

**Cost Management, Benefit Design and  
Administration (CMBDA) Committee**

**9 March 2026 11.00am**

**Room 6.5, 18 Smith Square, London and  
Microsoft Teams**



**AGENDA**

<b>Item</b>		<b>Paper</b>	<b>Timings</b>
1	Welcome, apologies, introductions and declarations of interest	<b>Verbal</b>	11.00
2	Actions and agreements from meeting of 3 November 2025	<b>Paper A</b>	11.05
3	Local government pension committee (LGPC) update	<b>Paper B</b>	11.10
4	Pensions Administration Strategy	<b>Verbal</b>	11.20
5	Access and Protections	<b>Verbal</b>	11.35
6	2025 Actuarial Valuation	<b>Verbal</b>	11.50
7	Revision of rates and adjustment certificates	<b>Verbal</b>	12.00
8	Funding Strategy Statement - research project	<b>Paper C</b>	12.10
9	Employer exits survey	<b>Paper D</b>	12.25
10	Gender pensions gap update	<b>Paper E</b>	12.35
11	Workplan	<b>Paper F</b>	12.45
12	Any other business	<b>Verbal</b>	12.50
13	Date of next meeting	<b>Verbal</b>	12.55

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## **Paper A: Actions and agreements of meeting held on 3 November 2025**

### **Present**

George Georgiou	Employee representative (GMB), Chair
Kev Gerard	Practitioner – Dyfed Pension Fund
Simon Taylor	Practitioner – West Midlands Pension Fund
Emma Mayall	Practitioner – Greater Manchester Pension Fund
Matthew Trebilcock	Practitioner – Gloucestershire Pension Fund
Paul Guillotti	Practitioner – Richmond and Wandsworth Pension Fund
Glyn Jenkins	Member representative (UNISON)
John Neal	Member representative (Unite)
Richard Lane	Academies representative
Richard Paul	Higher Education representative
Becky Durrant	Actuaries representative – Aon
Robert Bilton	Actuaries representative – Hymans Robertson
Melanie Durrant	Actuaries representative – Barnett Waddingham
Michelle Doman	Actuaries representative – Mercer
Matt Gurden	Government Actuary's Department (GAD)
Martin Smith	GAD
Will King	Ministry for Housing, Communities and Local Government (MHCLG)

### **Secretariat**

Clair Alcock	Local Government Association (LGA) – Board Secretary
Lorraine Bennett	LGA – Principal Pensions Adviser
Jeremy Hughes	LGA – Senior Pensions Secretary
Ona Ehimuan	LGA – Pensions Secretary
Becky Clough	LGA – Board Support and Policy Officer
Sophia Chivandire	LGA – Pensions Policy and Support Officer
Sarah Tingey	LGA – Research and Data Analyst

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## **1. WELCOME, APOLOGIES, INTRODUCTIONS**

The Chair welcomed all in attendance to the meeting; there were no apologies.

## **2. DECLARATIONS OF INTEREST**

There were no conflicts of interest declared.

## **3. ACTIONS AND AGREEMENTS FROM PREVIOUS MEETING**

A typographical error was noted in paragraph 28 of the minutes, where Steve Simkins was referred to as “SA” rather than “SS”. The Secretariat agreed to correct that. The minutes of the meeting on 30 June 2025 were then agreed as a fair and true record of the meeting.

## **4. MHCLG UPDATE**

Will King (WK) informed the committee that Alison McGovern MP was appointed as the new Local Government Minister on 6 September 2025. The [Access and Protections consultation](#) was now live and would be closing on 22 December 2025. The response to the Access and Fairness consultation is expected to be published before the end of the calendar year. It was also hoped to publish the draft legislation needed to support the Fit for the Future changes in November or December of this year. It is hoped that the Pensions Scheme Bill will become an Act early in 2026.

## **5. RESPONSE TO “SCHEME IMPROVEMENTS (ACCESS AND PROTECTIONS)” CONSULTATION**

The committee provided the secretariat with the following feedback on the approach to consultation set out in paper B:

### **Normal minimum pension age**

- The Committee agreed that it was right to include protected pension ages for scheme members in relation to the redundancy benefits contained in the Regulations 30(7) of the 2013 Regulations
- WK clarified that the Government’s intention going forward was that the regulations would include a reference to the statutory definition of Normal Minimum Pension Age and not include reference to a specific age

### **Access for councillors and mayors**

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- There was general support for this proposal, including that there should be no retrospective application of it

### **Academies**

- There was agreement that employers should not be allowed to move just to get the lowest contribution rate on offer
- However, it was recognised that multi-academy trusts dealing with multiple funds would benefit from simplification of processes
- Fund representatives emphasised the risk and costs of transfer. They also noted the implication that transfers could have on cash-flow if they happened at scale
- The committee felt that the impact on member experience should be explicitly recognised as a consideration for any applications

### **New fair deal**

- There was general support for this proposal, but caution was expressed on the complexity of implementation and how employer responsibilities would be split between the deemed and fair deal employer.
- It was agreed that a paper be taken to the board when it next meets on 24 November 2025 with an outline of considerations for the board response to the consultation.

**ACTION – that the secretariat submits a paper to the next Board meeting with an outline of considerations for the Board response to the consultation**

## **6. EMPLOYER INCENTIVES TO LEAVE PUBLIC SECTOR SCHEMES**

The committee received a verbal update on the background to the issue of employer incentives to leave public sector schemes. In the Board's response to the Access and Fairness consultation it proposed amending the Pensions Act 2008 to make it unlawful for employers to incentivize eligible staff to leave the LGPS for another pension scheme, even if the alternative meets Auto-Enrolment requirements should be considered.

The Board stated that it did not feel it is appropriate for employers to offer their employees incentives to opt out of the LGPS and could lead to people being

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additionally reliant on the state in later life due to pension inadequacy. It was also noted that due to current high-funding levels, employers who were able to engineer an exit from LGPS by putting all their eligible staff into a different scheme could receive significant exit credit payments out of the scheme as a reward for doing so.

Feedback on this from MHCLG officials was that a change to the Pensions Act was unlikely to be achievable, although they were open to considering LGPS-specific approaches to tackling this issue. The committee agreed that an LGPS specific solution be explored, and Richard Lane (RL) suggested that this work may also be of interest in relation to the Teacher's Pension Scheme.

**ACTION - that an LGPS specific solution to employer incentives to leave the scheme is explored.**

## **7. LOCAL GOVERNMENT PENSION COMMITTEE (LGPC) UPDATE**

Lorraine Bennett (LB) introduced paper C to the committee which gave an overview an update of key LGPC workstreams including the continued implementation of the McCloud remedy and webinars delivered by Affinity Connect, Pensions Dashboards and the inheritance tax consultation response.

## **8. NEW ADMINISTRATION STRATEGY**

Becky Clough (BC) introduced the item to the committee. WK confirmed that the draft 2026 Local Government Pension Scheme regulations will have amendments to regulation 59 which will require funds to create an administration strategy. New administration strategy guidance would be produced, which would need input from the Compliance and Reporting (CRC) committee and the CMBDA committee, but the project to produce guidance would be led by LB's team. It was agreed that a paper be brought to the next meeting on 9 March 2026 outlining plans to deliver this.

**ACTION – that LB brings a paper on the new administration strategy guidance to the next committee meeting on 9 March 2026**

## **9. LOCAL FUND VALUATIONS 2025**

JH introduced paper D to the committee which laid out emerging considerations arising from the ongoing 2025 fund valuation cycle, expected to be completed in 2026. It is expected that the funding position for the majority will be improved from the 2022 valuations, and in some cases substantially. While this was welcomed,

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there were some concerns about how real these surpluses were and whether they were being exaggerated by anomalous economic factors (such as gilt-rates).

Whether 'contribution rate holidays' were a good idea was discussed, and some recalled the difficult positions that some funds had found themselves in the 1990s (which was the last time that contribution rate holidays were offered).

The Committee noted that this is the first valuation exercise since the publication of the updated Funding Strategy Statement (FSS) guidance and the committee confirmed that this had been helpful. The secretariat said that the Board will be undertaking a review of funding strategy statements and usefulness of the new FSS guidance once the FSS's had all been published.

Barnett Waddingham had kindly agreed to produce the usual scheme-level valuation report for the Board based on each of the fund valuation reports. This should be available in summer 2026.

## **10. SCHEME COST CONTROL MECHANISMS**

Matt Gurden (MG) updated the committee on the plans for the forthcoming cost management processes, which will both be based on scheme data as at 31 March 2024. The Treasury initiated process and the Board process are designed to run in parallel with each other, although any recommendations affecting scheme costs arising from the SAB process would be taken into account in the Treasury process. High level timelines for both of these processes will be put to the Board next year along with recommendations for the high-level assumptions for the Board process.

## **11. UPDATE FROM GENDER PENSIONS GAP WORKING GROUP**

BC introduced paper E to the committee. The Gender Pensions Gap working group last met on 1 July 2025 and would meet again 21 November 2025.

A proposal for further research on the pensions gap is being put together to conduct an intersectional analysis on the pensions gender, disability and ethnicity gaps. Westminster Pension Fund has indicated an interest in taking part in this research and £10,000 has been allocated to partially fund this within the provisional 2026/27 Board Budget.

The secretariat has also been liaising with the Pension Equity Group on how their "Mind the Gap – Reducing the gender pensions gap" best practice guide could be updated to be more relevant for public sector pension schemes. Annex A contained

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the working group's action log and the group will now be moving on the longer-term actions contained in the log.

**ACTION - that the secretariat continues work on the longer-term actions contained in the GPG action log**

## **9. COMMITTEE WORKPLAN**

Ona Ehimuan (OE) introduced paper F to the committee which gave an overview of the key workstreams expected for 2026. The workplan would remain agile to respond to priorities as they arise. With the addition of an item to reflect the work on preventing employers offering incentives to leave LGPS, it was agreed to submit the 2026 workplan to the Board for approval.

**ACTION – that the secretariat submit the CMBDA workplan for 2026 to the Board**

## **ITEM 13 – AOB AND DATE OF NEXT MEETING**

There were two items of other business. JH informed the committee that The Pensions Regulator (TPR) had launched an enforcement strategy consultation closing on 7 November 2025. The scheme is generally regarded as well administered by TPR, but the committee were encouraged to express their views to feed into this consultation.

Simon Taylor (ST) asked if there have been any updates to the Virgin 37 case and a response to the letter the Board wrote to the Minister. It was said that the Department for Work and Pensions (DWP) made an announcement on the case in June 2025, but no further updates provided.

The date of the next meeting was confirmed as 9 March 2026 at 11am.

## **Paper B: LGPC update**

### **Key points to note**

- significant member benefit changes will take effect from April 2026
- councillors and mayors in England will be eligible to join the LGPS from 11 May 2026
- work on pensions dashboards continues.

### **Recommendation**

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

### **Background**

The Local Government Pension Committee (LGPC) is a committee of councillors constituted by the LGA. It represents local authority interests in dealing with Government and others on local government pension issues. Its work is carried out by the LGPC secretariat at the LGA.

The LGPC also provides an advisory and training service to LGPS administering authorities across the UK. The service is funded by a subscription on LGPS authorities and training income.

### **Member benefit changes – Access and Fairness**

MHCLG has responded to the Access and Fairness consultation. It has confirmed it will introduce the changes proposed in the consultation in two stages. The first phase of changes will come into force on 1 April 2026. These are:

#### **Death grants and survivor benefits**

- equalisation of survivor benefits
- removal of the upper age limit of 75 to qualify for a death grant
- removal of the requirement to pay a death grant to personal representatives if the administering authority has not paid it using their discretion within the 'two year period'.
- removal of the requirement to have nominated a cohabiting partner for deaths between 1 April 2008 and 31 March 2014

## **Gender pension gap – buying back lost pension**

- introduction of Qualifying Additional Pension Arrangements (QAPAs) which align the cost of buying back pension 'lost' during a period of authorised unpaid absence of more than 14 days with the member and employer's normal contribution rates
- the time limit to apply for a QAPA will be one year after returning to work. This is an increase from the current limit of 30 days, but will only be possible while the member is an active member in the same employment
- the pension bought through a QAPA will mirror normal pension built up: it will count towards the calculation of survivor pensions, and will not be reduced if the member retires on redundancy or efficiency grounds
- these new rules will only apply to a continuous period of authorised unpaid absence that started **after** 31 March 2026

## **Gender pensions gap – absences of less than 15 days**

- compulsory pension contributions during authorised unpaid absences of 14 days or less, with contributions based on 'lost' pay and the member and employer's normal contribution rates. This applies to authorised absences that start after 31 March 2026.

## **Gender pensions gap – child related leave**

- all adoption, maternity and shared parental leave will be pensionable whether is paid or unpaid. The employer will be required to pay contributions on the 'assumed pensionable pay' the member would have received had they been at work. The member will pay contributions on any pay they receive.
- currently members have the option of buying back lost pension in respect of any unpaid additional maternity and adoption leave or unpaid shared parental leave if they return to work.
- the new rules will apply if the unpaid period starts after 31 March 2026.

## **Abolition of the lifetime allowance**

- introducing the long-term approach to the maximum pension commencement excess lump sum (PCELS). A PCELS is paid when a member has used up all of the lump sum allowance set by HMRC. The new maximum will be 25%

of the capital value of the benefits being crystallised, subject to the contracting-out limits.

- the new PCELS limit will apply to all PCELS paid after 31 March 2026.

### **Other changes**

- various changes related to the McCloud remedy
- allowing a small pot payment to be paid to members who left before 1 April 2008.

### **Next steps**

We expect the Government to lay the statutory instrument that will amend the LGPS regulations in early March.

The Government plans to implement the remaining proposals from the Access and Fairness consultation later in 2026. This includes removing the requirement to pay refunds automatically at the end of five years, the collection and publication of opt out data and forfeiture changes.

### **LGPC support**

We 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 SI is published. We also expect MHCLG to issue statutory guidance and new actuarial guidance in response to the changes. We will also update the national member website and template member communications.

### **Councillors and Mayors**

MHCLG confirmed in its partial response to the Access and Protections consultation that it will proceed with plans to extend the LGPS to councillors and mayors in England. This change will give access to the LGPS to:

- all mayors and deputy mayors in England
- all councillors at principal authorities in England, and
- all London Assembly members.

We understand the effective date will be 11 May 2026, the first Monday after the local elections.

Elected members who wish to join will be required to opt in to the Scheme under

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regulation 3(6) of the LGPS Regulations 2013.

We are continuing to work with MHCLG to consider and resolve any technical queries on the regulations. In addition, we are preparing a special bulletin, planned for April, that will set out the key differences between elected and non-elected member participation in the LGPS and outline the actions administering authorities will need to take. We will also update the member website and produce a brief guide for councillors and mayors in England.

The Government confirmed it will provide a response on the other policy areas covered in the Access and Protections consultation later this year. These are New Fair Deal, increases to the normal minimum pension age (NMPA) and the consolidation of academies in the LGPS.

## **Pensions Dashboards**

### **Aligning illustration dates for LGPS benefits**

There has been ongoing discussion in the pensions industry about aligning illustration dates for members who hold both defined benefits (DB) and defined contributions (DC) within the same pension scheme. In the LGPS, this specifically impacts members with Additional Voluntary Contributions (AVCs).

The Department for Work and Pensions (DWP) has now confirmed its policy intent: illustration dates should align at a **benefit level**. DWP is currently considering whether this requires amendments to the Pensions Dashboards Regulations 2022.

### **PDP consulting on industry involvement to deliver private sector dashboards**

The Pensions Dashboards Programme (PDP) is consulting on how to work with industry to deliver Private Sector Dashboards (PSDs). The aim of these dashboards is to operate alongside the MoneyHelper dashboard, giving savers more choice and flexibility in accessing their pension information.

PDP will set up a working group made up of members who are actively planning to operate a dashboard. A separate group is planned for strategic input and information sharing.

### **PDP opens consultation on updated reporting standards**

The PDP has released an updated draft of its reporting standards (version 2.1). This update sets out the technical requirements pension providers and schemes will need to follow when sending daily reporting data to the Money and Pensions Service

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(MaPS) through application programming interfaces (APIs).

While the update changes how the data is reported to MaPS, it does not change what data must be generated, recorded or reported. The PDP is proposing an implementation deadline of 30 November 2026.

The PDP has now opened a consultation on the changes and is inviting views from pension providers, schemes and other interested stakeholders. The consultation closes on 25 March 2026.

You can [view both the consultation and the updated draft reporting standards](#) on the PDP website.

## **Paper C: Funding Strategy Statement – Research Project**

### **Key points to note**

At the June 30 CMBDA meeting, the new Funding Strategy Statement guidance was discussed alongside a [letter from the Association of Consulting Actuaries](#) concerning the different approaches being adopted to employer exits. It was agreed by the committee that the secretariat would review the content of a sample of FSS's produced by funds under the new guidance and provide an analysis of this back to the committee. This paper provides a proposal for this research project.

### **Recommendation**

That the committee notes and agrees to the proposed FSS research project.

### **Background**

Updated guidance on the preparation and maintenance of Funding Strategy Statements (FSS) was published in January 2025. The publication was jointly reviewed and approved by the Board's Compliance and Reporting Committee, the Chartered Institute of Public Finance and Accountancy (CIPFA), and the Ministry of Housing, Communities and Local Government. It supersedes CIPFA's 2016 guidance.

The FSS is a key governance and funding document required under the LGPS Regulations. It sets out how each fund intends to meet its long-term liabilities, employer contribution strategies and risk management framework. The LGPS is currently facing new challenges as well as uncertain market conditions; novel challenges include increasing funding surpluses and the extent of employer movement (including exits, mergers and organisational changes).

A review is therefore timely to:

- Support consistency and transparency across LGPS funds
- Identify if any updates or explanatory notes are needed in existing guidance

- Promote best practice across the LGPS and inform future guidance or training materials.

## **FSS Project Proposal**

### **Overview**

This project proposes that the Scheme Advisory Board (SAB) conduct a structured review of Local Government Pension Scheme (LGPS) pension funds' Funding Strategy Statements (FSS). The review will assess the degree to which individual funds comply with the [Guidance for Preparing and Maintaining a Funding Strategy Statement](#) and will examine how funds articulate their approaches to managing surpluses, dealing with employer exits, and calculating exit payments or credits.

A sample of 12–15 LGPS funds will be selected for review. Selection will be random but subject to constraints ensuring balanced representation across geographical regions, fund sizes and actuarial firms. This will enable the SAB to form a robust view of FSS consistency across the system, identify areas of good practice and highlight any systemic issues or ambiguity in FSS content.

This project will be led by the SAB secretariat.

### **Aims**

This review aims to explore three main areas:

#### **Compliance with Guidance**

Assess whether each FSS aligns with the Guidance for Preparing and Maintaining a Funding Strategy Statement, including clarity, completeness, and structure.

- **Exit Policies and Methodology**

Evaluate how clearly funds describe:

- The statement of principles to be followed in relation to process and the calculations involved with employer exits.
- The justification and principles which would contribute to decisions around exits
- The whole decision-making process on exits.

- **Treatment of Surpluses**

Understand how FSS documents articulate funding surplus thresholds, the

use of surpluses in setting employer contributions, and how they fit this with their overall risk management approach.

## **Methodology**

The review will begin with a full analysis of the most recently published Funding Strategy Statement for each selected fund. A sample of 12–15 funds will be identified using random selection, with constraints ensuring that at least two funds are selected from each geographical region, two from each of the four main actuarial firms, and representation from small, medium, and large funds.

A standardised review template will be developed to ensure consistency of approach across all assessments. Each FSS will then be reviewed independently using this template, with compliance assessed against the Funding Strategy Statement Guidance checklist (Annex C), classifying content as compliant, partially compliant, or unclear. Following individual reviews, the findings will be summarised thematically across the full sample, allowing patterns, inconsistencies, or areas of good clarity to be identified.

## **Proposed Timeline**

Project scoping	February – March 2026
FSS review and analysis	April – June 2026
Report drafting	June – July 2026
Presentation of findings	July committee meeting

## **Paper D: Employer Exits Survey**

### **Key points to note**

The Scheme Advisory Board (SAB) conducted a survey to better understand the scale and drivers of employer exits from the Local Government Pension Scheme (LGPS) amid concerns that high funding levels and exit credit regulations may be influencing employer behaviour. The aim was to gather evidence on the volume of exits, the reasons behind them and how funds are applying the exit credit framework.

A total of 31 funds responded (36 per cent response rate), reporting 324 employer exits in the past year—mostly from admission bodies. Around a quarter resulted in exit credits, with payment values varying widely. While most funds saw stable exit levels, several medium and large funds reported increases, and almost one quarter were aware of employers offering incentives for staff to leave the scheme ahead of an exit.

Comments from funds highlighted three key themes: growing complexity and volume of exits, inconsistent approaches to exit credit and deficit determinations, and concerns about member protection where employers restructure or use subsidiaries to avoid LGPS participation. Respondents called for clearer guidance, more consistent national practice and stronger safeguards for affected members.

### **Recommendation**

That the committee notes the employer exits survey report.

### **Employer Exit Survey Report**

#### **Introduction**

The SAB has undertaken this survey to develop a clearer understanding of the scale and drivers of employer exits from the LGPS. Recent discussions, supported by anecdotal evidence from Board members and employer representatives, suggest that current high funding levels may be creating a financial incentive for some employers to leave the scheme. In addition, the introduction of exit credit regulations has created new considerations for administering authorities when managing

employer departures.

To inform these discussions with evidence rather than assumption, the Board commissioned a high-level survey to capture headline information on employer exits across the LGPS. The survey aimed to establish the volume of exits taking place, identify the main reasons behind those exits, and gather early insight into how administering authorities are interpreting and applying the regulations relating to exit credits.

This paper presents the findings of that survey, summarises the emerging themes, and highlights areas where further work or clarification may be beneficial to the Board's ongoing policy considerations.

## Method

This survey was sent to all pension fund managers using the Pension Team's contact list. The survey was open for responses from 30<sup>th</sup> January to 2<sup>nd</sup> March 2026. A total of 31 pension funds responded to this survey – a response rate of 36 per cent.

Fund size*	Number of respondents
Large	16
Medium	10
Small	5

\* Small fund – less than £2.5bn assets, medium fund - between £2.5bn--£5bn assets, large fund - above £5bn assets

## Findings

### Exits

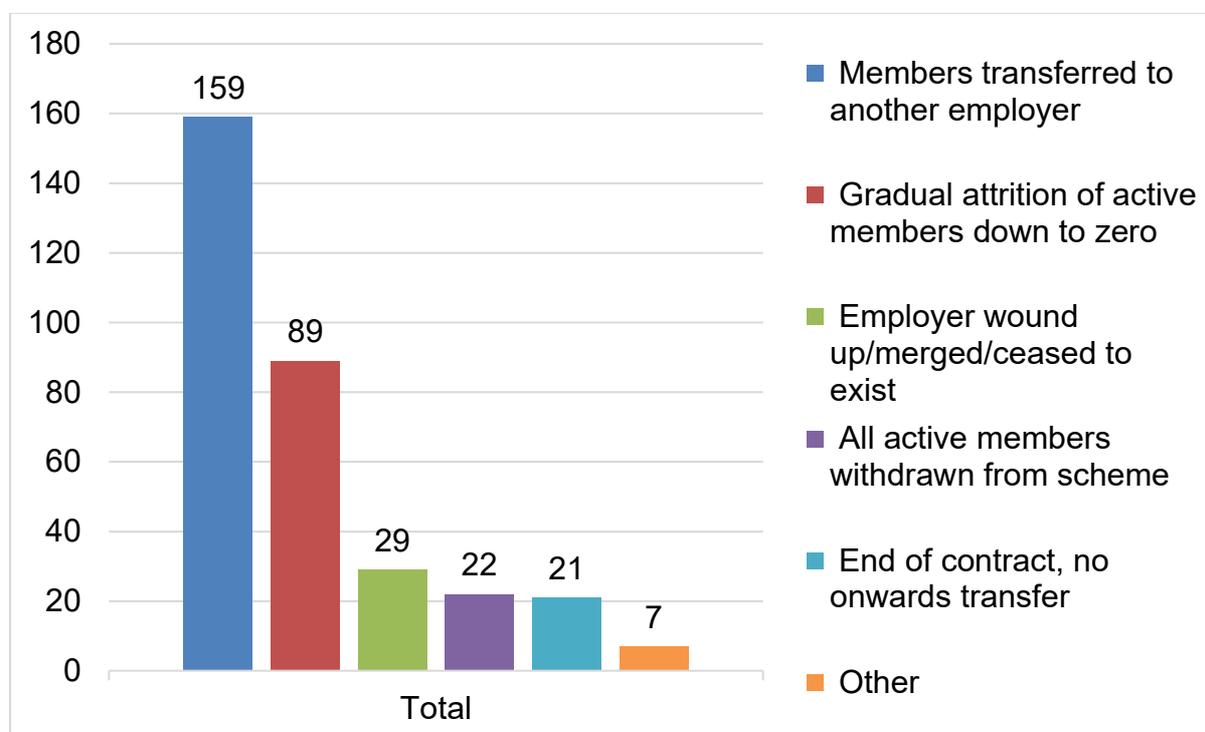
Across the 31 responding funds, a total of 324 employer exits were reported over the previous 12 months. The number of individual exits varied widely by fund, ranging from three to 46, with an average of 10 per fund. Larger funds reported noticeably higher volumes of exits with an average of 17 compared with four for medium and small funds.

Fund size	Number of employers exited from the fund in the last 12 months (average).
Large (assets over 5bn.)	17
Medium (assets between 2.5-5bn)	4
Small (assets under 2.5bn)	4

When broken down by employer type, the majority of exits came from admission bodies, particularly contractors (260 exits). Only 20 exits came from scheduled bodies and 14 from designated bodies.

Scheduled bodies	Admission bodies (e.g. contractors)	Admission bodies (e.g. community admission)	Designated bodies
20	260	33	14

Respondents were asked on what basis these employers exited, the results of which are shown in the graph below.



Those who answered 'other' said that employees transferred back in house, that

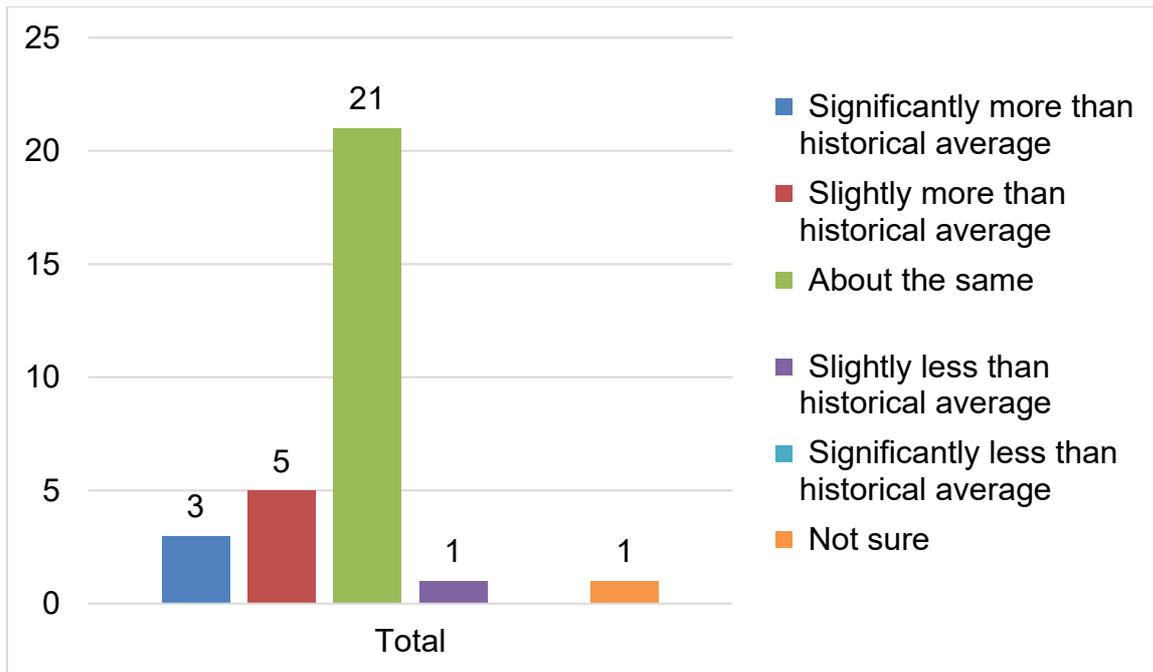
admission bodies put in place new service contracts with new admission agreements, staff moved to a subsidiary that was not covered by fair deal and that the employer chose to exit and move staff to an alternative scheme.

A total of 74 exits resulted in an exit credit and 15 in an exit deficit, although six funds were unable to provide complete data due to ongoing actuarial calculations. Larger funds reported the highest number of cases in both categories. Respondents noted that 24 of these payments were due to the guarantor, rather than the employer.

Fund Size	Number of exits resulting in exit payment credits	Number of exits resulting in exit payment deficit
L	45	10
M	18	4
S	11	1

Total exit payments ranged dramatically in value – from £1500 to over £22 million – highlighting the significant financial exposure that exits can create for both funds and employers. The use of risk-management tools provided for in the LGPS Regulations was relatively limited, with suspension notices issued in 19 cases, spreading agreements in nine, and deferred debt agreements in only two.

Around a quarter of respondents (eight funds) reported a noticeable increase in exits compared with their historical averages, all of which were large or medium funds. The majority (21 funds) observed no significant change, although several commented that employers were actively exploring potential exits or partial exits. Only one fund (a small-sized fund) reported that they have noticed fewer exits than their historical average.



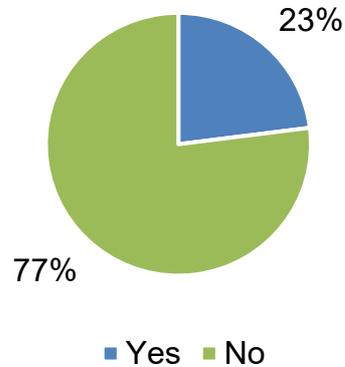
## Policy

Almost all funds have published a policy on exit payments and exit credits, with only two exceptions – one small fund and one medium fund. In addition to this, most funds communicate any policy changes through their Funding Strategy Statement consultation process (87 per cent). 10 per cent of funds said they used a targeted approach focussing on relevant employers who are planning to exit, and 6 per cent (2 pension funds) said they used no consultation when making changes to their policy.

Policies are generally reviewed on a cyclical basis. 77 per cent of the pension funds who responded said they plan to review their termination policy and/or assumptions every valuation cycle, 13 per cent said they plan to do this annually, and 10 per cent said they have no planned fixed interval and instead this will be driven by change in demographic, economic or regulatory developments.

Almost one quarter of funds said that they were aware of employers within their fund offering incentives for active members to withdraw from the LGPS, suggesting a shift in behavioural responses to high funding levels or potential exit credits.

Are you aware of any employers in your fund offering incentives for active scheme members to withdraw from the LGPS?



Respondents were also asked whether the Ministry of Housing, Communities and Local Government (MHCLG) should explicitly allow administering authorities to take account of an employer’s reason for exit in Regulation 64 (2ZC) (d) of the 2013 Regulations. A majority (18 funds) supported this change, reflecting that the current wording “any other relevant factors” is too broad and leaves funds exposed to inconsistent interpretation or challenge. Six funds opposed the idea and seven reported that they were unsure.

Yes	No	Don’t know
18	6	7

Finally, respondents were given a free text box to add comments about the survey and exits in general. This commentary has drawn out the below three key themes;

Employer exits are increasing significantly across the LGPS, driven largely by structural change, financial pressure and opportunities created by improving funding levels.

Several funds note that “the number of terminations... has increased hugely over the last five years,” citing school closures, academisation and outsourcing cycles as key contributors.

Financially stressed contractors are also exiting at higher rates, with one fund reporting that “we have had 4 contractors go into liquidation in the past 2 years.” In some cases, employers are withdrawing staff from the LGPS or restructuring to reduce costs, motivated in part by the possibility of receiving a surplus, as illustrated

by a fund noting that employers are “looking to close to certain new staff and have a partial cessation to cap the current surplus.”

A second strong theme concerns the complexity, inconsistency, and administrative burden associated with exit credit and deficit determinations. Funds frequently refer to a “postcode lottery” in approaches across administering authorities, where “in two identical situations one fund would pay out an exit credit and another fund would charge a deficit.”

Several respondents emphasise that exit credit investigations have become “a resource heavy area of work,” especially with high funding levels increasing the frequency of surplus exits. Many call for clearer national guidance, with one stating that clarification is needed because Regulation 64(2ZC)(d) – “any other relevant factors” – is “very broad.” Others request standardised templates or a consistent framework so that determinations are not dependent solely on local interpretation.

Finally, there is considerable concern about gaps in member protection and weaknesses in the regulatory framework, particularly where employers withdraw staff from the LGPS or restructure to avoid participation.

Respondents warn that some higher education institutions use subsidiaries “to exempt them from enrolling their administration staff in the LGPS,” and that on some occasions housing associations have shown little regard to undertakings to grant their staff continued LGPS access.

A recurring issue is the absence of mandatory consultation when members are removed from the scheme, with funds noting that “many LGPS members are not aware of the existence of IDRPs,” and arguing that the current rules make it too easy for employers to remove members “surreptitiously.” Several therefore call for stronger, mandatory protections, including applying Fair Deal universally and widening Regulation 72 to explicitly safeguard members during employer exits.

## **Conclusion and next steps**

The findings of this survey present a clear picture of an employer landscape that is increasingly changing, with exits influenced by a combination of structural change, financial considerations and regulatory complexity. While most funds have an established process for managing exits, any variation in practice raises questions about consistency, fairness, and administrative burden across the LGPS.

The evidence also supports the contention that the current regulations are enabling

employer behaviour aimed at maximising surpluses or avoiding scheme obligations, as well as increasing the risks to member protection.

The results of this survey provide some key insights as a starting point, but there is a strong case for further exploration and potential policy development. Next steps could include:

- Putting in place regular data gathering so that it is possible to analyse exit trends over time
- Consultation with actuarial and legal experts on options for clarifying regulation 64, and engagement with government on any potential reforms.
- Exploring opportunities to support greater consistency in the application of the exit requirements, for example through model policies or guidance.
- Enhancing clarity around the regulatory framework to help ensure that employer exits are managed fairly, transparently, and in the best interests of both members and the long-term sustainability of the LGPS.

## **Paper E: Gender pensions gap (GPG) update**

### **Key points to note**

The paper provides an update on the committee's next actions to the Access and Fairness consultation. The secretariat has updated the action plan and continues to progress the joint GPG research project with Pensions for Purpose and Westminster Pension Fund. The working group when they last met discussed developing an LGPS-specific version of the "Mind the Gap" employer guide and the secretariat is working with the Pension Equity Group (PEG) to adapt the guide for public-sector defined benefit schemes, with an updated version expected in April 2026.

### **Recommendation**

That the committee notes this update and agrees the action plan at Annex A.

### **Latest position**

#### **Access and Fairness consultation response**

On 2 February 2026 the [government announced its response to the Access and Fairness consultation](#) and [specifically the announcement on reforms to tackle the gender pension gap \(GPG\)](#) in the Local Government Pension Scheme (LGPS).

The response acknowledged the work of the Board in commissioning the first public sector pension scheme-wide GPG report and puts in place scheme-level changes aimed at improving outcomes for women in the LGPS. The committee and working groups input has helped shape the understanding of the GPG in the LGPS and has informed policy discussions leading to the reforms and beneficial in understanding the possibilities.

In the government response the reforms specifically for the GPG cover:

#### **Gender pensions gap – member benefits**

- Short authorised absences of less than 15 days will automatically be pensionable.

- The cost of buying back lost pension for longer authorised absences will be aligned with standard member contribution rates.
- Members will have up to 12 months (instead of 30 days) to elect to buy back lost pension, provided they remain in the same employment.
- Employers will be able to pay their share of contributions for unpaid periods of more than three years.
- The definition of child-related leave will be updated to cover all additional unpaid maternity, adoption and shared parental leave.

### **Gender pensions gap – reporting**

- Basic gender pensions gap reporting will become mandatory for administering authorities from the 2025 valuation, with methodology to be set out in actuarial guidance.

The implementation of all these reforms (not just those relating to GPG work) will require extensive work and communication with both administering authorities and scheme employers and the Local Government Pension Committee (LGPC) plans to issue bulletins and guidance to support the sector. We understand the Government plans to phase in the changes proposed in the consultation to ease the administrative impact. Phase one changes will be introduced in April 2026, and phase two later in the year.

The committee is asked to note that there are two areas within the consultation response where further work may be required to support the government in the implementation of the proposals relating to GPG:

1. Gender pension gap reporting: The government has indicated its intention to work with the sector to develop more comprehensive GPG reporting for the 2028 valuation, including the potential introduction of employer-level reporting. Further engagement and analysis will therefore be necessary to support this work.
2. Opt-out data: Additional consideration will be needed to support the proposal to publish opt-out data within administering authorities' annual reports and to facilitate the collection of opt-out information through the template opt out form.

The secretariat has updated the workplan for the GPG working group and intends to engage with officials from MHCLG and colleagues within the LGPC team to scope and agree the next steps.

## **Further research proposal**

At the last meeting the committee agreed next steps for developing the specification for further research into the GPG. The secretariat has moved forward with this work and is finalising the joint research agreement with Pensions for Purpose and Westminster Pension Fund. The objectives, methodology and timetable are as follows:

### **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.

### **Methodology summary**

The methodology will involve a combination of pension scheme data analysis (using pension fund valuation data), workforce profile analysis and interviews with employers/employees from one LGPS fund (Westminster).

The aim is to quantify the gender, ethnicity and disability pension gaps, and to provide qualitative insights into their underlying causes and potential strategies to address them. Interviews will focus on exploring the causes behind gender, ethnicity and disability pension gaps and identify practical solutions to address them. Interviews will be conducted with a small, targeted group of employees. Eligibility will focus on active members within the most common jobs reflecting the majority of the scheme's workforce. Within this group, a mix of gender, ethnicity and disability to capture a diversity of experiences.

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**Email:** [SABSecretariat@local.gov.uk](mailto:SABSecretariat@local.gov.uk) **Website:** [LGPS Board](#)

Approximately 25 one to one interviews will be completed, lasting 30 minutes each, using purposive sampling to select participants who collectively represent a mix of gender, ethnicity and disability.

### **Timetable**

The final timetable is currently being agreed with Westminster to ensure interviews are scheduled at the most appropriate times and dates. The provisional timetable is as follows (noting this has changed to the original timetable provided to the committee in November 2025):

- March/April – research conducted
- April - report drafting, design and review
- April/May – publication of the report

### **Working group Update**

The working group met on 21 November 2025 and considered several items of ongoing work:

- Government response to the Access and Fairness consultation: the Group discussed the expected timing and key themes likely to feature in the forthcoming government response.
- Engagement with software suppliers and MAPS: Members agreed the next steps for continued engagement with software providers and suggested engaging with Chris Curry (Pensions Dashboards Programme regarding GPG and dashboard-related issues.
- Research proposal: The group reviewed the research proposal and provided initial views on scope and priorities.
- “Mind the Gap” guide: Members expressed support for developing an LGPS-specific version of the guide, rather than adapting the existing cross-scheme version.
- Public Service Pension Schemes (PSPS) engagement: The group agreed to invite representatives from other PSPS to a future meeting to share insight and ensure alignment, where appropriate.

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## **Best practice guide for employers ('Mind the gap')**

The committee was previously updated on the secretariat's engagement with the PEG regarding potential updates to the 'Mind the Gap' best practice guide to make it more relevant for public sector and LGPS employers. It was noted that, while much of the guide remains applicable, the section on "going beyond statutory minimums" relates only to defined contribution schemes and could cause confusion. The secretariat therefore has explored options to improve applicability, including clearer signposting of non-relevant content, adding a dedicated public-sector section, or producing an LGPS-specific version.

The secretariat has reviewed the draft guide and provided initial suggestions for updating to the PEG following feedback from the working group indicated a preference for developing a version tailored specifically to the public sector and the LGPS, rather than relying on caveats where certain employer actions are not applicable. During the review, several areas that do not fully align with the LGPS or the wider public-sector benefit structure were suggested to change.

This would represent a notable change from the current draft and is liaising with the PEG to ensure the guide is still accessible to all. It is expected that the guide will be available in April to coincide when LGPS employers will be able to view fund-level GPG data in the 2025 actuarial valuation reports.

## Annex A – Gender pensions gap action plan

Action	Status
<p>A. Explore and propose a standard GPG definition and reporting approach (including methodology) for the Local Government Pension Scheme, including both for funds and employers</p>	<p>Reporting proposal agreed in February 2025 (<b>Completed</b>)</p> <p>Board response submitted to the Access and Fairness consultation (<b>Completed</b>)</p> <p>To work with MHCLG and GAD on the guidance for reporting (including methodology) (<b>Completed</b>)</p> <p>To work with MHCLG and LGPC to scope out the work needed to develop GPG reporting for 2028 in line with the Access and Fairness consultation response (<b>Ongoing</b>)</p>
<p>B. Explore with the Pension Equity Group (PEG) how to adapt the ‘Mind the Gap’ employer best practise guide for the Public Sector</p>	<p>Meeting with other public sector pension schemes to be arranged (<b>Ongoing</b>)</p> <p>Identify appropriate networks for employer engagement (<b>Ongoing</b>)</p> <p>Include in the further research specification (<b>Ongoing</b>)</p>

<p>C. 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 SCAPC's</p>	<p>Access and Fairness consultation launched with proposals for changes to unpaid leave <b>(Completed)</b></p>
<p>D. Analyse the responses from the GPG survey to local government employers</p>	<p>Results issued in February 2025 <b>(Completed)</b></p>
<p>E. Investigate and identify how pension member self-service portals and other communication tools can help to communicate the impact of breaks, life events and improve financial planning for women</p>	<p>To be started March 2026</p>
<p>F. Identify the communication needed to employers on the GPG to raise awareness of the specific issues which impact the GPG within the LGPS regulations, particularly during scheme member life events.</p>	<p>Roundtable event with employer representatives and industry experts organised <b>(Completed)</b></p> <p>Consultation response to address specific issues and ideas <b>(Completed)</b></p> <p>For the Secretariat to identify the most appropriate employer forums and routes to continue to engage with LGPS employers. <b>(Ongoing)</b></p>
<p>G. Further research into the pensions gap for individuals with other protected characteristics, including the intersection of these with the already established gender pensions gap.</p>	<p>Work has started on a research brief and the Secretariat have met with a fund, scheme employer and research company to under the next steps and possible options for this research.</p>

	<b>(Ongoing)</b>
H. Update the annual reports guidance to facilitate the publication of opt-out data in line with the Access and Fairness consultation response.	To be confirmed
I. Support the next steps for collection of additional opt-out data in the scheme opt out form template	To be confirmed

**Cost Management, Benefit Design and  
Administration (CMBDA) Committee**  
**9 March 2026 11.00am**  
**18 Smith Square, London and Microsoft  
Teams**

## **Paper F: Workplan Update**

### **Key points to note**

The committee continues to advance a workplan which includes a number of longer-term aims.

### **Recommendation**

That the committee to submit the committee workplan at Annex A to the Board for approval.

### **Background**

The workplan at Annex A details the main items of work that are expected to be undertaken by the committee over the next year. We will put this workplan on the Board's website to ensure that administering authorities are aware of the work proposed by the committee. This paper will be updated and brought to all subsequent meetings to give an update of activity.

At Annex B and for noting is an overview of the activity undertaken by the Gender Pensions Gap working group, which reports into this committee. A detailed account of the working group's activity can be found in Paper E.

## Annex A – CMBDA 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)
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  Secretariat to separately review FSS to assess effectiveness of new guidance and consistency around exit credit policies	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 guidance	July/August for publication of scheme-wide report  GAD have expressed ambition to conclude s13 review quicker this time around (review of 2022 round was published August 2024)
HMT Cost Control Mechanism	Process for the 2024 CCM has started with data gathering and	Dependent on GAD timing but we expect an update	Ongoing

Workstream	Details	Action for next Committee	Timescales
and SAB Scheme Cost Assessment	analysis	and advice on assumption setting for these processes by the time of the next meeting	

## Annex B – Addressing the Gender Pensions Gap, Summary Workplan

Action	Status
<p>A. Explore and propose a standard GPG definition and reporting approach (including methodology) for the Local Government Pension Scheme, including both for funds and employers</p>	<p>Reporting proposal agreed in February 2025 (<b>Completed</b>)</p> <p>Board response submitted to the Access and Fairness consultation (<b>Completed</b>)</p> <p>To work with MHCLG and GAD on the guidance for reporting (including methodology) (<b>Completed</b>)</p> <p>To work with MHCLG and LGPC to scope out the work needed to develop GPG reporting for 2028 in line with the Access and Fairness consultation response (<b>Ongoing</b>)</p>
<p>B. Explore with the Pension Equity Group (PEG) how to adapt the 'Mind the Gap' employer best practise guide for the Public Sector</p>	<p>Meeting with other public sector pension schemes to be arranged (<b>Ongoing</b>)</p> <p>Identify appropriate networks for employer engagement (<b>Ongoing</b>)</p> <p>Include in the further research specification (<b>Ongoing</b>)</p>
<p>C. 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 SCAPC's</p>	<p>Access and Fairness consultation launched with proposals for changes to unpaid leave (<b>Completed</b>)</p>
<p>D. Analyse the responses from the GPG survey to local government employers</p>	<p>Results issued in February 2025 (<b>Completed</b>)</p>

<p>E. Investigate and identify how pension member self-service portals and other communication tools can help to communicate the impact of breaks, life events and improve financial planning for women</p>	<p>To be started March 2026</p>
<p>F. Identify the communication needed to employers on the GPG to raise awareness of the specific issues which impact the GPG within the LGPS regulations, particularly during scheme member life events.</p>	<p>Roundtable event with employer representatives and industry experts organised (<b>Completed</b>)</p> <p>Consultation response to address specific issues and ideas (<b>Completed</b>)</p> <p>For the secretariat to identify the most appropriate employer forums and routes to continue to engage with LGPS employers. (<b>Ongoing</b>)</p>
<p>G. Further research into the pensions gap for individuals with other protected characteristics, including the intersection of these with the already established gender pensions gap.</p>	<p>Work has started on a research brief and the secretariat have met with a fund, scheme employer and research company to under the next steps and possible options for this research. (<b>Ongoing</b>)</p>
<p>H. Update the annual reports guidance to facilitate the publication of opt-out data in line with the Access and Fairness consultation response.</p>	<p>To be confirmed</p>
<p>I. Support the next steps for collection of additional opt-out data in the scheme opt out form template</p>	<p>To be confirmed</p>