

Scheme Advisory Board

Hybrid meeting held on 24 March 2025

Item 4 – Paper A – Actions and Agreements

Actions and agreements – 25 November 2024 – 1.00pm

Present

Councillor Roger Phillips	Chair
Jon Richards	Vice-Chair (UNISON)
Councillor Nathan Yeowell	Scheme Employer Representative/LGPC Chair
Councillor John Beesley	Scheme Employer Representative
Councillor John Fuller	Scheme Employer Representative
Councillor Christopher Weaver	Scheme Employer Representative
Councillor Andrew Thornton	Scheme Employer Representative
Emelda Nicholroy	Scheme Employer Representative (Universities and Colleges Employers Association)
George Georgiou	Scheme Member Representative (GMB)
Garry Warwick	Scheme Member Representative (GMB)
John Neal	Scheme Member Representative (UNITE)
Tommy Bowler	Scheme Member Representative (UNITE)
George Graham	Practitioner Representative (South Yorkshire Pensions Authority)
Kelvin Menon	Association of Local Authority Treasurers representative – ALATS
Nick Kirby	Trades Union Congress (TUC)
Teresa Clay	Department for Levelling Up, Housing and Communities (DLUHC)
Matt Gurden	Government Actuary's Department (GAD)
Gary Delderfield	Eversheds Sutherland
Eva Sobek	Scottish Public Pensions Agency (SPPA)
Alan Wilkinson	SPPA
David Murphy	Northern Ireland Local Government Officers' Superannuation Committee (NILGOSC)
Jo Donnelly	Local Government Association (LGA) – Board Secretary
Jeremy Hughes	LGA – Deputy Board Secretary
Lorraine Bennett	LGA – Principal Pensions Adviser
Becky Clough	LGA – Board Support and Policy Officer

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Ona Ehimuan

LGA – Pensions Secretary

Sarah Tingey

LGA – Research and Data Analyst

Cllr George Jabbour

Border to Coast Joint Committee Chair (Observer)

Item 1. Welcome, apologies and introductions

1. The Chair welcomed attendees to the meeting including Cllr George Jabbour, Chair of Border to Coast's Joint Committee to the meeting as an observer. Cllr Jabbour was not present for the discussion for items 5,6,7 and 9 as these items included confidential information. Item 9 was taken before Item 8 at the meeting to facilitate this.
2. Apologies for absence were received from Mark Wynn, Compliance and Reporting Committee Chair. Chris Tansley, Scheme Member Representative (UNISON) was absent without apologies.

Item 2. Meeting protocol and declarations of conflicts of interest

3. The Chair reminded attendees of the hybrid meeting protocol. There were no declarations of interest.

Item 3. Actions and agreements from 22 July 2024 meeting (Paper A)

4. The minutes of the meeting of 22 July 2024 were confirmed as an accurate record of the meeting. Teresa Clay (TC) said that she was still working on providing a prioritised programme of work being undertaken at MHCLG.

Item 4. LGPC Update (Paper B)

5. Lorraine Bennett (LB) introduced Paper B to the Board. On inheritance tax, the Chancellor announced in the 2024 Budget that unused pension funds and death benefits will be included in a member's estate for inheritance tax purposes from April 2027. This change primarily affects defined contribution schemes but will also impact death grants paid by the LGPS. There are some complex administrative issues arising from this change and the LGPC team would be writing a response to the technical consultation on inheritance tax which would be closing on 22 January 2025. The response would be shared with the Board.
6. The McCloud remedy remains a challenge. The LGPC team issued a second guidance document in October 2024 which includes more information on re-visiting past cases and eligibility for protection. The team also have hosted two webinars on McCloud.
7. The Lifetime Allowance was abolished in April 2024 however due to the limited time for implementation of this change, there have been issues with the regulations and guidance. Changes were made to the regulations on 18 November 2024 and LGPC's guidance will be edited to reflect this.

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8. On the Pensions Dashboard, LB said that the Department for Work and Pensions (DWP) is upholding its commitment to pre-stated timetables. The connection date for the LGPS remains 31 October 2025. Two guides have been issued by the LGPC team, one on connecting to the Dashboard and one on AVC providers.
9. LB also drew the Board's attention to the increase in National Minimum Pension Age (NMPA) in over-riding legislation (from 55 to 57). The legislation allows for protection of the lower NMPA for pension scheme members with an unqualified right to that age as at 4 November 2021. That default position could be displaced by the Government making changes to the LGPS Regulations, and it had been expected that the last Government was planning to do that. LB was working on a technical paper for MHCLG on the implications of the change and any protections put in place.
10. This had also been discussed at the CMBDA Committee, where comparisons were drawn with the last time this happened. There had been no protection for LGPS members the last time NMPA was increased, which was out of line with the other public sector schemes, but this was because there was no unqualified right to the earlier NMPA in the old regulations. The Board agreed to pause taking an agreed position on the NMPA change until it had seen LB's paper. Emelda Nicholroy said that as well as potential changes in the scheme rules, employers would also need to consider whether some employment contracts included the lower minimum retirement age as well.
11. TC said that she expected the Government to consult early in the new year on its plans for the implementation of the NMPA change in public sector schemes.

Item 5. Pensions review and Mansion House – verbal update

The Chair thanked Jo Donnelly (JD) and the Secretariat team for the work they have been doing in this area. JD gave an update on the Pensions Review and the Mansion House speech made by Rachel Reeves on 14 November 2024. Following on from Phase One of the Pensions Review and the Mansion House Speech, MHCLG launched the [LGPS Fit for the Future](#) consultation on 14 November 2024. The consultation will remain open until 16 January 2025 and the Secretariat would aim to write a draft response for circulation to the Board prior to Christmas. JD confirmed that the references to eight 'megafunds' in the press release and reports around the consultation document were references to the eight existing LGPS pools.

12. The consultation set out some governance reforms (largely in line with the [Board's own recommendations](#)) as well as minimum requirements for pools which included Financial Conduct Authority (FCA) regulation. Not all of the existing pools met the requirements which necessitated varying degrees of changes to be made. Also included in the pooling arrangements section of the consultation is the requirement for funds to delegate the implementation

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of their investment strategy to the pools and to take principal investment advice from the pools.

13. TC confirmed that most of the recommendations in the consultation could be implemented through secondary legislation and guidance under the Public Service Pensions Act 2013, while other changes were likely to require further powers being taken. Where needed, additional clauses would be included in the forthcoming Pensions Bill but this is still to be decided.
14. Members expressed their differing views on the pooling, governance and local investment proposals contained within the consultation. It was said that additional clarity was needed from Government on proposed pooling arrangements and Teresa Clay (TC) confirmed that all pools would be receiving a letter within the next few days with a further explanation of Government's requirements. The Secretariat noted the discussion, and it was agreed that the Board's draft response would be circulated to the Board members for comment before Christmas.

ACTION – that the Secretariat write and circulate a draft response to the LGPS Fit for the Future consultation before Christmas.

Item 6. Board 2025/26 budget and medium-term financial strategy(Paper C – confidential)

15. Jeremy Hughes (JH) introduced Paper C to the Committee which detailed the proposed budget for 2025/26. The Board agreed to submit the budget to the Minister with a proposed budget of £719,000, which would be a small cash increase but decrease in real terms from 2024/25's budget of £717,500. The Board also welcomed the suggestion that the Board should develop its own Medium Term Financial Strategy (MTFS). The Secretariat would develop more detailed proposals to take this forward.

ACTION – that the Secretariat write to the Minister to seek approval for the proposed budget for 2025/26.

ACTION – that the Secretariat work up proposals to develop an MTFS for the Board.

Item 7. Code of Transparency Project Update (Paper D – confidential)

16. Ona Ehimuan (OE) introduced Paper D to the Board. The paper contained an overview of research that the Secretariat had undertaken to inform the recommendations being made to the Board ahead of the final decision on the long-term future of the Code of Transparency data system after the Board's contract with Byhiras expires in August 2026. Since the last Board meeting, the Early Market Engagement exercise had concluded and the responses had been used to inform a survey that was issued to funds in September 2024. Feedback had also been collected from Code signatories on their

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experience of using the Byhiras system. The Secretariat had also held scoping meetings with the National LGPS Frameworks team and fund officers who had expressed interest in supporting the Board's future work.

17. On review of all of the information presented including the recommendation of the executive panel established by the Board (comprised of Cllr Roger Phillips, Board Chair, Jon Richards, UNISON Assistant General Secretary and Board Vice-Chair, and Sandra Stewart, Director of Greater Manchester Pension Fund), it was agreed that the data system had been successful in supporting the embedding of cost data reporting in the LGPS but had now served its purpose.
18. The Board agreed not to replace the data system procured centrally but instead to work with the National LGPS Frameworks team to enable funds to procure services for the basic collecting and reporting of cost templates and additional procurement of associated data validation and benchmarking services via the framework. This would allow for an arrangement that better served the current needs of funds, and also reflected the changes at fund level as more investments are managed by the pools. The Board would continue to explore how oversight of compliance with the Code could be retained as well as the effective reporting of cost data. Potential means of delivering this could be via new Board guidance, CIPFA guidance or potentially amendments to the LGPS Investment Regulations 2016.

AGREED – that the Board works with the National LGPS Frameworks team to provide a framework for funds to procure investment cost data services.

ACTION – that the Secretariat brings a revised project plan to the Board's next meeting on 24 March 2025.

Item 8. Board Annual Report (Paper E)

19. BC introduced Paper E to the Board. Since the writing of the paper, it had been agreed to rename the Board Annual Report as the Board Annual Review in order to distinguish it from the Scheme Annual Report also written and published by the Board. The Board Annual Review would be a factual based overview of the work completed by the Board over the previous 12 months as well as a breakdown of how the budget for the previous year had been spent. The Chair said that this will be an important piece of work to reflect and highlight the various workstreams that the Board and the Secretariat team had led on. The inaugural Annual Review will be published on the Board website in the new year.

Item 9. SAB Website Upgrade Project (Paper F – confidential)

20. The highest risk in the Board's risk register relates to non-compliance with accessibility requirements for the SAB website, and so OE outlined Paper F which set out the proposed project plan to address this. The Board discussed

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the changes and agreed that the Secretariat continue the work to secure an updated, accessible website in 2025.

ACTION – that the Secretariat continue the work contained in the Website Upgrade project plan.

Item 10. Board and Committee Membership – Paper G

21. OE introduced Paper G to the Board. The Board discussed and approved the recommendations on Committee membership and agreed the renominations for Board membership for Cllr John Beesley, John Neal and the nomination of Cllr Nathan Yeowell.
22. The Board discussed the Secretariat's proposal to maintain a Conflicts of Interest Register for Board and Committee members. It was agreed that this should be done, with the Secretariat providing some guidance on the interests that would need to be declared. Once completed, the Register of Interests would be made available on the Board website.

ACTION – that the Secretariat establish and maintain a Conflicts of Interests register for all Board and Committee members, which will be published

Item 11. Compliance and Reporting Committee (CRC) Report (Paper H)

23. Becky Clough (BC) introduced Paper H to the Board, as the Committee Chair Mark Wynn had sent his apologies. The revised Funding Strategy Statement Guidance had been approved by the CRC 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 were asked to approve the updated FSS guidance contained at Annex A. If approved, the document would be sent to MHCLG for Ministerial approval.
24. The Board also heard updates on the Knowledge and Skills workstream, Good Governance and Administration workstream, Audit workstream and the newly established Peer Support Offer workstream based on the report provided. The updates on these workstreams were noted by the Board.
25. The Board approved the revised FSS Guidance and agreed to submit the document to MHCLG officials for Ministerial approval. David Murphy (DM) said that the guidance would also be put to the Northern Irish Ministers and he hoped to have their approval to issue it by year end. The Board and the Secretariat team thanked all workstream volunteers involved in the revision of the guidance.

ACTION – that the Secretariat submits the revised FSS Guidance to MHCLG for Ministerial approval

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Item 15. Cost Management Committee Report (Paper I)

26. George Georgiou (GGe) introduced Paper I, which gave an overview of the key items discussed when the Committee met on 28 October 2024 and thanked the Secretariat for the ongoing work on the Gender Pensions Gap. The report was noted, and JH drew the Board's attention specifically to Annex A which contained a recommendation submitted by the Chair of the National Technical Group, Kev Gerard.
27. The issue was that payments before probate has been granted to a deceased beneficiary's personal representative are limited in regulations to £5,000. This limit is set out in the Administration of Estates (Small Payments) (increase of Limit) Order 1984, which has not been increased since it was made. This imposes a tight restriction on LGPS funds' ability to release payments to family without undue delays. It was noted that regulations covering Northern Ireland had increased the limit there to £20,000 (having previously increased from £5,000 to £10,000 in 2004). The Board agreed to write to HM Treasury requesting that the probate limit be raised to match Northern Ireland's and thereafter to rise in line with CPI.

ACTION – that the Secretariat writes to HM Treasury to request that the probate limit is raised.

Item 16. Investment Committee Report (Paper J)

28. Cllr Andrew Thornton (AT) introduced Paper J to the Board, reviewing the items of discussion from the last Investment Committee meeting on 11 November 2024. Included at Annex A was the revised Responsible Investment Advisory Group's (RIAG) Terms of Reference for the Board to approve. The Board noted the contents of the report and approved the amended Terms of Reference for RIAG.

Item 17. AOB and date of next meeting

29. JD informed the Board that the FRC had launched a consultation on the revised 2020 Stewardship Code which would be open until 19 February 2025. The secretariat would not have the capacity to write up a response on behalf of the Board but encouraged engagement with the consultation from individual Board members with capacity within their teams.
30. The date of the next meeting is set for 24 March 2025 at 1:30pm.
