for setting their fund's strategic asset allocation, but would be required to fully delegate the implementation of their investment strategy to the pool, and to take their principal advice on their investment strategy from the pool
- LGPS funds would be required to transfer legacy assets to the management of the pool
- LGPS funds and pools will be required to work more closely with Combined Mayoral Authorities and will be asked to formulate a plan for more investments in local growth, taking account of local growth plans.

The consultation also proposes a new biennial governance review process for LGPS funds, which the Scheme Advisory Board Secretariat team at the LGA will be asked to coordinate.

Cost Management and Benefit Issues

Fair Deal

The Board understands that there is likely to be a two-stage approach by the new government to reforming pension rights on transfer from the public sector. Firstly, it is expected that there will be a consultation aiming to catch up the LGPS on the previous Government's New Fair Deal policy before moving to look at implementing a new Two Tier Code.

A new Two-Tier Code was proposed as part of Labour's "New Deal for Working People" document, although not explicitly referenced in their general election manifesto. In the "New Deal" paper the Labour Party had committed to "extend and strengthen" what was in previous Labour Government's Two-Tier Code but there isn't much further detail on how pension rights would be treated. We expect that the Local Government Association will be engaged directly by the Government (possibly via the Cabinet Office) to represent employer interests in how it is implemented in local government.

Gender Pensions Gap

A large amount of work has been done on this since the last LGPC meeting, including:

- The Board's work on GPG covered in Cllr Roger Phillips' [welcome letter](#) to new Local Government Minister Jim McMahon MP
- Jo Donnelly wrote to [Ministry of Housing, Communities and Local Government \(MHCLG\)](#) to highlight the need for a review of the actuarial factors and

regulations surrounding Shared Cost Additional Pension Contributions (SCAPCs)

- The Pensions Minister, Emma Reynolds, has been reported as saying that phase 2 of the [Pensions Review](#) potentially will have GPG in scope as part of retirement adequacy work (see Pensions Review update in Item 7, Paper C)
- The Secretariat secured representation on the [Pensions Equity Group \(PEG\)](#) and attended a meeting of the group on 18 September 2024 and agreed to join sub-groups focusing on Auto-Enrolment Reform, employer best practise and mandatory disclosures.

MHCLG officials have in addition confirmed that the new Local Government Minister is very interested in taking action to address the GPG. The Board has agreed to prioritise the actions below, with MHCLG asking for a progress report against these early in the new year:

- Explore and propose a standard GPG definition and reporting approach (including methodology) for the Local Government Pension Scheme, including both for funds and employers, and prepare this draft for Committee approval at its next meeting
- Explore with the PEG how to adapt the 'Mind the Gap' employer best practise guide found in **Annex A** for the Public Sector
- 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 SCAPCs
- Analyse the responses from the GPG survey to local government employers.

Monitoring of opt outs

The Board is continuing to work with MHCLG officials to put in place an effective system for monitoring the level of opt outs from LGPS and gain intelligence if there were particular groups that were disproportionately doing so. To inform those discussions, a further survey is planned of local government and education sector employers looking at both GPG and opt out issues as both are linked in themes.

The survey includes questions on what type of data is held by employers on employees who opt out. On the GPG issue, the survey asks for employer interest in understanding their own GPG. The survey has already been issued to academy and Further Education sector employers and will go out to local government employers shortly. An analysis of the data will be available for the next Committee meeting.

Compliance and Reporting Issues

Audit

The Board wrote to the Local Government Minister, Jim McMahon MP, on 12 November 2024 to again recommend the separation of pension fund accounts from that of the administering authority's main accounts. MHCLG officials have previously said it intended to enact this separation once a suitable legislative vehicle was available and there is no reason to think that the change in Government has altered this position. In fact, the King's Speech in July 2024 contained a commitment to bring forward a draft Audit Reform and Corporate Governance Bill which would seem to provide a legislative vehicle and the Secretariat believes the Pension Schemes Bill is another option. The Board is also convening a further audit roundtable meeting (bringing together local government auditors, LGPS practitioners and regulators) to look at ways to improve the functioning of local audit for funds and scheme employers on 9 December 2024.

Funding Strategy Statement Guidance

The Board has completed its review of the 2016 CIPFA guidance on the creation of funding strategy statements. The review has been shaped using the previous guidance as a template but took into consideration significant feedback from a wider range of perspectives and to reflect the current funding scenarios faced by funds. The guidance received approval at the Board's Compliance and Reporting Committee on 21 October 2024 and at the Chartered Institute of Public Finance and Accountancy (CIPFA) Public Finance Management Board meeting on 7 November 2024. The Board will be asked to approve the updated FSS guidance at its meeting on 25 November 2024 and if approved, then MHCLG officials have been asked to obtain Ministerial approval before the end of the calendar year.

Peer Support Offer

The Board is starting a project to scope out a new peer support offer for LGPS administering authorities. The project will include carrying out research with LGPS administering authorities, developing pilots to show proof of concept and design of a new peer support model. The project will also consider how to co-ordinate and deliver this new peer support offer. The Secretariat has taken on a new staff member to drive this project, and they will start with the team on 2 December 2024. That person will also contribute to the development of more effective digital communication channels, networks and partnerships that are of value to the Board.

Investment Issues

Fiduciary Duty

The Board has received [advice from Nigel Giffin KC](#) on the allegation that funds might face future criminal action by the International Court of Justice or have liability in domestic law under the Terrorism Act 2000 or the International Criminal Court Act 2001, as a result of holding investments in companies which have been linked to the ongoing situation in the Middle East.

The Board issued a [statement on dealing with lobbying](#) in September 2024. Fuller advice on the evolving legal understanding of the fiduciary duty is expected in the coming weeks and will be published on the SAB website.

Climate Risk Reporting

The Board understand that the previous consultation on implementing a climate risk governance and reporting regime for LGPS will be revisited and we are not expecting a substantive response to that now. At some point next year, we expect the Government will consult on a new set of principles that align with the Labour Party manifesto commitment to require all pension schemes to develop a credible transition plan that aligns with the 1.5°C temperature rise goal of the Paris Agreement.

Contact officer

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Paper C – Regulations update England and Wales

Decisions

The Committee is asked to note the content of this report.

Pensions Review – call for evidence

We submitted a [response on behalf of the LGPC](#) before the call for evidence closed on 25 September 2024.

The response focussed on the need for any change to the structure of the LGPS to be evidence based and reminded Government that key concern for employers is affordability.

Consultation on inheritance tax and pensions

At the Autumn Budget 2024 the Chancellor announced that from 6 April 2027 most unused pension funds and death benefits will be included within the value of a person's estate for inheritance tax (IHT) purposes.

The Government launched a [technical consultation on Inheritance tax on pensions: liability, reporting and payment](#) on the same day. The consultation seeks views on the processes required to implement the change.

Under the current rules, unused pension funds and death benefits are not liable for IHT where the trustees/scheme managers have a discretion in deciding who will receive them.

From 6 April 2027, the distinction between discretionary and non-discretionary payments will be removed. For the LGPS, this means LGPS death grants will be subject to IHT from 6 April 2027. If the death grant is paid to a spouse or civil partner no IHT will be payable.

The Government is proposing to make pension scheme administrators responsible for paying and reporting to HMRC any Inheritance Tax deducted from an LGPS death grant. Personal representatives will still be responsible for calculating whether any IHT is due and passing on the relevant information to the pension scheme administrator.

The consultation closes on 22 January 2025. We will submit a response on behalf of the LGPC.

McCloud update

LGPS administrators continue to implement the McCloud remedy. The McCloud implementation period set out in the statutory guidance runs to 31 August 2025; however, it is expected that work will continue beyond this date.

McCloud administration guide – version 2

On 11 October 2024, we published the second instalment of the McCloud administration guide (version 2).

We published the guide in two instalments due to the breadth and complexity of the McCloud remedy project.

The first instalment published in November 2023 included an overview, which pension accounts qualify for underpin protection and how to perform provisional and final underpin calculations.

The second instalment covers other calculations that are impacted by the underpin, such as transfers in, and revisiting past calculations. We have also significantly amended the section on which accounts qualify for protection, taking into account the clarification from Government set out in section 5 of the [McCloud Implementation Statutory guidance](#).

McCloud webinars

During October 2024, we delivered four McCloud webinars for administrators. Two covered transfers and two covered McCloud more generally. Each webinar lasted up to 90 minutes and provided an opportunity for attendees to ask the LGA pensions team questions.

Over 500 people attended the webinars across the four days. Feedback was very positive. We will consider running more McCloud webinars next year if there is enough demand.

We are currently working with [Affinity Connect](#) on McCloud webinars for scheme members. The webinars will provide an overview of the LGPS as well as information about McCloud. These will be advertised on the [national LGPS member website](#) from early 2025.

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McCloud public service pensions history forms

We have published forms for administering authorities to use as part of the McCloud project. The McCloud public service pensions history form is for collecting information about previous pensions for members who are not protected by the remedy based on their LGPS membership in a particular fund.

Club transfers – extension of 12-month time limit

On 24 October 2024, the Cabinet Office emailed public service pension scheme stakeholders to confirm the 12-month time limit for Club transfers can be extended if the delay has been caused by implementing the McCloud remedy. Both schemes will still need to agree to the extension.

Abolishing the Lifetime Allowance

The [Finance Act 2024](#) abolished the lifetime allowance (LTA) from 6 April 2024 and replaced it with two new lump sum allowances. The new lump sum limits restrict the amount of tax-free cash an individual can take over their lifetime.

HM Treasury has laid two further sets of regulations in connection with the abolition of the Lifetime Allowance (LTA). Both sets of regulations came into force on 18 November 2024 and have backdated effect to 6 April 2024. They make corrections to the legislation introduced earlier this year and contain new provisions covering Transitional Tax-Free Amount Certificates (TTFAC) and the calculation to determine the value of member's benefits when paying a Trivial Commutation Lump Sum (TCLS).

We will update our Abolition of the LTA guide to reflect these changes shortly.

Pensions dashboards

DWP Ministerial Statement on dashboards

On 22 October 2024, DWP published a [written statement](#) on dashboards. The statement confirms the Government's commitment to the [existing timetable](#) for connecting schemes to the ecosystem. This is expected to begin in April 2025 with an overall legislative deadline of 31 October 2026. The timetable provides for a connect by date of 31 October 2025 for all public service pension schemes.

The statement also describes the progress made by the Pensions Dashboards Programme (PDP) and the Government's confidence in the PDP to deliver against

the timescales. PDP has been instructed to focus its efforts on the connection and launch of the MoneyHelper dashboards service before turning to the work of connecting commercial dashboards. This is to facilitate helping the public to realise the benefits of using a dashboard at the earliest opportunity.

PDP confirms identity service provider

PDP has confirmed that users of pensions dashboards will verify their identity with GOV.UK One Login. This will make it easier for those who have previously registered with One Login for other Government services.

The identity service for dashboards will ensure that people must prove who they are before they can access confidential pensions information.

TPR data quality engagement – from October 2024

From 15 October 2024, the Pensions Regulator (TPR) will contact pension schemes, in scope of dashboards, to make sure they have the right processes and controls in place around their data.

Data quality is critical to the success of dashboards. Without good data, savers may not be able to find all their pensions or get an accurate picture of the value of their savings to help them plan for retirement.

TPR dashboards readiness survey – November 2024

TPR will send all scheme managers two surveys at key points in their journey to their ‘connect by’ date, as set in [DWP’s guidance](#).

All PSPS schemes can expect to receive the first survey in November 2024.

Dashboards guides published

We have published two guides to assist LGPS administering authorities comply with their dashboard duties. The connection guide provides information on the steps needed to connect to the dashboards ecosystem. The AVCs and dashboards guide deals specifically with providing AVC data to dashboards.

Upcoming consultations

In the coming months, we expect MHCLG to consult on changes to survivor benefits and the introduction of new Fair Deal into the LGPS. We expect the survivor benefits

changes to address the Goodwin case and equalise pensions paid to widowers with those paid to same sex survivors.

Increase to the normal minimum pension age

The Finance Act 2022 increased the normal minimum pension age (NMPA) from 55 to 57 from 6 April 2028. The NMPA is the earliest age people can access their pension savings, except for ill health. The change does not apply to members of uniformed services pension schemes.

The Act provides for protections to allow a member who, on 4 November 2021, already had a right to take their benefits before age 57 to retain a protected pension age. The Act also provides that a member retains a protected pension age on transfer.

Whilst the Act provides protection under the primary legislation, it is up to each pension scheme to decide whether they will provide for protected pension ages in its scheme rules. We are encouraging MHCLG to prioritise this work to allow members and employers to plan appropriately. We are currently putting together a document detailing the implications of providing for protected pension ages in the LGPS. The document includes information on:

- the details of the change
- how it differs and interacts with the 2010 increase to the NMPA
- the cost and two-tier workforce implications for employers if protections are introduced
- the potential increased complexity of the Scheme.

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Paper D: Regulation Update Scotland

1. Exit Credits

1.1 The consultation on changes to provide administering authorities with a discretion to determine the amount of exit credit which should be payable to an employer leaving the LGPS, closed on 30 May 2024.

1.2 Scottish Ministers received several responses voicing concerns over possible outcomes for employers and the need for guidance to accompany the regulations. These regulations were put on hold until guidance was made available.

1.3 SPPA have been provided with a draft of Funding Strategy Statement (FSS) Guidance which has been produced by the England and Wales SAB, this has been shared confidentially with a Scottish SAB subgroup. We await confirmation from the Scottish SAB that they will also adopt this guidance in Scotland once reviewed by the CIPFA panel.

1.4 Our intention is to lay the amended regulations in early 2025 alongside the FSS guidance. This delay will affect the 'coming into force' date but is unlikely to affect the 'effective' date, as set out in the draft regulations.

2. McCloud Remediable Service (Scotland) Regulations 2023

2.1 Scottish Ministers consulted for the views of stakeholders on changes to the Local Government Pension Scheme (Remediable Service) (Scotland) Regulations 2023. The consultation closed on 28 October 2024.

2.2 These minor amendments make changes to the existing LGPS Scotland McCloud interest regulations to bring the Scottish Regulations in line with the schemes in England Wales and Northern Ireland. The Interest calculator used by the administering authorities (AAs) has been set up to calculate McCloud interest in line with the amended regulations. Testing has been completed and the calculator has been uploaded to the LGA website and shared with AAs.

2.3 The amendments also include a change to the requirement for AAs to provide McCloud underpin information to the 2023/24 benefits statements and a further dispensation for the period 2024/25, if the required information is not available to AAs.

2.4 The consultation responses are now being reviewed and we intend to make these changes before the end of December.

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Paper E: Northern Ireland regulations update

Key points to note

Public Service pension regulations are a devolved matter for the Northern Ireland Assembly. Regulations for the Local Government Pension Scheme (LGPS) in Northern Ireland are made by the Department for Communities (the Department).

The key issues affecting the scheme in Northern Ireland are substantially the same as that in England & Wales and Scotland i.e. administering the McCloud regulation changes, Pension Dashboard, the implication of the UK Budget, Investment issues, and Responsible Investment. The implications of the Mansion House speech and the Government UK growth agenda does not directly impact upon the Northern Ireland scheme.

Decisions

The Committee is asked to note the content of this report.

Summary

The Northern Ireland LGPS Scheme Advisory Board is due to meet on 15 November 2024.

The Department for Communities made LGPS legislation that allowed the scheme administrator delay inclusion of the McCloud underpin on pension benefit statements for 2 years.

Governance

Scheme Advisory Board

The Scheme Advisory Board will next meet on 15 November 2024. Items on the agenda include:-

- Cost Cap Valuation
- Pensions Dashboards
- Departmental McCloud statutory guidance
- Pension Investment Review.

Regulations

Annual Benefit Statements

On 28 August 2024, after a brief consultation, the Department made the Local Government Pension Scheme (Amendment) Regulations (Northern Ireland) 2024.

The Regulations removed the requirement to include McCloud information in the 2023/24 statements and allowed a discretion not to include the information in 2024/25 statements for certain members. This is because NILGOSC and the other LGPS funds across the UK are still in the process of collecting data to calculate the McCloud underpin. The Northern Ireland regulations mirrored those made for England and Wales.

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Paper F: Technical Group Update

Background

The National Technical Group is made up of representatives from LGPS administering authorities in England, Wales, Scotland and Northern Ireland. Its purpose is to represent the views of LGPS administering authorities in relation to the direction of pension and other areas of government policy.

Decisions

The Committee is asked to note the content of this report.

Update from meeting of 4 October 2024.

MHCLG

MHCLG provided a verbal update and covered a number of areas in respect of McCloud, outstanding statutory guidance and regulatory amendments proposed to MHCLG by Technical Group.

Scheme Advisory Board (SAB)

A comprehensive report was provided in respect of the work undertaken by the SAB and its committees.

Technical Group has requested that the £5,000 limit for making payments due in respect of the deceased to personal representatives/beneficiaries without the need for probate or letters of administration be increased to £20,000.

Currently, an administering authority can only make payment without probate or letters of administration where the total amount due to estate from the Scheme is less than £5,000. The limit is set by the Administration of Estates (Small Payments) (increase of Limit) Order 1984. It has not increased since its introduction. This imposes a tight restriction on LGPS funds in their ability to release payments due to family without undue delays and costs when applying for probate. Technical Group believe it would benefit all funds if SAB wrote to MHCLG in order that they may highlight the issues and request the change with HM Treasury.

Pensions Dashboards

Technical Group were updated by individual software suppliers on the progress they had made towards meeting statutory requirements. AVCs were again discussed and

how a consistent method of providing data to members could be agreed. Concerns were expressed in respect of the reconciliation required in respect of AVCs with the various providers. The LGA has published both a 'connection' and 'AVC' guide.

Teachers Excess Service

Technical Group discussed the issues that regions had encountered whilst undertaking the validation element for Teachers Excess Service.

Transfers

The new deferred member transfer pack for members who have more than one deferred benefit will be published in Spring 2025 by LGA. The LGA has provided a spreadsheet for funds to calculate 'non-club' transfers along with clarifying that all transfers can be processed.

Terms of Reference

The TOR were last reviewed and approved in 2019. A review was undertaken at the June 2024 meeting along with discussions and feedback at each regional Pensions Officer Group (POG). The Group was established in the 1970s and has evolved over time in so much as many of the core functions such providing guidance on the interpretation of legislation, obtaining legal advice, liaising with Government Departments and representing the views of the sector are undertaken by the LGA and SAB. Technical Group was disbanded at the meeting and will be replaced by a new National POG with different terms of reference and members.

Scottish Widows

Funds continue to experience issues with Scottish Widows and unfortunately, it has now expanded to include Clerical Medical as a result of Scottish Widows doing their administration. The group agreed that Joanne Griffiths would contact Clerical Medical as she is a client and would have an increased chance of securing a contact point.

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Paper G: Training and conference update

Decisions

The Committee is asked to note the contents of this report.

Fundamentals training

The 2024 fundamentals training for councillors, local pension board members and those who attend committee and local pension board meetings is underway with positive feedback received for day one. Fundamentals is a three-day training course aimed at elected members and others who attend pension committees and local pension boards. Day two is being run in November and day three in December.

The training is taking place at venues in London and York as well as online. The online session is split into two half days and the in-person sessions run over a day.

We have an average of 94 delegates booked over each of the three days with over 60 bookings for each of the online sessions. Survey feedback received for day one has been very positive.

The bookings for York have not been as good as hoped for and the decision has been taken that next year's training will only be in London or online.

Annual governance conference

The venue for next year's conference is the Bournemouth Highcliff Marriott on 30 and 31 January 2025. The agenda has been set and all speakers are confirmed.

The conference bookings are open and to date there are 97 people booked to attend in person and 27 virtually. There are only 17 in person places remaining.

The journalist Pippa Crerar has been booked as the after-dinner speaker.

The team has already secured the venue for the 2026 conference. This will take place at the Cardiff Marriott Hotel on 29 and 30 January 2026.

Employer and administrator training

Courses continue to sell well with online being the most popular option. There has also been an increased demand for commissioned in person training at the offices of pension funds.

The programme for 2025 has been agreed and will be published with the November bulletin. Course booking will open mid-December. The costs for provision have been reviewed and changed for the new year for both advertised and commissioned courses.

Both the retirements and transfers course have been revised following delegate feedback. Retirements has been split into two separate one day courses for Intermediate or Advanced practitioners. The former one day transfer course is now a one day Transfers Out course, and a half day Transfers In online only course.

Pensions qualifications

The first cohort of students have completed the Award in Pensions Essentials (APE). The APE is a generic pensions qualification which Barnet Waddingham are running. A second cohort of 18 will begin studying shortly.

The pensions team is continuing to work towards the level three LGPS specific qualification, known as the Certificate in LGPS Administration, for launch in April 2025.

New training and development webpage

The team have developed a new training and development webpage to promote the training and qualification offer. Delegates can register interest for the qualifications and will be able to link to the training booking page once the events are made live mid-December. The web address is lgpsregs.org/training-development

New training team staff member recruitment

A LGPS Training and Development adviser position has been advertised with a closing date of 24 November. This new post will help to ensure the team is able to meet demand for practitioner training and will also assist in the provision of the Certificate in LGPS Administration.

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