Scheme Advisory Board (SAB) Meeting
23 November 2026, 1.30pm
Beecham Room, 18 Smith Square, London and Microsoft Teams

Paper J: Cost management, benefit design and administration (CMBDA) committee report

Key points to note

The CMBDA committee met on 9 November 2026 and considered a substantial programme of work across cost management, benefit design and administration. This report sets out how the committee is testing the value of cost oversight, contributing to future scheme development and supporting effective administration and member engagement. Key developments include:

- **Cost management:** near-final results from HM Treasury's Cost Control Mechanism and the Board's separate Scheme Cost Assessment indicated that no changes to member benefits or contributions were required. Final reports remain to be published. The committee is seeking clearer cost information to assess whether the separate Board exercise continues to provide sufficient additional value following changes to the Treasury mechanism.

- **Benefit design:** MHCLG is scoping potential scheme reforms for April 2028, including possible measures addressing pension inequalities, ill-health retirement and changing retirement patterns. The committee has been invited to provide views on potential reforms and priorities, creating an opportunity to help inform the next phase of scheme development.

- **Administration:** the committee is supporting the development of statutory Pension Administration Strategy guidance to clarify responsibilities between administering authorities and employers, with an emphasis on guidance that is concise and usable. It also identified pensions dashboards as a significant opportunity to strengthen member and employer engagement and asked the secretariat to consider whether a dedicated Board engagement strategy would help realise that opportunity.

The proposed 2027 workplan at annex A sets out the committee's continuing priorities for the Board's approval.

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

Recommendation

That the Board notes the progress and next steps outlined in this report and approves the committee's 2027 workplan at annex A.

Summary

LGPC report

Steven Moseley presented the LGPC update on behalf of Lorraine Bennett. The committee asked for a dedicated dashboards session and for the secretariat to consider whether the Board should develop a specific member and employer engagement strategy to make the most of this 'once in a generation' opportunity.

MHCLG update

Paul Duggins from MHCLG reported that regulations and guidance on opt-outs, forfeiture and five-year refunds are expected by the end of January 2027. The government response to the consultation on Normal Minimum Pension Age, academy direction orders and New Fair Deal was expected by the end of November 2026, with more detailed guidance and regulations expected by mid-2027.

MHCLG was also scoping potential scheme reforms for April 2028. These might include further measures to tackle the gender pensions gap or extend this to other protected characteristics, improvement to ill-health retirement options or changes to reflect evolving retirement patterns (such as making flexible retirement easier).

The committee was invited to provide further views on potential reforms and priorities for the April 2028 package.

Government Actuary's Department (GAD) update

The near-final results of the HM Treasury run cost control mechanism presented by Garth Foster from GAD confirmed that no changes to member benefits or contributions were required. Although the core cost cap mechanism and economic check continued to move in different directions, there was no breach. The next substantive review of the mechanism, including the 3 per cent corridor, was expected around 2030.

The separate Scheme Cost Assessment commissioned by the Board also resulted in no recommendations for benefit changes. The assessed cost was 1.4 per cent

above the original target and remained within the 3 per cent corridor, broadly consistent with the original balance.

With neither exercise requiring benefit changes, the committee's focus turned to whether the separate Board assessment continued to provide sufficient additional value following changes to the Treasury mechanism. GAD agreed to provide a clearer figure for the cost of the exercise so that the committee could weigh its value against its cost before making a recommendation to the Board.

GAD also outlined progress with the Section 13 review of the 2025 local fund valuations, covering consistency, compliance, solvency and long-term cost efficiency. The review provides an important independent assessment of how funds approach their valuations, with the scope being extended to examine employer engagement and the treatment of academy schools. GAD aimed to report in spring 2027 but would engage with the Board on draft proposals as they emerged.

Proposal for LGPS research

The committee noted that there had been discussions between the secretariat, Pensions UK, funds and pools about commissioning a professionally presented, evidence-based piece of research into LGPS membership, benefits and costs. The purpose was to support accurate briefing of journalists, politicians and other stakeholders amid increasingly politicised commentary about public-service pensions.

The committee expressed strong support for the project. Members emphasised pension adequacy, the benefit to employers of being able to offer LGPS membership for recruitment and retention and alignment with the Pensions Commission's expected spring 2027 recommendations. It was agreed to consider possible funding routes, including funding a contribution through the Board levy.

The paper on the Board budget for 2027/2028 does not yet include a potential allocation of resources for this work, but can be amended to include this is agreed by the Board.

Gender Pensions Gap

The committee noted the research commissioned with Westminster Pension Fund, Hymans Robertson and Investors for Purpose. It combined new quantitative data into pension gaps for ethnicity and disability and the intersection of these with gender. It also had more qualitative research about member understanding and

experience of the scheme, based on 30 interviews. The findings showed that pension inequalities reflected pay, career progression, caring responsibilities, working patterns and engagement, as well as scheme design. Younger employees, particularly Generation Z, were more likely to be outside or disengaged from the scheme. The committee agreed that targeted communications remain important to explain the full value of LGPS membership, including death-in-service and ill-health protection.

The committee also noted the excellent work being done with Higher Education employers on this, which highlighted the use of annual pension savings-gap measures. The committee also discussed dealing with multiple employments (sometimes with different schemes) and the impact of employers' increased use of casual work. A robust LGPS methodology and careful interpretation would be developed with MHCLG for 2028 valuation round reporting.

The committee supported further dissemination, work with the National Communications Working Group, more LGPS-specific and employer-specific Mind the Gap material, and exploration of a statutory basis for administering authorities to hold diversity data.

Equality survey of Pension Committees and Local Pension Boards

Nearly 400 responses had been received to the secretariat's survey over the summer of decision makers in LGPS. Respondents were older than the general population and showed a marked gender imbalance: the LGPS membership is approximately 73 per cent female, while around 69 per cent of committee and board respondents are male. Ethnicity was broadly similar to the Councillor population and the country as a whole. Most respondents were unsure whether their authority collected equality information, while the Board's earlier survey found that this information was not being collected. Taken together, these findings highlight a gap in the evidence available to understand the demographic composition of LGPS governing bodies, something a clear majority of respondents considered important.

The committee agreed that the aggregate results should be published and the survey repeated periodically, but no more frequently than annually. The findings should inform wider work to encourage more representative participation in local democracy and LGPS decision-making.

Pensions Administration Strategy guidance

The committee heard that the working group to develop this guidance had met four

times since September. It was helping MHCLG develop statutory guidance following strengthening of the statutory requirement for this policy as part of the Fit for the Future proposals. A key issue was defining the scope of a Pension Administration Strategy as a relationship and accountability document between administering authorities and employers.

Once this group has developed some initial proposals, MHCLG will share these with member representatives and this committee.

The group questioned whether detailed cyber-security standards belonged in this guidance, as cyber security was a wider governance and risk-management issue. Members stressed that the guidance should remain concise and usable. Wider engagement, including employer, member and third-party payroll representatives, was expected in the new year.

The committee discussed the importance of data quality and the need to monitor service standards from third-party payroll providers.

Committee workplan

The committee agreed to submit the 2027 workplan to the Board for approval. This can be found at annex A.

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 expect MHCLG to have published draft regulation changes and guidance before the date of the next meeting	Government's intention is to require opt-out reporting as at year-end FY 2026/2027, reported in fund annual reports for that year
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 Access and Fairness proposals on opt-outs and forfeiture. Government response on rest of Access and Protections expected soon.	Linked to timetable from MHCLG but expectation that this work is completed by the end of the calendar year 2027.
HMT Cost Control Mechanism and SAB Scheme Cost Assessment	Near-final results from the 2024 HMT Cost Control Mechanism and the SAB Scheme Cost Assessment have been received. Neither indicated that changes to member benefits or contributions are required.	Final results and reports are to be published. SAB to consider whether the SAB scheme cost assessment exercise continues to provide sufficient additional value following changes to the HMT mechanism.	Publication of final results and reports awaited. The committee will consider the future of the SAB Scheme Cost Assessment once the additional cost information is available.
Board survey showed evidence that employer exits are increasing	Board agreed to: - systematise gathering of data on employer exits	We have written to MHCLG proposing these actions and will report back to the committee when we	Awaiting response from MHCLG, timescales will be set for the work once we

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significantly, driven by financial pressure and possibility of exit credits.	- Clarify regulations on when exit credits are due - Propose to government that they ban incentivisation of members opting out	have a response	have a response
Gender pensions gap (GPG)	There is a separate detailed programme of work for this workstream.	Work is progressing and committee will receive updates in relation to: - Explore and propose a standard GPG definition and reporting approach - Adapt the 'Mind the Gap' employer best practice guide - Explore the ability of member self-service portals and other tools to communicate more flexible career histories - Support the next steps for collection of additional opt-out data	See separate specific workplan for the various elements
Pension Administration Strategy (PAS) Guidance	Support MHCLG's development of statutory guidance through a PAS working group	Work is progressing and committee should expect updates in relation to discussions so far, decisions made and expected timescales for delivery.	For the guidance to be available by March 2027.