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

Paper E: Pension Administration Strategy guidance

Key points to note

Following agreement at the July committee meeting a working group has been set up to support MHCLG in the development of Pension Administration Strategy (PAS) statutory guidance. The group has met twice and a summary of the discussions is provided in this paper.

Recommendation

To note this report.

Current position

As part of the Fit for the Future reforms, MHCLG amended the LGPS regulations to require each Administering Authority (AA) to prepare a pensions administration strategy in line with guidance issued by the Secretary of State. While that duty is already in effect, the associated guidance has not yet been drafted.

The working group that has been established to support drafting this guidance has now met twice and agreed Terms of Reference setting out its purpose, scope and objectives. Initially the group has been practitioner-led including only representatives from administering authorities but it is intended that wider engagement from other key stakeholders will be sequenced into the timeframe. Including specifically employer representatives, who are a key party to a PAS.

The group's remit is to support the development of practical guidance that reflects the requirements of Regulation 59 whilst distinguishing statutory requirements from good practice and ensuring clear links with other related policies and strategies.

At its first two meetings, the working group received presentations from MHCLG to draw out the current structure and content of the PAS's and request practitioner feedback on how a PAS is currently used by those AAs which have one. Within these discussions, cyber security and operational resilience have been highlighted as areas that MHCLG would like to feature prominently within the guidance. Members

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of the working group acknowledged the importance of these issues but noted that cyber risk extends beyond pension administration and forms part of a fund's wider risk management, governance and business continuity arrangements. Feedback from the group emphasised that any guidance should recognise this broader context and avoid creating duplication with existing cyber and risk management frameworks. MHCLG officials acknowledged this distinction and confirmed that this would be considered as the guidance continues to develop.

MHCLG officials also shared some thoughts on proposals for high-level contents and scope of the PAS guidance which funds will need to follow.

During the working group meetings, discussions have focused on:

- the purpose, audience and status of the PAS, including how, reflecting the current drafting of the regulation, these are currently used as a document which sets out fund and employer responsibilities, employer engagement and accountability, including mechanisms to support employer compliance with their statutory responsibilities and set out data requirements and quality measures;
- the relationship between pension administration and wider fund governance arrangements, ensuring clear alignment with governance compliance statements, training frameworks and other statutory policies;
- the use of administration performance measures, key performance indicators and other reporting arrangements
- how different administration service delivery models should be considered in the guidance, including where services are outsourced
- the impact of employer third party payroll providers and how these responsibilities are reflected within local strategies;
- operational resilience and cyber security, including how strategies can support funds in identifying, monitoring and mitigating administration-related risks; and
- the need for proportionality and flexibility in the final guidance to reflect the differing governance and administration arrangements operating across LGPS funds and not make the PAS too unwieldly in its size

MHCLG is drafting guidance informed by the working group's feedback, including further consideration of whether cyber requirements form part of that guide or as a separate guidance document. The working group is planned to meet on Wednesday 4 November and a verbal update will be provided on the discussions in that meeting.

It is expected that draft guidance will have been shared with the working group for comment by the time this committee meets.