

Scheme Advisory Board

7 March 2025

Torsten Bell MP
Parliamentary Under-Secretary of State (Minister for Pensions)
His Majesty's Treasury/Department for Work and Pensions

Dear Minister,

Local Government Pension Scheme Advisory Board: Recommendations

On behalf of the [Local Government Pension Scheme Advisory Board](#) (the Board), I would like to welcome you to your role as Minister for Pensions, with responsibility for the Government's flagship Pension Review.

As you are aware, the Local Government Pension Scheme (LGPS) in England and Wales is in scope of Phase One of the review. We have already established an excellent relationship with the Local Government Minister, Jim McMahon MP, and look forward to doing so with yourself. I would also welcome the opportunity to meet with you to discuss the many opportunities and challenges facing the LGPS.

The Board, which I have had the honour of chairing since 2016, was established under the Public Service Pensions Act 2013 to advise Ministers on the desirability of making changes to the Scheme. The Board also advises LGPS administering authorities on improvements to scheme investment, governance and administration. Since its creation, the Board has grown to become an essential part of the Scheme's landscape by encouraging best practice, increasing transparency and coordinating technical and standards issues and liaising with relevant sector stakeholders.

As well as working closely with officials to help deliver the Government's agenda, the Board have taken the initiative in areas such as improving governance, undertaking the first analysis of the [gender pensions gap](#) in the public sector and developed the Code of Transparency which has been groundbreaking in reporting of investment fees.

In relation to our function of making recommendations to Ministers, I would like to make three specific recommendations to you:

Firstly, on 25 July 2024, the Court of Appeal dismissed the appeal in the [Virgin Media Ltd v NTL case](#). The case confirmed that some amendments made to pension scheme rules are void unless the scheme actuary has certified that the scheme still meets the contracting-out adequacy test. We understand that the Government Actuary's Department has been asked to check whether such certificates were ever drawn up for significant variations to public sector schemes but have not been unable to find a complete set. HM Treasury has indicated it does not believe the case applies directly to public service pension schemes where changes will have been made to benefits by legislation, but this view is not universally shared by all, in particular, auditors or pensions lawyers.

The Board would urge that the Government act to bring the clarity needed for the LGPS (and wider public sector schemes) around the impact of this

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judgment. We believe that DWP can and should use its statutory powers to settle the question retrospectively, in respect of public service pension schemes at least.

Secondly, the Board would also recommend that the Government acts on the increasing problems caused about the limits on payment, set out in the Administration of Estates (Small Payments) Act 1965, that can be made to a deceased person's personal representatives ahead of probate being granted. Representatives of pensions administrators have told us that this low limit causes delays in finalising payments when a pension scheme member has died.

The current limit of £5,000 has been in place since 1984. The Board recommends increasing this limit to allow more small payments to be made without the need for grant of probate or other proof of title. We understand that the limit has been raised to £20,000 in Northern Ireland. **The Board recommends that the Government increase the limit that applies in the rest of the UK to the same level, and to review and increase the limit regularly in line with inflation.**

Thirdly, the Board would like to encourage you to **urgently set out a timetable for Phase Two of the Pensions Review** which was to focus on pensions adequacy. The LGPS is itself an excellent pension scheme and it clearly offers much better benefits than the minimum Automatic Enrolment compliant standards prevalent in much of the UK economy. However, the Board believes that given demographic and other shifts (evidenced in reports such as the Resolution Foundation's [Precautionary Tales](#)) it is imperative that pension provision in the private sector is reformed to provide an adequate standard of living in retirement for all.

The LGPS plays a vital part of recruiting and retaining good staff in local public services and the Board believes that Phase Two of the review is relevant to those employees paying into LGPS who are on low salaries, often working part-time and frequently come into local government after working in other sectors. The average age of an LGPS member is 46, but she will only have 8 years of LGPS service. 74 per cent of our membership is female and the average salary is below £20,000 a year (hence the average pension, GAD calculate, is just £5,016).

The Board is acutely aware of the need to address low levels of pension saving across all sectors, especially amongst women, the low paid and some ethnic minority groups. These groups are all well represented amongst LGPS's 6.7m members. This is a long-standing concern of the Board and we therefore [also wrote to Ministers in the last government](#) suggesting that the Government take a consistent and active approach to the gender pensions gap across public service pension schemes.

I look forward to engaging with you on these important issues.

Yours sincerely,



Cllr Roger Phillips
Chair, Local Government Pension Scheme Advisory Board