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

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).

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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.