Cost Management, Benefit Design and Administration (CMBDA) Committee

6 July 2026, 11.00am to 1.00pm

Room 4.3, 18 Smith Square, London and Microsoft Teams

AGENDA

Item		Paper	Timings
1	Welcome, apologies, introductions and declarations of interest	**Verbal**	11.00
2	Actions and agreements from meeting of 9 March 2026	**Paper A**	11.05
3	Local government pension committee (LGPC) update	**Paper B**	11.10
4	HMG cost control mechanisms (2024 valuation)	**GAD Update**	11.25
5	2025 local fund valuation summary report	**Paper C**	11.35
6	Review of local fund valuation reports (s13)	**GAD Update**	11.45
7	Review of Funding Strategy Statements	**Paper D**	12:00
8	Revision of rates and adjustment certificates	**MHCLG Update**	12.10
9	Gender Pensions Gap update	**Paper E**	12.20
10	MHCLG benefits policy update	**Verbal update**	12.30
11	Administration complexity and performance	**Verbal update**	12.40
12	Virgin Media case resolution	**GAD Update**	12:45
13	Workplan	**Paper F**	12.50
14	Any other business	**Verbal**	12.55
15	Date of next meeting	**Verbal**	12.59

Email: SABSecretariat@local.gov.uk **Website:** LGPS Board

Paper A: Actions and agreements of meeting held on 9 March 2026

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 Guilliotti	Practitioner – Richmond and Wandsworth Pension Fund
Glyn Jenkins	Member representative (UNISON)
Richard Lane	Academies representative
Richard Paul	Higher Education representative
Becky Durran	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)
Garth Foster	GAD
Ben Lavelle	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

Email: SABSecretariat@local.gov.uk **Website:** LGPS Board

1. WELCOME, APOLOGIES, INTRODUCTIONS AND DECLARATIONS OF INTEREST

The Chair welcomed all in attendance to the meeting; there were apologies from John Neal (Unite) and Sarah Tingey from the secretariat team.

There were no conflicts of interest declared.

2. ACTIONS AND AGREEMENTS FROM PREVIOUS MEETING

The minutes of the meeting on 3 November 2025 were agreed as a fair and true record of the meeting.

3. LOCAL GOVERNMENT PENSION COMMITTEE (LGPC) UPDATE

Lorraine Bennett (LB) introduced paper B to the committee which gave an update of key LGPC workstreams including:

- Member benefit changes arising from the Access and Fairness consultation
- MHCLG's partial response to the Access and Protections consultation confirming the extension of the LGPS to councillors and mayors in England
- Pensions Dashboards

LB confirmed that she would be issuing special bulletins to explain these changes for administrators.

It was noted that councillors and mayors would be eligible to enrol in the scheme from the Monday after the local government election. However, they would need to opt in and not all aspects of the scheme would apply to them given their particular status (for example they would not be eligible to ask for flexible retirement). Councillors in Wales would continue in their own scheme as before.

Glyn Jenkins (GJ) received confirmation that these changes would mean that the Goodwin judgment had been addressed. However, the change would not address the question of whether women in service before 1990, who had elected to pay extra contributions to provide for additional survivor benefits, would be reimbursed.

4. PENSIONS ADMINISTRATION STRATEGY

The committee were given an update by Clair Alcock (CA) on the work to support funds in the development of a Pension Administration Strategy. It is expected that regulation 59 of the Local Government Pension Scheme regulations will be amended to make publication of a pension administration strategy mandatory which must be updated once in a valuation, with the first due by April 2028. The LGPC team is planning guidance to support this change and a workplan will be developed towards the end of year.

Members commented that the delay of the statutory instrument and subsequent guidance there would likely be inconsistency between the strategies developed across administering authorities. This inconsistency was a bugbear of employers who operated in more than one fund, and Richard Lane (RL) added that this would also be a particular issue in the academies sector.

It was also noted that MHCLG was carrying out an “operational review” of the administration of the fire and local government schemes.

5. ACCESS AND PROTECTIONS

Becky Clough (BC) introduced the item to the committee. The full response to the Access and Protections consultation had not been published however the committee’s comments were invited to inform the prioritisation of work once the response published. A partial response confirming the extension of the LGPS to councillors and mayors in England was published on 24 February 2026. Ben Lavelle (BL) added to this, acknowledging the various ongoing workstreams within the scheme and welcomed a steer from the committee on phasing of the rollout of the remaining proposals in the consultation. It was expected that the other changes from the consultation will be implemented this calendar year and stakeholders will be contacted over summer to confirm details, but this will be kept under review.

Glyn Jenkins (GJ) raised the issue of backdating the changes which had arisen in previous instances. He added that there was a risk of employers exiting the scheme ahead of the implementation of New Fair Deal. RL added that a response on consolidation as soon as possible would be preferable.

BL also confirmed that the Two-Tier Code is being worked on but timelines could not be confirmed.

6. 2025 ACTUARIAL VALUATION

The actuarial representatives confirmed that the 2025 triennial fund valuations were mostly complete. There had been increased engagement and robust discussions with scheme employers during the process. Employer contributions in the majority were reducing at a steady pace and funding positions have improved however the risk posed by geopolitical factors remained high. It was confirmed that Barnett

Waddingham will be producing a scheme-level valuation report for the Board based on an aggregation of fund valuation reports. This should be available in summer 2026.

Richard Paul (RP) said that some universities were unhappy with the valuation process and new employer contribution rates resulting from the valuation. It was also felt from the universities section that there were sometimes disparities in setting discount rates, increase in prudence from last valuation and inconsistent assessment of employer covenant. RP added that the Universities and Colleges Employers Association (UCEA) will be writing to government to highlight these issues and some universities were considering their legal options.

Paul Guilliotti (PG) said that Richmond and Wandsworth have increased their prudence owing to geopolitical factors and whilst there is an opportunity for the valuation to lower employer rates, smoothing of contribution rates is important to ensure stable long-term funding levels.

The actuaries added that the new Funding Strategy Statement guidance was achieving its aim of promoting more engagement between funds and employers through the valuation process. Practice across funds still varied in terms of employer engagement and expectations.

It was noted that some employers had expectations around contribution rate setting due to financial pressures and increasing funding levels and balancing that with the long-term efficiency of the fund.

JH asked whether the Internal Dispute Resolution Procedure (IDRP) could be a viable route to resolve issues for employers unhappy with the outcome of the valuation process. The committee agreed that it would be helpful if the LGPS regulations could be made clearer that the IDRP process is available to utilise in such instances.

GAD said that they would be reviewing the consistency of approach between funds as part of their section 13 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.

7. REVISION OF RATES AND ADJUSTMENT CERTIFICATES

Ben Lavelle (BL) introduced the item to the committee. There had been a commitment to review Regulation 64a of the LGPS regulations 2013 as part of the progression of the Pension Schemes Bill and MHCLG would review proposals before the summer and once the Fit for the Future regulation work was completed.

The committee were asked if there had been any councils signalling a desire to request a review of contribution rates to which it was said there had been none. The committee noted the update.

8. FUNDING STRATEGY STATEMENT - RESEARCH PROJECT

JH introduced paper C to the committee which detailed a research proposal written by the Board's Research and Data Analyst, Sarah Tingey (ST). Following on from a letter sent by the Association of Consulting Actuaries which was submitted to the committee at its meeting on 30 June 2025, it had been agreed that the Board review Funding Strategy Statements in order to determine whether the new guidance had improved the consistency in approaches to valuation rates and calculation of exit credits. Simon Taylor (ST) commented that the review needed to ensure it took into consideration flexibility in the policies to deal with differing employer circumstances.

9. EMPLOYER EXITS SURVEY

JH introduced paper D to the committee which summarised the findings from the survey on employer exits conducted by the Board. There was evidence that while the majority of exits were for proper purposes (e.g retenders of contracts) there were some employers who were generating exits in order to attempt to obtain an exit credit.

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

The member representatives on the committee said that they would like to see any government action take effect retrospectively, to avoid the temptation for employers to rush to take action to encourage members to leave the scheme ahead of any ban on incentivisation.

10. GENDER PENSIONS GAP UPDATE

Becky Clough (BC) introduced paper E to the committee. The benefit changes arising from the Access and Fairness consultation were welcomed. The changes were directly attributable to the Board's work on exploring the Gender Pensions Gap (GPG).

A joint GPG research project with Investors for Purpose (formerly Pensions for Purpose) and Westminster Pension Fund is underway and is being co-funded between the Board, Westminster Pension Fund and Hymans. The research would:

- Quantify the scale of gender, ethnicity and disability gaps within the 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 committee readdressed its commitment to create an LGPS-specific version of the "Mind the Gap" employer guide with the Pension Equity Group (PEG). It was agreed that the secretariat would review the current document to identify where it could be made LGPS specific.

Actions H and I had been added to the working group action log and could be found at annex B of paper F. The Chair thanked BC and the working group for continued work in this area.

ACTION - that the secretariat considers an LGPS specific version of the 'Mind the Gap' employer guide.

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

11. COMMITTEE WORKPLAN

BC introduced paper F to the committee which gave an updated overview of key workstreams. The committee suggested the addition of employer incentives to leave the scheme to the workplan. The committee then approved the updated workplan.

ITEM 12 – AOB AND DATE OF NEXT MEETING

There were no items of other business.

The date of the next meeting was confirmed as 6 July 2026 at 11am.

Email: SABSecretariat@local.gov.uk **Website:** LGPS Board

Paper B: LGPC update

Key points to note

- Regulation change requests from National POG
- Legal advice being sought in three areas
- LGPS promotional toolkit launched

Recommendation

The Committee is asked to make a recommendation to the Board on the National POG's regulation change requests

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.

National POG regulation change requests

The National POG represents LGPS administrators across the LGPS. The Group has put forward two regulation change requests for consideration:

1. Currently, one of the conditions for members meeting the two-year qualifying period (sometimes called vesting period) is linked to the payment of National Insurance contributions which dates back to when the LGPS was contracted out. Although contracting out ended in 2016, the regulation has not been updated. As a result, members with less than two years' service who leave in or after the tax year they reach pensionable age (NPA) are not eligible for a refund, provided they have paid National Insurance contributions. This can lead to outcomes that were not originally intended under the current system. This change has already been implemented in Scotland.
   Recommendation: remove the words 'contracted-out' from regulation 3(7)(e).

This would better reflect the original policy intent while allowing greater flexibility to pay refunds where appropriate.

2. Administering authorities are increasingly seeing cases where members seek to retrospectively defer their pension benefits to gain a financial advantage (for example, to reduce tax or protect state benefits). Under the 2008 and 2013 Regulations, members must elect in writing to defer payment beyond their normal pension age (NPA), whereas the 1997 Regulations only require an election, not that it is made in writing. In practice, many funds treat a lack of response to repeated communications as an implied decision to defer, but this approach is increasingly being challenged.

   There is concern that the requirement for a written election restricts funds' ability to manage these cases and may lead to disputes. It also contrasts with the State Pension, where individuals must actively claim their benefits. The LGPS regulations provide that pensions are actuarially increased if taken after NPA. **Recommendation:** that the requirement for a written election be removed from the 2008 and 2013 Regulations. This would help reduce opportunities for members to gain an unfair financial advantage, while still allowing funds discretion to backdate payments in appropriate circumstances, such as where a member could not be contacted.

Legal advice

We are seeking legal advice in three areas to support administering authorities and promote consistency across the LGPS. These issues have been identified as areas of complexity and inconsistency in current practice, where national guidance informed by legal advice would be beneficial.

Unclaimed benefits - administering authorities are increasingly dealing with cases where benefits must be paid (eg redundancy, ill health, age 75 cases), but the member either cannot be traced or refuses to engage. The issue has been highlighted because of pensions dashboards.

There is currently no consistent national approach. Legal advice is being sought to clarify what steps should be taken to trace or engage members, the appropriate processes and record keeping. The aim is to establish a clear, consistent framework for all funds.

Payments to estates / deceased beneficiaries - recent changes (including backdated death grants for members age 75+ and survivor benefit equalisation) have created cases where payments are due, but the intended recipient or personal representative has died. These cases raise complex issues such as:

- whether estates can be re-opened
- what to do if personal representatives cannot be traced
- the use of discretionary powers to pay amounts of less than £5,000 without the need for grant of probate or letters of administration.

Legal advice will support a practical process for handling these scenarios, ensuring consistency and managing risk.

Cohabiting partner eligibility - complexities arise where one partner has moved into care or hospital before death, raising questions about whether the cohabitation criteria are still met. Legal advice is being sought to clarify:

- how to interpret the legislation in these circumstances
- what evidence should be considered
- how to ensure fair, consistent and defensible decisions.

LGPS Promotion Toolkit

We have developed a new set of resources designed to help employers promote the value of the LGPS to members and prospective members.

As employers place increasing emphasis on financial wellbeing and total reward, the LGPS remains one of the most valuable benefits available to employees. These resources are designed to support employers in communicating that value clearly and consistently.

With around 16,000 active employers participating in the LGPS, collaboration across the sector is key to ensuring this message reaches as many people as possible. We have asked the sector for support in helping raise awareness of these materials.

The toolkit can also be used by employers, administering authorities, representative organisations and other stakeholders to support engagement with members and potential members.

What's included in the toolkit?

- **Promotional video** – 'Your future, your tomorrow, your pension'.
- **Promotional leaflet** – available in Word and PDF, as well as a flipbook
- **Posters** – available in standard and print-ready formats

- **Email footer** – to reinforce key messages in everyday communications
- **Social media posts** – a set of five images with suggested wording and links, provided in a range of sizes for different platforms.

The LGPS promotion toolkit is available on the employer resources page of:

- www.lgpsregs.org
- www.scotlgpsregs.org.

Email: **SABSecretariat@local.gov.uk** **Website:** **LGPS Board**

Government Actuary's Department

Local Government Pension Scheme (LGPS)

Actuarial valuation as at 31 March 2024
Initial advice on assumptions for the SAB cost management process

29 June 2026

Matt Gurden FIA C.Act

Navigating risk | Cutting through complexity

Contents

Background

Public service pensions cost control

The Public Service Pensions Act 2013 and associated HM Treasury Directions introduced a cost control mechanism for public service pension schemes, referred to here as the Employer Cost Cap (ECC).

Unlike other public sector schemes, the LGPS Scheme Advisory Board (LGPS SAB) has established a second cost control mechanism, implemented through scheme regulations, referred to here as the SAB cost management process (SAB process). The aim of this process is to provide greater control over employer contribution rates within the LGPS, recognising the different mechanism for setting employer contribution rates compared to the unfunded public service pension arrangements.

The Public Service Pensions (Valuations and Employer Cost Cap) Directions 2023 (the Directions) require an ECC calculation for the LGPS as at 31 March 2024. Therefore, the SAB process is also required as at 31 March 2024.

Since the 2016 valuation, the cost management process has been updated in a number of respects. The ECC mechanism now applies to the reformed scheme only, incorporates a wider corridor, and allows for changes in the SCAPE discount rate before confirming any cost breach. which must be satisfied before any cost cap breach is confirmed. Consequently, the SAB agreed to update the SAB process, to allow for the reformed scheme only (but retaining allowance for the underpin), to widen the corridor, and to adopt a discount rate reflecting changes in conditions. These updates first introduced in 2020 will apply for the purposes of the 2024 valuation.

This report has been commissioned by the LGPS SAB and provides advice on the assumptions required for the SAB process as at 31 March 2024. It is intended to aide discussion on the assumptions to adopt and refers to the approach adopted for the SAB process as at 31 March 2020.

Assumption requirements

The Directions specify numerous assumptions for the ECC process and require others to be determined by the responsible authority as best estimates. The SAB process is less prescriptive and provides the LGPS SAB with greater flexibility about the assumptions to adopt. However, the approach has been to maintain consistency with the ECC process where appropriate and only deviate where there are legitimate LGPS specific reasons. The SAB process at the previous valuations adopted the ECC process assumptions, unless there was good reason not to. At the 2020 scheme valuation, SAB adopted different assumptions to the ECC process in the following areas:

- Discount rate
- pay growth
- 50:50 option take-up

In addition to these assumption differences, the SAB process also adopted a different methodology to the ECC process in the following areas:

- cost of revaluation in first year of retirement
- cost of club transfers assumptions

These latter differences relate to policy positions rather than actuarial judgement and I do not consider them further in this paper.

Financial assumptions

There are a variety of financial assumptions required to calculate costs for the ECC and SAB process. Table 1 below summarises the ECC assumptions (where known) and indicates whether they are LGPS specific or set in Directions. Where assumptions for the ECC are LGPS specific, there is less likely to be a reason for the SAB process to adopt a different assumption.

Table 1: Summary of financial assumptions for the LGPS England & Wales 31 March 2024 valuation

Assumption	% per annum		LGPS specific / Directed
Discount rate	CPI + 1.7% to 31 March 2026, CPI + 2.0% thereafter		Directed
Pay increases	Year to 31 March 2025	4.0	Directed
	Year to 31 March 2026	6.1	
	Year to 31 March 2027	3.2	
	Year to 31 March 2028	2.1	
	Year to 31 March 2029	2.1	
	Year to 31 March 2030	2.2	
	Year to 31 March 2031	2.3	
	Thereafter	3.8	
Promotional pay scale	Separate male and female scale between ages 20 and 50 (the same as for 2020)		LGPS specific
Pension increases	Official pension orders where known, then		Directed
	8 April 2024	6.7	
	7 April 2025	1.7	
	6 April 2026	3.8	
	12 April 2027	2.3	
	10 April 2028	2.0	
	9 April 2029	2.1	
	Thereafter	2.0	

Discount rate

The discount rate for the ECC is a Directed assumption and uses up-to-date SCAPE rates. The effect of changes in the SCAPE rate, since the employer cost cap was set, are then excluded from the ECC check but considered as part of the new economic check.

The 2020 SAB process adopted a discount rate that maintained the SCAPE rate applicable at 1 April 2016 (CPI + 2.8%), this resulted in a stable cost relative to the previous, 2016, process. This decision was based on the following considerations:

- between the 2016 and 2020 valuation dates, both the SCAPE discount rate and Fund valuation discount rates had reduced
- subsequent to the 2020 valuation date gilt market yields had increased significantly and expected Fund valuation discount rates would likely be increasing
- adoption of a rate consistent with 2016 would result in an estimated cost close to the target, which was considered appropriate recognising the divergence of indicators on LGPS costs

Tables 2 and 3 below show the change in the applicable SCAPE rate and the average Fund real discount rate over the period since the 2016 valuations.

Table 2: SCAPE rate changes since 31 March 2016

Date	SCAPE Rate
1 April 2016	CPI + 2.8%
1 April 2019	CPI + 2.4%
1 April 2023	CPI + 1.7%
1 April 2026	CPI +2.0%

Table 3: Average LGPS Fund real discount rate since 31 March 2016

Date	Fund real discount rate
31 March 2016	2.2%
31 March 2019	1.8%
31 March 2022	1.5%
31 March 2025	3.0%*

* This is an indicative figure from initial work that GAD has carried out in relation to Section 13.

The above tables show the SCAPE discount rate has reduced since the 2016 valuation, reflecting OBR's reduction in expected GDP growth, whereas average LGPS Fund discount rates have increased reflecting changing market conditions and higher yields available on gilts and bonds. The SAB could consider maintaining the SCAPE rate adopted for the 2016 and 2020 process.

This would result in a stable cost and be consistent with the 2020 valuation decision which was taken at a point where the available information indicated a divergence of possible approaches.

Alternative approaches could be:

- allowing for the change to the SCAPE rate which has decreased from CPI +2.8% adopted for the 2020 SAB process to CPI +1.7% as at 2024, subsequently increasing CPI +2.0% as at 1 April 2026. This would increase assessed costs by around 8-9% of pensionable pay.

- aligning to the average real Fund discount rate, either 1.5% pa (latest known at the valuation effective date) or 3.0% pa (latest available). Adopting 1.5% pa would increase the assessed cost by around 13% of pensionable pay, whereas adopting 3.0% pa would decrease the assessed cost by around 2% of pensionable pay.

As illustrated, the discount rate has a material influence on the results of the SAB process, and there are a variety of reasonable options that could be adopted. The options listed above should not be considered as exhaustive, and it is important to remember the purpose of the SAB process to provide greater control around employer contribution rates given the funded nature of the LGPS and potential for the ECC to deliver inconsistent outcomes as a result.

Pay increases

The pay increase assumption has a relatively small impact on the cost of providing ongoing benefits, since these are provided on a Career Average Revalued Earnings basis, and are revalued in line with CPI. However, the LGPS statutory underpin means that pay increases can influence the SAB process outcomes. However, the recent period of high inflation compared to salary growth will reduce the cost of the statutory underpin. Assumptions need to reflect long term impact up to the point of retirement for members accruing benefits in 2014-22, which covers a long period that is difficult to anticipate. However, SAB should consider whether the Directed short-term assumptions and the long-term assumption of 3.8% pa are reasonable for the membership of the LGPS.

For comparison the 2020 SAB process adopted a single assumption for both the short and long term of CPI + 3.5% pa, which was chosen to be consistent with the choice of discount rate and maintained the gap between the discount rate and pay increases used in the 2016 valuation. Therefore, I would recommend considering the approach to pay increases in tandem with the discount rate decision.

Promotional pay increases

A scheme specific assumption is adopted for the ECC. This assumption will be based upon experience in the LGPS and expectations for future promotional progression. Therefore, this should reflect a reasonable best estimate and there should be no reason to adopt anything different for the SAB process.

Pension increases

The LGPS provides pension increases in the same way as other public service pension schemes, predominantly providing increases in line with the change in CPI. The Directed pension increase assumptions are intended to reflect changes in CPI and there is nothing unusual about the LGPS which would suggest any reason for deviating from these. However, it will be important to check the overall consistency of all the financial assumptions when settling on a basis for the SAB process.

Overall effect of financial assumptions

The overall effect of financial changes to the SAB process assumptions relative to 2020 will be largely dependent on the choice of discount rate. Therefore, this could be anything from close to no change in the assessed cost to a material increase in the assessed cost.

Demographic assumptions

Table 4 below sets out the key demographic assumptions required to carry out the valuation calculations.

Table 4: Summary of recommended demographic assumptions for the LGPS England and Wales 31 March 2024 valuation (**subject to change until formally agreed by Secretary of State**)

Assumption			LGPS specific / Directed
Post-retirement base mortality rates (males / females)	Normal health	99% S4NMA_M / 103% S4NFA	LGPS specific
	Ill health	113% S4IMA / 121% S4IFA	
	Dependants	97% S4DMA / 102% S4DFA	
Post-retirement mortality improvement rates	ONS_2022 population projections		Directed
Retirement decrements (years) (member with SPA 67)	CRA 60 CRA 65	63.7 64.1	LGPS specific
Withdrawal (likelihood of leaving service before 65 for member now 45) (males / females)	Males 58.4% Females 68.3%		LGPS specific
Proportion married/partnered (at retirement)	Males 80% Females 75%		LGPS specific
Age difference (years)	Males less females 3 Females less males -2		LGPS specific
Commutation (of pension)	Pre-2008 service: 10% Post-2008 service: 20%		LGPS specific
50:50 option	Cost cap past service - reflect actual cost Cost cap future service - ignore		Directed
Club transfer allowance	Approach still to be determined		LGPS specific

LGPS specific assumptions

The LGPS specific assumptions above expected to be used in the 31 March 2024 ECC valuation reflect a best-estimate approach (do not include margins for prudence or optimism) and are based on analysis of LGPS scheme experience and other information, where relevant. There is no specific reason to adopt an alternative approach for the SAB process.

Directed assumptions

HMT directs the mortality improvement assumption for the ECC valuation process and has directed the use of the ONS-2022 population projections. This was the latest ONS model at the time the directions were issued. It includes an estimated adjustments in respect of the impact of Covid-19 on mortality rates in the short term. There is no specific reason to adopt an alternative approach for the SAB process and the 2020 process adopted the latest ONS population projections (the ONS-2020 population projections) in line with the ECC approach. The differences in life expectancy for the different mortality improvement assumptions are shown below:

Table 5: Change in life expectancy moving from ONS-2020 to ONS-2022 mortality improvement assumption as adopted between 2020 and 2024 valuations:

	ONS 2020 imp (adopted for 2020)		ONS 2022 imp (adopted for 2024)
Males:			
Current pensioners, age 65	87.1		86.9
Future pensioners, age 45	88.8		88.4
Females:			
Current pensioners, age 65	89.4		89.5
Future pensioners, age 45	90.9		90.9

The 50:50 benefit option is also directed by HMT. For the 2024 ECC valuation process the cost cap future service cost continues to be calculated as if no member has or ever will opt for 50:50 benefits to ensure that the take up has no impact on the cost cap future service cost. For the past service cost, there is a slight change in the technical implementation of the 50:50 policy in that the cost cap liabilities and assets will now reflect the actual take up of the 50:50 option, so that 50:50 take up does not lead to cost cap surpluses or deficits, and ensure that the take up of 50:50 has no impact on the cost cap past service cost.

For the 2020 SAB process a small (1%) allowance was made for the 50:50 option, reflecting information at the time showing very few members had taken up the option. There are three possible approaches for the 2024 SAB process:

- Maintain the 2020 assumption, regardless of experience
- Follow the ECC process to ignore the impact of 50:50
- Update the analysis of take-up of the option to support an updated assumption

The impact of the 50:50 assumption will be relatively small as regardless of which approach is adopted it only applies to a small proportion of the membership.

Overall effect of demographic assumptions

The impact of adopting the demographic assumptions in table above would be to slightly reduce the cost cap cost relative to the 2020 SAB process. This is because the mortality improvement rates are lower than for the 2020 process and hence future life expectancy is reduced, the other minor changes to the rate of withdrawal and the proportion married at death are broadly cost neutral when considered together. It is estimated at this stage that the impact on the cost cap cost would be a reduction of the order of 0.1% pa of pensionable pay.

Conclusion

The majority of assumptions required for the SAB process are LGPS specific when used in the ECC and therefore it seems appropriate to maintain these assumptions. For the assumptions that HMT directs for the ECC, the most significant is the discount rate. There are multiple possible options to set the discount rate, which would lead to a wide range of SAB process cost cap costs.

The financial assumption options set out above are likely to result in a SAB cost estimate broadly in line with the 2020 SAB process or an increased cost. The demographic assumptions are likely to lead to a very small reduction in the SAB cost estimate relative to 2020 but the impact is largely immaterial. The overall outcome will ultimately depend upon the choice made for the discount rate. It is therefore important to consider the achievable objectives from the SAB process and its interaction with the ECC before settling on the assumptions to adopt

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

Paper C: 2025 local fund valuation summary report

Key points to note

A summary report bringing together data from the 2025 local fund valuations in England and Wales has been prepared for the Board by Barnett Waddingham.

Recommendation

That the committee approve publication of the document.

Background

Under LGPS regulations, valuations of the individual LGPS funds are required to take place triennially (every three years) as at 31st March. As the LGPS is a funded scheme, these periodic assessments are needed to ensure the fund has sufficient assets meet its liabilities. Employer contribution rates may change depending on the results of valuations. Employee contribution rates, however, are set out in the Scheme Regulations.

The draft report (circulated separately in confidence) was kindly prepared for the committee on a "no fee" basis by Barnett Waddingham and summarises the valuation data collected from each individual LGPS pension fund in England and Wales (other than the closed Environment Agency fund) to provide a scheme wide overview. They will also talk the committee through the report and take questions on it at the meeting.

Action

As there has been much discussion of the outcome of this valuation round, including in the media and in Parliament during the passage of the Pension Schemes Act, the committee are invited to identify any areas of the report that are likely to be controversial or may need to be contextualised in the communications issued by the Secretariat when the report is published on our website.

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Paper D: Funding Strategy Statement – Research Project Report

Key points to note

In March 2025, the Association of Consulting Actuaries (ACA) wrote to the board with concerns regarding employer exit valuations. This letter was discussed at the 30 June 2025 CMBDA meeting and it was proposed that new Funding Strategy Statement guidance would address those concerns to some extent. It was agreed by the committee that the Secretariat would review the content of a sample of FSS's produced under the new guidance and provide an analysis of this back to the Committee. This was paused until the valuation round was completed and there was confidence that new FSS's would have been developed. At the March 9th CMBDA meeting the committee agreed to the research project and methodology proposed by SAB. This paper reports the findings of that research project.

Recommendation

That the committee notes the research project report and considers whether any changes to the FSS guidance are needed, and whether the findings should be shared back with the ACA.

Background

Updated guidance on the preparation and maintenance of FSSs was published in January 2025. The publication was jointly reviewed and approved by the Board the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Ministry of Housing, Communities and Local Government. It superseded 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 much change as well as recent market conditions, emerging funding surpluses, and employer movement (including exits, mergers, and organisational changes).

Funding Strategy Statement Research Report

Aims

This report presents the findings of a structured review of FSSs prepared by a sample of Local Government Pension Scheme (LGPS) funds.

The review is intended to provide a timely assessment of how funds are applying the updated guidance in practice.

The objectives of the review were to explore three main areas:

- **Compliance with Guidance**
  Assess whether each FSS aligns with the new guidance, 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

A sample of 15 LGPS funds were selected for review using random selection, with constraints ensuring that at least two funds were selected from each geographical region, two from each of the four main actuarial firms, and representation from small, medium, and large funds. A list of the funds selected is at Annex A.

Each FSS was reviewed using a standardised assessment template aligned to the Annex C checklist of the FSS guidance. Content was assessed as; included, partially included or missing/unclear.

Findings were then analysed thematically to identify areas of consistency, emerging good practice, and areas where further guidance may be beneficial.

Findings

Compliance with the guidance

Overall, the review found a high level of compliance with the updated guidance across the sample.

Section A

All funds reviewed demonstrated full compliance with section A of the Annex C checklist. Each FSS clearly articulates the purpose of the fund within the context of the LGPS and outlines the role of the administering authority, including its fiduciary duty.

A consistent feature across funds is the clear alignment to LGPS priorities. For example, many FSS documents explicitly state that they aim *"to secure the regulatory requirement for long-term solvency… and meet the regulatory requirement for long-term cost efficiency".* Similarly, most funds provide a clear explanation of the role of the administering authority and its fiduciary duty to ensure that benefits are paid as they fall due. Monitoring arrangements are also well developed, with all funds reviewed operating a triennial review cycle supported by interim review triggers such as market changes, employer covenant deterioration, or structural changes to employer composition.

There was some variation in the level of detail provided in Section A of funds' FSSs, but all funds reviewed met the checklist requirements.

Section B

Compliance with Section B is also strong overall, particularly in relation to the core funding framework and the calculation of employer contributions. All funds clearly describe their funding targets and explicitly reference the regulatory requirement to ensure solvency and long-term cost efficiency.

A consistent feature across the sample is the use of modelling frameworks to balance contributions, investment returns, and funding outcomes. Many funds now adopt advanced approaches, including Asset Liability Modelling. For example, some funds explain that "*the Fund actuary uses a model to project each employer's asset share under a range of future economic scenarios… to understand the potential range of funding outcomes.*"

There is also widespread compliance in differentiating funding approaches by employer type, with many funds applying different assumptions, time horizons, or funding bases depending on employer risk characteristics. This reflects alignment with the guidance requirement to reflect employer-specific circumstances.

Risk management is generally well developed within Section B, with most funds including dedicated discussions of investment risk, funding risk, and employer covenant. However, the depth of these discussions varies. While some funds provide detailed and structured approaches including explicit linkage between risk, funding assumptions, and employer covenant, others treat these elements more implicitly within the narrative.

While all funds make reference to their Investment Strategy Statement, fewer clearly articulate how the funding strategy and investment strategy interact in practice. For example, it is common for funds to state that *"the funding strategy reflects the Fund's investment strategy"* but fewer go further to explain how funding requirements influence asset allocation decisions, or how strategies would adapt if investment returns fall below expectations. Discussion of strategy alignment between the FSS and Investment Strategy Statement met the basic compliance for the checklist, but best practice was when funds delved deeper into this with explicit discussion and modelling.

The treatment of guarantors was another inconsistent part of section B across reviewed funds. Some funds provide detailed frameworks, explicitly linking the presence and strength of a guarantor to funding assumptions and exit calculations. For example, certain funds note that *“different valuation bases may apply depending on the presence and strength of a guarantee”.* Whereas others only refer to guarantors at a high level, without clearly explaining their impact on funding or risk.

Across the sample, funds generally demonstrate only partial compliance with the guidance in relation to employer notification requirements linked to employer covenant monitoring. While most FSSs identify a range of trigger events that may prompt review, such as changes in employer covenant, organisational restructuring, or financial deterioration, these are typically presented as circumstances under which the administering authority may take action, rather than as explicit obligations placed on employers. In many cases, the FSS lists relevant events but does not clearly define the process that employers must follow in notifying the fund and in some instances the link to employer responsibilities is implied rather than stated. While there is clear recognition across funds of the types of events that are relevant to covenant monitoring, there is less consistency in defining employer obligations and the processes that apply.

Overall, Section B demonstrates strong compliance with the guidance checklist, but with variation in the clarity and explicit narrative of areas such as investment integration, covenant assessment, and guarantor treatment.

Section C

Compliance with Section C was generally good across the sample. Content varied from meeting basic compliance with the checklist to in depth best practice examples, particularly in relation to the depth of policy and governance description. All funds clearly described the core lifecycle events for employers, including joining the fund, bulk transfers, and employer exits.

In relation to employer exits, all funds state that an actuarial valuation will be undertaken to determine the funding position at cessation. Many funds go further by providing dedicated cessation or termination policies, which set out detailed methodologies for calculating exit payments, deficit recovery and exit credits. In some cases, these policies represent a high level of technical clarity and transparency.

However, there is greater variability in how funds describe the decision-making process associated with employer events. While most FSS documents identify the roles of the administering authority and actuary, they do not typically provide a fully articulated, end-to-end description of how decisions are made in practice.

In particular, most funds do not clearly set out the stages of decision-making, how decisions are approved, timelines for key decisions and/or formal processes for employer engagement, representation, or appeal. This means that although the technical processes are clearly described, the governance framework underpinning those processes is often implicit rather than explicit.

A key area of variability identified across the sample relates to the treatment and articulation of specific regulatory tools associated with employer exits, including Deferred Debt Agreements (DDAs), debt spreading arrangements, suspension notices, and partial termination policies. While the guidance expects funds to describe how these mechanisms operate in practice, the level of detail provided varies considerably.

In relation to DDAs, many funds demonstrate strong compliance, with several

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including dedicated policies or appendices. These typically set out the circumstances under which employers may remain within the Fund post-cessation, the contribution requirements during the arrangement, and the basis on which funding targets are adjusted. For example, a number of funds clearly explain that under a DDA, an employer "*remains in the Fund and continues to make contributions until its funding position improves sufficiently,"* providing a structured and transparent framework. In these cases, DDAs are well integrated into the broader funding and risk management approach.

However, this level of clarity is not universal. In a number of funds, DDAs are referenced but not fully explained, with limited detail on eligibility criteria, decision-making considerations, or how such arrangements interact with funding assumptions and employer covenant assessment.

The treatment of suspension notices shows even greater variation. A small number of funds provide explicit policies, outlining when a suspension notice may be issued, how contributions are treated during the suspension period, and what occurs at the end of the suspension. In contrast, many funds either do not refer to suspension notices at all or only mention them briefly without explaining the conditions under which they would be used. Where referenced, the explanation is often limited to a statement that cessation may be deferred *"at the discretion of the administering authority"* without further detail on the governance framework or criteria applied.

Interestingly, many FSSs included partial termination policies while a minority of funds explicitly state that partial terminations are not permitted except in exceptional circumstances. However, for those funds which included a partial termination policy there was typically little elaboration on what constitutes appropriate circumstances or how decisions would be made. Only a small number of funds provide a structured explanation of how partial terminations would be managed and how the interests of the Fund and remaining employers would be protected.

In contrast, bulk transfer arrangements are generally well described across the sample, with most funds including dedicated sections outlining the process, responsibilities, and actuarial considerations involved. This suggests that areas where processes are more routinely exercised or historically established tend to be more consistently documented than newer or more discretionary regulatory tools.

Exit policies and methodology

The review found that employer exit policies are generally well developed across the sample, particularly in relation to an actuarial valuation will being used to determine funding outcomes at the point of exit. In addition to this baseline compliance, a number of funds demonstrate best practice through the inclusion of detailed cessation or termination policies. These are often presented as standalone appendices and provide a structured framework for calculating exit positions, including the treatment of deficits, the allocation of assets, and the application of actuarial assumptions. In stronger examples, such as Buckinghamshire, Staffordshire and Greater Manchester, these policies also incorporate related tools such as DDAs, resulting in a comprehensive and transparent approach to exit management.

Most funds embedded a set of underlying, high-level principles that inform decision-making at exit. These typically include prudence, long-term solvency, fairness between employers and the need to protect the financial position of the remaining fund. However, the extent to which these principles are explicitly structured and presented as a coherent decision-making framework varies across the sample.

The most significant area of variation relates to how funds describe the overall decision-making process associated with employer exits. While most FSS documents clearly identify the roles of key parties, including the administering authority and actuary, they generally provide limited detail on the sequence of decision-making stages, the governance framework under which decisions are approved, or the mechanisms through which employers may engage with the process and appeals.

For example, while many funds explain that decisions will be made in accordance with fund policies or at the discretion of the administering authority, they rarely elaborate on how that discretion is exercised, whether decisions are subject to formal approval processes, or how consistency is ensured across cases. Similarly, there is little reference to timelines, escalation routes, or formal processes for

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representation, challenge or appeal. As a result, although the technical aspects of exit calculations are clearly set out, the governance that underpins those decisions is often implicit.

Overall, there remains scope to improve the clarity and transparency of the governance framework surrounding exit decisions.

Treatment of surpluses

The treatment of funding surpluses reflects an increasingly important aspect of the funding strategy, given the improved funding positions observed across many LGPS funds. While all funds recognise the relevance of surplus within their funding framework, the extent to which this is explicitly articulated and integrated into decision-making varies.

Across the sample, all funds demonstrate a clear operational link between funding position and employer contributions.

However, there is considerable variation around defining the surplus. Many funds simply define a surplus as the excess of assets over liabilities.

In contrast, a number of funds define surplus in relation to funding targets. Some approaches go further still by introducing explicit surplus buffers above full funding. A notable example is a fund which states *“the target funding level may be set greater than 100% as a buffer against future adverse experience.”* Similarly, other funds incorporate funding targets above 100% or utilise probability-based funding criteria, with surplus considered within the overall risk framework.

Most funds can demonstrate a direct relationship between funding level and contribution rates, with surplus positions linked to reduced contributions. However, the mechanism through which this occurs varies. Some funds rely on relatively straightforward adjustments within the actuarial valuation process, while others employ more complex approaches, including phased reductions, contribution smoothing, or the use of formal surplus offset frameworks. Many funds also give emphasis to contribution stability and so surplus is only released gradually over time.

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The most significant point of differentiation across the sample lies in how explicitly surplus is integrated into the broader risk management framework.

While some funds often reference prudence, stability, and long-term solvency, they do not explicitly explain how decisions about surplus release are balanced against these considerations. As a result, the connection between surplus management and risk is inferred rather than clearly described.

This committee is asked to consider whether the guidance should be amended to require a more explicit articulation of surplus policies and their interaction with risk management.

Conclusion

The review found that the LGPS funds sampled were largely compliant with the 2025 FSS guidance, which has been extremely successfully adopted in terms of structure and core requirements. Most funds demonstrated strong and well-developed funding frameworks on the whole. However, there is some clear variation in the depth with which funds communicate their strategies how robustly governance and decision-making processes were defined.

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Annex A - list of the funds selected for review

Leicestershire
Berkshire
Environment Agency – active fund only
Camden
Buckinghamshire
Powys
Merseyside
West Yorkshire
Waltham Forest
Greater Gwent (Torfaen)
Greater Manchester
Kensington and Chelsea
Hackney
Staffordshire
Gloucestershire

Paper E: Gender pensions gap (GPG) update

Key points to note

The paper provides an update on progress the secretariat on GPG work. Updates are provided on the working group, the further research project and employer guidance and engagement work.

Recommendation

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

Further research

At the time of the last committee meeting, the methodology for the joint funded research project with Westminster Pension Fund, Westminster Council, Hymans Robertson and Investors for Purpose was being finalised. The project aims to assess the scale and nature of gender, ethnicity and disability pension gaps within a LGPS fund, including how these have changed over time and how different characteristics intersect to influence outcomes. It also seeks to understand members' attitudes to pension saving and identify the underlying causes of disparities.

The research combines quantitative analysis of pension fund and workforce data with qualitative insights gathered through targeted interviews. This approach is designed to both measure the extent of pension gaps, explore the practical barriers and experiences behind them.

The timetable for the data analysis, interviews and production of the final report has slipped from the originally expected April/May due to work getting relevant data agreements in place taking longer than expected. However, the secretariat is pleased to report that the 30 planned interviews have just been successfully completed.

The questionnaire at Annex A was used to guide the interviews. Early insights are beginning to emerge from the data and a fuller verbal briefing will be provided at the committee meeting, as researchers are currently reviewing and analysing the findings.

The secretariat is also considering the communication activities for when the final report is available to ensure the report findings reach the most relevant stakeholders of funds and employers. Communication activities will include sharing the report directly with funds, employer contacts and a webinar to discuss the findings. The committee are asked to share any useful channels or stakeholders which the secretariat can use to promote the research.

Best practice guide for employers

The wider pension industry group, the Pensions Equity Group (PEG), updated the 'Mind the Gap' best practice guide earlier this year to make it more relevant for both defined contribution and defined benefit pension schemes.

When releasing the guide, the PEG said, '*the guide is a practical, action-oriented tool to help employers understand, measure and reduce the gender pensions gap*. *Women still retire with around half the pension income of men, despite higher participation rates which are driven by lower pay, part-time work and time out for caring. And while gender pay gap reporting is now well-established, pension inequality often goes unmeasured and therefore unchanged.*

Our tried and tested guide gives employers a clear path forward with:

- *Bronze, Silver and Gold actions across data, policy and communications*
- *A framework to diagnose the real drivers of your organisation's pension gap*
- *Practical ways to support employees at key life stages - from parental leave to menopause to caring responsibilities*.

The secretariat considers that the updated guide (Annex B) is now more relevant for an LGPS audience. However, there remains an appetite within the Gender Pensions Gap Working Group for a dedicated public sector/LGPS version, including content that reflects the differences between LGPS employers. The secretariat is currently considering how the guide should be further developed and welcomes feedback from the committee on this. In particular, it would be helpful to gather views from LGPS employers once more data becomes available through the 2025 actuarial valuation reports.

This guide will be an important part of the secretariat's broader aim of engaging with HR professionals to address the root causes of the gender pensions gap. Hence, the secretariat is keen to speak with LGPS employers to identify what practical support, guidance, and communications are needed to address issues such as supporting workers with caring responsibilities. Whilst the outcome of the research will also be a significant part of this understanding, the secretariat is receiving support from the LGA's Workforce team to reach out to HR leads and education networks. This will include seeking feedback on how the guidance could be made more relevant and accessible to LGPS employers.

Specifically with the aim for the secretariat to attend network meetings or convene an HR network session after the summer. The committee are also asked to share relevant existing employer networks and forums which may be useful for the secretariat to engage with to hear directly from employers.

Working group meeting

The group met on 30 April 2026 and considered several items of ongoing work:

- The updated PEG 'Mind the Gap' guidance was acknowledged as a welcome development and the group expressed support for the development of an LGPS-specific version of the guide, noting its potential value. However, feedback highlighted the diversity across LGPS employers and the need to ensure any guidance is flexible and practically applicable across different organisational contexts. The secretariat agreed to give consideration on how this variation can be effectively reflected and early proposals to engage key stakeholders are in further discussion to shape its development.
- The group discussed the engagement activity being explored with the LGA workforce team, particularly the potential to convene an HR network session later in the year to share insights and gather employer perspectives to inform future work.
- The group welcomed that the Government response acknowledged the work of the Board, committee and working group's input to help shape the understanding of the GPG in the LGPS and the input into policy discussions leading to the reforms were beneficial in understanding the possibilities. In relation to recent scheme member benefit changes, the group agreed that it is too early to assess their full impact, with ongoing work required by administrators and employers to fully understand and implement these changes.
- An update was also provided on Westminster's research project on wider pension gaps, including ethnicity and disability. In addition, there was recognition of the need to begin considering how GPG reporting may need to evolve in advance of 2028 but this would be discussed at a later meeting once the 2025 valuation reports were fully adsorbed.

- It was shared that initial fact-finding discussions have taken place with a system provider (Heywoods) regarding how pension administration systems and member-facing portals are designed and take account for gender and other characteristics. There needs to be further opportunities to explore this further with the working group and particularly in the context of wider industry practice around member-focused digital solutions.

Access and Fairness – ongoing work

The committee may want to be aware of the following two areas in the Government response to Access and Fairness which are being worked on over a longer timescale and require a detailed roadmap of implementation to be created alongside MHCLG:

Gender pensions gap – reporting

The Government 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. The secretariat already identified at the previous committee that further engagement and analysis will therefore be necessary to support this work. As basic GPG reporting has now become mandatory for administering authorities from the 2025 valuation, the Board has a scheme-level view of this data in the 2025 scheme-level valuation report, covered in item 6. Employer or employer-type level analysis would potentially be more informative, where there were differences in workforce composition or other relevant factors.

Opt-out data

Government's intention was to require opt-out reporting from 2026/27, with reporting in fund annual reports for that year, although this is on the GPG workplan, it is also covered in item 11 of this committee which states that the detail of content and timing of actions are to be agreed with MHCLG and we hope to have detailed proposals by the November meeting not taken forward yet as more discussion with MHCLG/LGPC is needed.

Annex A – Research questionnaire

1. Can you talk me through your working life so far, where you started and the key turning points?

2. Thinking back to when you were making your career decisions, what felt most important at the time? (stability, flexibility, salary, progression, family, location...)?

3. How prominent was your employer's pension provision in your decision making back then?

4. Since joining your current organisation, how has your role and progression evolved? have there been any structural or personal factors that influenced whether you pursued or secured advancement opportunities?

Work patterns and interruptions

5. Have there been moments where work and personal life pulled you in different directions? What happened? (This often surfaces caregiving, relocation, health, etc. without asking directly.) How did that affect your career choices or trajectory?

6. Have your working patterns changed over time (full-time, part-time, breaks, flexible work)? What influenced those changes?

Household context and long-term planning

7. Thinking about your life outside work, what responsibilities or commitments shape your financial decisions?

8. At what point in your life did long-term financial planning becoming important to you – if at all? Was there a trigger?

9. When you think about retirement, what would a 'good' one look like for you personally? And what kind of monthly income do you imagine you would need to feel comfortable in that stage of life?

10. What types of expenses do you expect that income to cover at retirement?

11. How clear or intuitive are financial terms like compound interest, inflation, investments feel to you, and how (if at all) do they influence your savings decisions?

12. What do you see as your main source of income at retirement?

Pension awareness engagement and workplace culture

13. How clear do you feel about how your workplace pension works? If low clarity: What makes it unclear? If not mentioned: where have you learned most of what you know about pensions? (Employer, family, peers, own research.)

14. How does your employer usually communicate about pensions? And how often? Does that communication feel relevant to you personally?

15. What would make pension information feel more accessible or useful to you?

16. Has anyone ever encouraged you to increase contributions or review your pension?

17. In your workplace, who tends to talk most about pensions? (e.g. HR, managers peers, or certain groups of employees) Who tends to stay quiet?

Reflections

18. Do you think everyone at your workplace can save for the retirement they want? So, for example with different life circumstances like career breaks, children, or caring responsibilities.

19. What do you wish you had known earlier in your career?

Annex B - Mind the Gap best practice guide

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Annex C – Gender pensions gap action plan

Action	Status
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	Reporting proposal agreed in February 2025 (**Completed**) Board response submitted to the Access and Fairness consultation (**Completed**) To work with MHCLG and GAD on the guidance for reporting (including methodology) (**Completed)** 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 (**Ongoing)**
B. Explore with the Pension Equity Group (PEG) how to adapt the 'Mind the Gap' employer best practise guide for the Public Sector	Meeting with other public sector pension schemes to be arranged (**Ongoing**) Identify appropriate networks for employer engagement (**Ongoing**) Include in the further research specification (**Ongoing**)

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	Access and Fairness consultation launched with proposals for changes to unpaid leave (**Completed**)
D. Analyse the responses from the GPG survey to local government employers	Results issued in February 2025 (**Completed**)
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	Engagement with one software provider (Heywoods) taken place
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.	Roundtable event with employer representatives and industry experts organised (**Completed**) Consultation response to address specific issues and ideas (**Completed**) For the Secretariat to identify the most appropriate employer forums and routes to continue to engage with LGPS employers. (**Ongoing**)
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.	Research underway and final report findings expected in summer 2026 (**Ongoing**)

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

Mind the Gap

Reducing the gender pension gap

Pensions Equity Group

Tackling the gender pay gap

When inequality holds women back, it holds organisations back. Employers have overwhelmingly recognised the reality of the gender pay gap and many are making strides toward reducing it.

For employers with more than 250 employees it's a legal requirement to report on the gender pay gap and many smaller organisations are also reviewing their gender pay gaps.

There's an opportunity for HR professionals to make their workplaces more inclusive by putting broader people strategies on their organisation's agenda.

The largest single benefit provided by employers is a pension, so this is the natural next point of focus.

We've created this guide to help employers with the gender pension by understanding it, measuring it and reducing it.

What is the gender pension gap?

The gender pension gap can be described as 'the percentage difference in the pension income built up for male and female scheme members over a typical working life'.

According to the Office of National Statistics, the participation rates in pensions are greater among women than men (both for full and part-timers)[1]. And yet a woman still retires, on average, with half the pension of a man. Women save, on average, less than men. In 2021, the gap between annual savings for women and men was £500 per year in the private sector and over £2,000 per year in the public sector[2].

This means women are less likely than men to get beyond, or even reach, the 'Minimum Standard of Living', as set out in Pension UK's Retirement Living Standards[3] making them more likely to suffer poverty in retirement.

Women are more likely to fall into the categories[4] of lower earners, part-time workers and workers with caring responsibilities. This means that, as an employer, you can make an impact on your employees' future retirement income by understanding your role and the steps you can take to improve the pension benefits to people in those groups.

Pensions are a function of pay, and so any gender pay gap will always translate to a gender pension gap. Gender pay gap reporting is now well-established in the UK. Gender pension gap reporting is not, but is a growing area of interest in both the public and private sector. Beyond differences in pay and part-time working, the periods of a woman's career when she is not accruing a pension contribute significantly to the gap. Across the course of a woman's life, such gaps – such as taking unpaid leave to look after children or perform other caring responsibilities – all add up.

This guide covers three specific areas that all employers should consider to address this gap.

1 Source: https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/workplacepensions/bulletins/annualsurveyofhoursandearningspensiontables/2021provisionaland2020finalresults

2 Source: Workplace pension participation and savings trends of eligible employees: 2009 to 2021 - GOV.UK (www.gov.uk)

3 Source: Home - PLSA - Retirement Living Standards

4 Source: Women and the UK Economy, Research Briefing, House of Commons, March 2023

How to use this guide

This guide is intended to be used by HR leaders to assess their organisation's current level of support and commitment to improving the gender pension gap for their employees. The checklist has been split between bronze, silver and gold measures to provide a simple tool for leaders to benchmark themselves and to provide a list of positive actions which can be implemented to improve the gender pension gap for people working within each organisation. The starting position and pace at which organisations can implement changes will vary.

Pension schemes in the UK

The UK has two main pension systems in place – defined contribution (DC) schemes which are the standard within private sector companies and defined benefit (DB) schemes which are more prevalent in the public sector. Public sector, including local government pension schemes, are more likely to have fixed contribution rates for both employees and employers, with DC schemes having more flexibility but often contributing less. This guide tries to set out possible improvements for both types of schemes, but some suggestions will inevitably only be relevant to one group.

Our aim is to improve pension provisions for all participants in the pensions market, focusing on the gap between genders in the short to medium term.

The gender pension gap in your own organisation

Over the following three pages is the checklist of actions that organisations can take to improve their gender pension gap. The potential actions are grouped into these three areas:

1. Understand your organisation's gender pensions gap and drivers
2. Raise awareness with your employees
3. Make meaningful benefit and policy changes

1 Understanding your own gender pensions gap and drivers

Bronze	Silver	Gold
Data and analysis		
❑ Calculate and analyse your gender pay gap as per employers with more than 250 employees[5] Employers with more than 250 employees are required by law to publish their gender pay gap.	Capture and analyse: ❑ Part-time working, split by gender and pay ❑ periods of caring absence (parental leave, elder care etc.) by gender ❑ take-up of pensions by gender ❑ contribution rates and additional contributions by gender ❑ average value of current pension savings (DC) or annual pension income expected at retirement age (DB) accrued during this employment, split by gender	❑ Create an action plan to tackle the identified gaps. Review this annually, along with the impact of actions in the plan.

5 Source: [Gender pay gap reporting: guidance for employers - GOV.UK (www.gov.uk)]

2 Raising awareness with employees

Bronze	Silver	Gold
Communications plan		
❑ Create an internal communications plan to raise awareness of the gap and your actions ❑ Communicate the value of employees' pension contributions and the impact on take home pay of opting out, including the loss of employer contributions – particularly with new recruits. ❑ Run campaigns to raise awareness of pensions and financial wellbeing referring to Pension UK's Retirement Living Standards[6] ❑ Provide or signpost to tools that support employees in calculating the impact of pension contribution holidays where used[7] ❑ Increase member education around milestone events including impact on state pension and accessing government support for childcare[8] ❑ Deliver special education sessions around key influencing topics, such as the impact of menopause on women and their working patterns including some information about reasonable adjustments and flexibility[9]	❑ Provide guidance to employees going through divorce about including pensions in the matrimonial assets and different options for pension sharing[10] ❑ Talk to your employees about household financial planning ❑ Run female-focused financial wellbeing workshops which include a section on the impact of carers' leave and part-time work on pension ❑ Raise awareness of impact on pension savings ahead of, and following, extended periods of leave ❑ Create a culture where all feel safe to utilise flexible working and leave policies, enabling a more equal work/life balance. This could include role-modelling across senior leaders or practical case studies on the benefits ❑ Continue to communicate the value of employees' pension contributions and the impact on take home pay of opting out at key points including annual benefit statement period, age milestones and during early career years. ❑ Ensure employees understand their retirement options and how they might maximise their benefit value	❑ Understand the cultural differences towards savings across your workforce and tailor communications to support this ❑ Create an external communications plan to support the actions you are committing to take, tell your story publicly ❑ Provide a statement to employees thinking about taking a pension pause, setting out the impact on projected pension outcomes – helping them to make more informed decisions

6 Source: Home - PLSA - Retirement Living Standards

7. Source: Workplace pension contribution calculator | MoneyHelper

8. Source: Family & care | MoneyHelper & Benefits if you have children | MoneyHelper

9. Source: Regulator provides advice for employers on menopause and the Equality Act | EHRC (equalityhumanrights.com)

10. Source: How could getting divorced affect my pension and retirement income? | MoneyHelper

3 Making meaningful benefit and policy changes

Bronze	Silver	Gold
Workplace policies		
❑ Put in place pension, menopause, maternity, paternity, family leave and caring policies. Make sure that they're inclusive and accessible ❑ Provide flexible working policies and promote them internally ensuring they're understood ❑ Make sure any private health insurance includes menopause cover	❑ Annually review your pension, menopause, maternity, paternity, family leave and caring policies to make sure they meet to best practice. Promote to existing employees and through the recruitment process ❑ Provide workplace menopause support	❑ Promote your flexible working policies externally as part of recruitment process ❑ Use senior role models to share examples of how flexible working practices are being used effectively. Share information internally and externally
Pension contributions and life events		
❑ Pay employer pension contributions during maternity and paternity leave – calculate it on salary at start of leave, not on actual earnings during leave ❑ Pay employer pension contributions during carers' leave	❑ Continue paying contributions during maternity and paternity leave even if pay stops (calculate as per bronze) ❑ Pay employer and employee pension contributions during carers' leave ❑ Extend paternity and family leave beyond the legal minimum	❑ Pay the equivalent of full-time employer pension contributions for part-time employees, reflecting that part-time working is usually for caring ❑ Where an employee chooses to opt out due to affordability, allow them allow them to opt-down to 0% and continue to pay employer contributions ❑ Extend paternity and family leave to 6 months
Pension contribution structure (DC schemes only)		
❑ Do not apply the earnings threshold of £10,000 for making pension contributions ❑ Remove any age related restrictions (e.g. age 22 auto-enrolment eligibility)	❑ Calculate and pay pension contributions from the first £ of employees' earnings rather than above the lower earnings limit of £6,396 ❑ Pay above the auto-enrolment minimum requirements and/or pay more than 5% employer contributions, without requiring an employee to pay more than the statutory 3% contributions	❑ Pay 6% or more employer contributions, and ensure a minimum total contribution of 12% is available This might enable accreditation as a Living Pension employer

Congratulations on taking action towards reducing the gender pay gap. This guide is designed to be a working document, so change can continue to be tracked and improved.

Please share your experiences, challenges and successes in implementing changes suggested within this guide with the Pensions Equity Group and with your own networks.

Together, we can create change which will reduce the gender pension gap and positively impact our pensioners of the future.

Pensions Equity Group

Website | LinkedIn

Cost Management, Benefit Design and Administration (CMBDA) Committee
6 July 2026 11.00am
Room 4.3, 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.

A more detailed account of the Gender Pensions Gap working group's programme of activity can be found in Paper E.

Email: SABSecretariat@local.gov.uk **Website:** LGPS Board

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 to have detailed proposals by the November meeting	Government's intend was to require opt-out reporting from 2026-27, with reporting fund annual reports for that year. That now seems at risk
MHCLG consultations on member benefits	Government response to Access and Fairness has now been issued. Partial response to Access and Protections (in relation to mayors and councillors) also issued. The committee will continue to work with MHCLG on the government response to Access and Protections	Work still needed on A&F proposals on opt-outs and forfeiture. Government response on rest of Access and Protections expected soon.	Waiting detailed timetable from MHCLG but expectation that this work is completed by the end of the calendar year.
Review of local fund valuations	Barnett Waddingham have produced scheme-wide valuation report (as in previous rounds) GAD will update on work with s13 report Secretariat undertaking review of sample of FSS to assess effectiveness of new guidance and consistency around exit credit policies	Findings from scheme-wide review presented at this meeting Hope to have initial indications of s13 recommendations See separate paper on timetable for the review of FSS guidance	July for publication of BW 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	Process for the 2024 CCM has started with	We expect an update on timetable	Ongoing

Workstream	Details	Action for next Committee	Timescales
Mechanism and SAB Scheme Cost Assessment	data gathering and analysis	from GAD at this meeting and advice on assumption setting	
Board survey showed evidence that employer exits are increasing significantly, driven by financial pressure and possibility of exit credits.	Board agreed to: - systematise gathering of data on employer exits - Clarify regulations on when exit credits are due - Propose to government that they ban incentivisation of members opting out	We have written to MHCLG proposing these actions and will report back to the committee when we have a response	Awaiting response from MHCLG, timescales will be set for the work once we have a response
Gender pensions gap (GPG)	There is a detailed paper and programme of work on this under agenda item E	Work is progressing and committee should expect updates in relation to: - further research with LB Westminster and Investors for Purpose - development of an employer guide to best practice in reducing their GPG - scoping out employer level GPG reporting requirements for 2028 with MHCLG	See paper under agenda item E for timelines for the various elements

Email: SABSecretariat@local.gov.uk **Website:** LGPS Board