

**Scheme Advisory Board (SAB) meeting**  
**23 March 2026, 1.30pm to 3.30pm**  
**Beecham Room, 18 Smith Square, London**  
**and Microsoft Teams**



## **Paper I: Cost Management, Benefit Design and Administration Committee (CMBDA) update**

### **Key points to note**

The committee discussed a broad range of issues of direct relevance to scheme members and employers. They focussed on the welcome recent consultations on benefit changes (Access and Fairness, Access and Protection) as well as taking stock of how the 2025 local fund valuations were progressing. The committee also noted ongoing, innovative work being done by the Board in the field of pensions equality.

### **Recommendation**

That the Board notes this update.

### **Summary**

This paper summarises the work undertaken by the CMBDA since the last Board meeting on 24 November 2025. A revised workplan for the Committee is at Annex A.

### **Local Government Pension Committee (LGPC) update**

The committee received a [paper from LGPC](#) which noted that MHCLG will introduce the benefit changes proposed in the Access and Fairness consultation from 1 April 2026. These are:

- Updates to death grants (including removing the age 75 upper limit)
- Equalisation of survivor benefits
- Changes to the rules on buying back lost pension (including making pensionable all authorised unpaid absences of 14 days or less)
- Making all adoption, maternity and shared parental leave will be pensionable whether it is paid or unpaid
- Abolition of the life-time allowance

In response to the Access and Protections consultation MHCLG have also confirmed that that they will extend membership of the LGPS to councillors and mayors in England. We understand they will be able to opt into the scheme from the effective date of 11 May 2026, the first Monday after the local elections.

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LGPC will publish a special bulletin setting out detailed information about the changes, including any transitional arrangements and the implications of backdating some of the regulation changes as soon as possible after the amending regulations are published. We also expect MHCLG to issue statutory guidance and new actuarial guidance in response to the changes.

The committee also received an update on the development of the Pensions Dashboard project, which continues to make good progress.

### **Progress with 2025 local fund valuations**

The committee heard from each of the four actuarial firms, fund and employer representatives on this item. There was common ground that the new Funding Strategy Statement guidance had achieved its aim of promoting more engagement between funds and employers through the valuation process. However, practice across funds still varied and the raised expectations of some employers had not been fully met. It was noted that a combination of ongoing restrictions in public spending and the high notional funding level of LGPS funds had led to increased, and to an extent unrealistic, expectations around cuts (or even holidays) in contribution rates.

It was noted that in setting contribution rates, funds had to have regard to the long-term interests of the fund its contributing employers. It was also agreed that it would be helpful if the LGPS Regulations 2013 could be made clearer that the IDR process is available to employers unhappy with the outcome of the valuation process. This would enable there to be further consideration of decisions without the need of the expense and uncertainty of going to the courts for a review.

The Government Actuary's Department said that they would be reviewing the consistency of approach between funds as part of their s13 review of local fund valuations. Their review would also take into account the need to secure the solvency and long-term cost effectiveness of the funds. While the aim was to complete this process quicker than in previous rounds, it would need some time to be done properly.

### **MHCLG review of Regulation 64A**

The committee welcomed confirmation from MHCLG officials that it would initiate in the coming months a consultation on changes to the LGPS regulation which covers reviews of employer contribution rates between valuation cycles. This is something that was promised in a [letter last year](#) from Michelle Warbis, a Senior Civil Servant at MHCLG.

## Gender Pensions Gap

This committee welcomed the benefit changes arising from the Access and Fairness consultation, which were directly attributable to the Board's work on exploring the Gender Pensions Gap (GPG).

The secretariat also updated the Committee on progress with a joint GPG research project with Pensions for Purpose and Westminster Pension Fund. This was being co-funded between the Board and Westminster Council and had the following objectives:

- Quantify the scale of gender, ethnicity and disability gaps within an LGPS fund, both for active members and pensioners, and analyse how it has evolved over the years.
- Understand the intersectionality between gender, disability and ethnicity in influencing pension outcomes.
- Investigate the reasons for the gap.
- Understand members' attitudes to pension saving, with a gender and ethnic breakdown.
- Identify practical actions and best practices to close the gaps and explore obstacles for members and employers.
- Raise awareness and improve communication, engagement, recruitment, and membership retention across the LGPS

The GPG working group had also agreed to create an LGPS-specific version of the "Mind the Gap" employer guide and the secretariat is working with the Pension Equity Group (PEG). It was hoped to create an updated version in April 2026.

## Survey of employer exits

The committee [received detailed results](#) from its survey of funds' experience and practice around employer exits. It found concerning evidence that while the majority of exits were for proper purposes (eg re-tenders of contracts) there were some employers who were generating exits in order to attempt to generate exit credits at the scheme members' expense. The committee agreed the following actions should be proposed to the Board to address this, namely:

- Putting in place regular data gathering so that it is possible to analyse exit trends over time (either through the fund annual report or the government's SF3 return)
- Consultation with actuarial and legal experts on extra guidance and clarification of the regulations around calculating exit payments/credits
- Making the case for further government action to ban the practice of employers incentivising staff to opt-out of LGPS with the aim of generating an exit credit

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## Annex A – Committee Workplan

Workstream	Details	Action for next Committee	Timescales
Opt out data	Work with MHCLG to devise a system to enable collection and analysis of opt out data	Detail of content and timing of actions to be agreed with MHCLG. We hope that this will be clearer by the July meeting	Government have said that they will require opt-out reporting to start from 2026-27, with reporting to be included in that year's annual reports (so by December 2027)
Ending the practice of employers engineering or incentivising exits	Work with MHCLG to develop scheme changes that will ban or end incentives for employers to artificially generate exits from the scheme with the aim of generating an exit credit	Detail of proposal to be discussed with MHCLG, sharing the data from the recent employer exit survey	Take firm proposals to July Board meeting with an aim for a consultation on changes before the end of the year (December 2026)
MHCLG consultations on member benefits	The committee contributed to the development of the initial proposals and the Board's <a href="#">responses</a> :  Going forward the committee will continue to work with MHCLG to support implementation and help produce any resulting guidance as appropriate	Staging and timings under discussion with MHCLG officials	<a href="#">Government response to Access and Fairness</a> has now been issued. Partial response to Access and Protections ( <a href="#">in relation to mayors and councillors</a> ) also issued.
Review of local fund valuations	Secretariat have liaised with Barnett Waddingham on production of scheme-wide valuation report (as in previous rounds)  GAD will undertake s13 report and make recommendations	We hope to have an indication of initial findings from scheme-wide review for the next meeting  See separate paper on timetable for the review of FSS	July/August for publication of scheme-wide report  GAD have expressed ambition to conclude s13 review quicker this time around

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<b>Workstream</b>	<b>Details</b>	<b>Action for next Committee</b>	<b>Timescales</b>
	Secretariat to separately review FSS to assess effectiveness of new guidance and consistency around exit credit policies	guidance	(review of 2022 round was published August 2024)
HMT Cost Control Mechanism and SAB Scheme Cost Assessment	Process for the 2024 CCM has started with data gathering and analysis	Dependent on GAD timing but we expect an update and advice on assumption setting for these processes by the time of the next meeting	Ongoing