

**Local Government Pension Scheme England and Wales
Scheme Advisory Board (SAB)**

**Local Government Pensions Team, Ministry of Housing, Communities and
Local Government (MHCLG)**

Response via email to Memberbenefitsconsultation@communities.gov.uk

6 August 2025

Scheme Advisory Board response to the Access and Fairness consultation

This response is submitted on behalf of the Local Government Pension Scheme (LGPS) Advisory Board (England and Wales) which is a body set up under Section 7 of the Public Service Pensions Act 2013 and the LGPS Regulations 110-113.

The Board's purpose is to:

- Provide advice to the Secretary of State and to administering authorities on “the desirability of changes to the scheme” and “in relation to the effective and efficient administration and management” of the LGPS
- Provide a framework to encourage best practice, increase transparency and coordinate technical and standards issues across the sector

Membership of the Board includes equal number of voting members representing employers and employees. Non-voting members and advisors also support the Board. There are around 18,000 employers participating in the Scheme and therefore on the Board and its sub-committees there are representatives of some of the larger employer groups (further/higher education institutions and academy schools). Secretariat services are provided by the Local Government Association and separate Advisory Boards have been established for the LGPS in Scotland and in Northern Ireland.

For this consultation, the Board have agreed to adopt the response from the Local Government Pensions Committee (LGPC) [submitted by Lorraine Bennett](#) on 29 July 2025. However, the Board does wish to make some additional points on the proposals in this response. The Board wishes to put on record that this consultation is very welcome in bringing the scheme up to date with various case-law developments as well as getting on the front foot with respect to initiatives which the Board has long championed such as the Gender Pensions Gap and opt out reporting.

Yours sincerely,



Cllr Roger Phillips
Chair of the Board

Scheme Advisory Board Secretariat

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Scheme Advisory Board response to the Local Government Pension Scheme (England and Wales): Access and Fairness

Please note: this response does not attempt to cover all areas of the consultation as the detailed response that has been prepared by the LGPC has been adopted by the Board when it met on 21 July 2025. This response only covers the additional points which the Board would like to add to the LGPC response.

Gender pensions gap – authorised absences under 31 days

Q14. Do you agree that the LGPS Regulations should be updated so that any unpaid leave under 31 days is pensionable, as a way to address the gender pension gap?

Based on the admittedly limited scheme-level data which the Board has seen, it accepts the view in the LGPC response that most unpaid, authorised leave are 'short' breaks of only one, two or three days. While recognising the logic of the LGPC counter-proposal to amend the threshold of unpaid leave being pensionable from 31 days to 14 days, there are different views on the Board as to whether this is appropriate. However, there is a clear shared intention for the change to have a real-world positive impact on predominately female members who take unpaid leave.

The Board also wishes to observe that women undertake the majority share of caring responsibilities, not just for children but for older adults as well, and that the Government should further consider how the work of unpaid carers should be treated in the Scheme. Under these proposals, we understand that carers leave will be included in the definition of authorised unpaid leave, which is positive but will still be less favourable than the treatment of unpaid "child-related leave", as defined in the LGPS Regulations.

Gender pensions gap – making reporting mandatory in the LGPS

Q21. Do you agree that the 2025 valuation (and associated fund annual reports) is preferable?

The Board supports the intention and ambition of the proposals for gender pensions gap (GPG) reporting in both annual and valuation reports. However, there are some concerns about the deliverability of the specific definitions and methodology proposed in the consultation within the Government's preferred timetable.

The Board has expressed these concerns to Government and welcomes the engagement and open dialogue that has been ongoing with the Government Actuary

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Department, MHCLG officials and fund actuaries. We believe that agreement should be able to be reached on what can be practically reported in the 2025 Actuarial Valuation Report and what should remain as longer-term reporting aims. Consistent with the LGPC response, we have proposed an alternative approach that allows reporting to be developed and staggered over time, in consultation with employers.

For the 2025 Actuarial Valuation, the Board proposes fund-level only reporting with some employer segmentation beneath that, in categories are already collected through the standard data extract and so that can be reported without significant extra work/cost while still keeping momentum.

Since Autumn of last year, the Board has been discussing a common approach to GPG reporting with fund officers and the four actuarial firms appointed to deliver local valuations. There is support for reporting GPG in the Actuarial Valuation report, but we do not believe that it should be included in the Rates and Adjustment (R&A) certificate. The concern is that GPG reporting doesn't fit with the regulatory purpose of the R&A certificate and may confuse the intended messages and importance of both sets of data.

The Board proposes that GPG reporting would have more impact and could be explained better if it had its own dedicated section in the Actuarial Valuation report. This would also give the GPG data the prominence for funds to reference in scheme member or employer communications. The Board Secretariat would welcome working with GAD, MHCLG and fund actuaries to arrive at an agreed, prescribed format for this reporting in 2025 reports.

The Board has concerns over the definition in the consultation document of the GPG as '*the percentage difference in the LGPS pension income built up for male and female scheme members over a typical working life*'. The inclusion of "typical working life" will itself require definition and will require the agreement of assumptions such as on future salary progression and working patterns for scheme members. That might be done based on local fund experience, which would reduce the comparability of data between employers in different funds or require scheme-level agreement on the assumptions to be used. The Board has concerns that this process would be time-consuming and runs the risk that revision of those assumptions would itself drive changes in the reported GPG and therefore not provide a clear indication of the potential benefit improvements or for example, change in employer practices.

However, we recognise the view of Government that reporting of accrued benefits may also be affected by the age composition of current workers and changing of that composition will affect the reported GPG, even if there is no change in underlying practices. We would therefore propose to consider carrying out some further work to

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explore the added value of reporting a “typical working life” projection, with a view to reporting in the 2028 valuation, or sooner (for example, in the fund annual report), if practicable.

For 2025 valuation reports, the Board proposes that accrued benefits only should be used in recognition that there is as yet no definition of a “typical working life” and it would likely take some time to create and validate one to the required standard. It is suggested that the definition should be the average and total accrued pension for active, pensioner and deferred male and female members at the valuation date (31 March) for the fund.

The Board agrees that GPG reporting by employer should be required where employers exceed a given threshold of size. However, it isn’t possible to apply a threshold of 100 employees for reporting through the 2025 valuation as administering authorities do not hold data on an employer’s total number of employees, just the number of scheme members. For example, even some large employers such as private sector contractors who have acquired LGPS members through TUPE transfers, may have no more than a handful of members in the scheme. For the full range of practical reasons set out in the LGPC response the Board suggests that this proposal is reconsidered and further thought given to the question.

The Board does however recommend that GPG reporting should be mainstreamed across all public sector pension schemes, and this would certainly help with effective reporting for those employers whose staff participate in various public sector schemes – such as schools, fire authorities and police forces.

The Board will continue engaging with administering authorities and scheme employers to develop specific proposals on statutory reporting for employers which compliment employer pay gap reporting, a now well-established requirement that we note the Government is planning to extend beyond just gender.

Opt-outs

Q26 – Do you foresee any issues with administering authorities’ ability to gather data on opt-outs?

The Board supports the intention and ambition of the proposals for administering authorities to report opt-outs but suggest that there should be a parallel duty on scheme employers to provide this data to them. This will ease concerns over GDPR compliance and the data itself should be readily available as it is similar to information held to meet Auto Enrolment responsibilities.

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The Board accepts the proposal that it should develop a new template opt out form to be prescribed in the regulations. This will need to be added to the Board's workplan and require cross-working with the LGPC technical team to produce both the form itself and the associated guidance for administering authorities and scheme employers. In addition to this form, it is expected an optional Gov Form will be developed by Government. The Board believes that the Government will need to consider how it ensures that the 'optional' part of the opt out form will be sufficiently completed to obtain a significant database of data and the practicality of maintaining an 'optional' form which will be completed separately from the opt out form.

The consultation states that the information collected on the Gov Form would not be published and would be used in its anonymised state to build an evidence base as to why people choose to opt-out of the scheme. The Board understands the need to protect sensitive information but would recommend that the Government commit to publishing anonymised data for further analysis at fund level, and potentially by employer type.

The Board also wanted to make specific mention of the view of LGPC that the Government should consider a change in the law to prevent LGPS employers from offering an incentive for eligible staff to join a pension scheme other than the LGPS. We support amendment of the Pensions Act 2008 to provide that it is unlawful to incentivise eligible members to opt out of a public service pension scheme, even if the employer is offering an alternative Auto Enrolment qualifying scheme. We understand that there may be circumstances whereby private sector employers want to rationalise the number of schemes their staff participate in and offer incentives for them to move, but there are no good policy reasons why an employer should encourage their eligible staff to leave LGPS and join another scheme.

In designing the opt out form, the Board intends to include, amongst the various reasons for opting out of the scheme, one which identifies where an inducement has been offered.

Forfeiture

Q31 – Do you agree that the government should amend regulations 91 and 93 of the 2013 Regulations to remove the requirement that the member must have left employment because of the offence in order for an LGPS employer to be able to make an application for a forfeiture certificate or to recover against a monetary obligation?

Yes. This change is a longstanding request of the Board.

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Q32 – Do you agree that the three-month time limit for an LGPS employer to make an application for a forfeiture certificate should be removed?

Yes. However, the Board does believe there is a need to address the situation where an application for forfeiture is anticipated or indeed is made but takes some time to be decided. In that period the administering authority may be put in a difficult position where they receive requests from members to access benefits.

In the absence of clear rules, members might take action with the intention of preventing forfeiture altogether, for example by requesting a transfer of their benefits out of LGPS or, if applicable, requesting a trivial commutation lump sum. Whilst trivial commutation is at the discretion of the administering authority, paying pensions and transfers are not. Members who are able to put their pension into payment, could also elect to take their maximum lump sum and leave a lower amount available for forfeiture.

The Board's view is that one potential solution which balances the interests of the member and the employer seeking a forfeiture order, is for revised interim payment arrangements to apply between an employer deciding it will make a forfeiture application and the forfeiture being decided.

Q33 – Do you agree that Regulation 92 of the 2013 Regulations should be revoked?

Yes. Existing Regulation 92 only applies in the gap between the forfeiture certificate being granted and the ultimate decision on forfeiture by the employer. As referred to in the response to previous question, we believe it would be worth exploring the case for interim payments in the circumstance where an application for forfeiture is anticipated or indeed is made but has not yet been decided.

Q34 – Do you agree that in order to give full effect to the proposed amendments equivalent modifications should apply to earlier schemes?

Yes.

Q35 – Do you agree that there should be forfeiture guidance to assist employers in making applications?

Yes, forfeiture applications are mercifully rare and so fund officers and those working for the scheme employer dealing with applications may not always have the same level experience or institutional memory as with other LGPS processes.

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The Board's welcomes that the Government proposes to work with the Board in drafting this guidance, but the timetable for this will need to be accommodated into an already very full workplan for the Board's Secretariat.

Given the forfeiture can be seen as a quasi-judicial process that applies a further penalty on top of criminal sanctions, it does need very careful handling. The Board therefore feels that this guidance needs to include on due process, the application of human rights legislation (around property rights and fair trial processes) and the extent to which it should be operated by employers which are not themselves public authorities for Human Rights Act purposes.

Guidance will also be needed on how and when those subject to a request for forfeiture can make representations through the process. The practicalities of that are not straightforward when almost by definition those subject to the process are incarcerated.

The Board also feels it is important for there to be some guidance for employers on considerations to apply in setting the amount to be forfeited in non-financial cases, e.g. in historic abuse cases, and whether there should be guidance on the beneficiary of moneys forfeited. Is there an expectation that these won't just be added to the employer's general funds but rather be used to compensate the specific victims or for the benefit of victims more generally?

Q48 – Do you have any comments about the impact the combined proposals in this document will have on administration?

The Board welcomes the proposals in this consultation, indeed, in many cases they reflect scheme changes that the Board itself has recommended. At the same time, over many years, the scheme has faced mounting administration pressures from both an increase in business-as-usual casework, increased complexity of casework and significant rectification projects such as McCloud and preparing for Dashboards.

Administering authorities are also under intense pressure to achieve compliance the Government's preferred investment and pooling model, as set out in the Fit for the Future consultation response (directly or indirectly).

Whilst the Board expresses complete support for rectifying inequality and discrimination in the regulations, it should be acknowledged to implement some of these proposals, administrators will need to review historic cases and will require updates to software systems, at a time when the scheme is facing significant challenges and workloads on fund officers. This cannot be understated. In recognition of this, we have made suggestions about the phasing in of GPG reporting in our responses above. We think that these fit with the Minister's very

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welcome level of ambition while reflecting what practically is achievable in the short term, and what will need longer to deliver.

Q50 – Do you have any comments on the proposed approach to cost?

The Board agrees that in theory there is a “governance dividend” and that well governed schemes will generally out-perform poorly governed ones. However, it doesn’t necessarily follow that all governance changes can be assumed to pay for themselves. As raised in previous correspondence, the Board would ask MHCLG for justification of why New Burdens principles should not apply to these kinds of changes.

The Board would make a distinction between changes which have an impact on the cost of benefits due under the scheme rules, which are paid for from employer and employee contributions, and those changes which are Government choices around the administration or governance of the Scheme that have a direct impact on the “operating costs” of funds. This ought to be accompanied by an assessment of cost since these will have to be met from employer contributions (which in turn are overwhelmingly drawn from Council resources as additional running cost).

The Board Chair, Cllr Phillips, has always championed making sufficient resources available for pension administration and governance (as seen in his [28 January letter](#) to Chief Financial Officers and Pension Committee Chairs) which stated:

“each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year”.

The Board intends to work with MHCLG to ensure that the LGPS Senior Officer role can ensure resources are available to meet current and future operational challenges effectively. However, there are challenges in running that service when new responsibilities continue to arise.

Q51 – Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so, please provide relevant data or evidence.

The Board agrees with the Government’s assessment in the consultation. We share the hope that the majority of these measures will have a positive impact in reducing inequality. For example, we believe that:

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- Changes to equalise benefits will help widowers who, due to historic conventional attitudes about gender roles, were not afforded the same benefits as widows
- Proper monitoring of opt out rates should enable better targeting of communications, and potentially inform future scheme design, in a way that will benefit those not currently enrolled into the scheme (which are likely to be disproportionately those on low incomes, on casual contracts and from certain ethnic backgrounds)
- Gender pensions gap reporting will hopefully lead to further action to reduce the 34.7% gap in accrued pensions by active scheme members in the Career Average Revalued Earning (CARE) scheme.

Q52 – Do you agree to be contacted regarding your response if further engagement is needed?

Yes.