

Subject	Consultation on LGPS Administration Regulation changes – Access and Fairness	Status	For Publication
Report to	Authority	Date	05 June 2025
Report of	Assistant Director Pensions		
Equality Impact Assessment	Not Required		
Contact Officer	Debbie Sharp	Phone:	01226 666480
E Mail:	dsharp@sypa.org.uk		

1 Purpose of the Report

- 1.1 To update the Authority on a consultation opened by MHCLG on the Local Government Pensions Scheme in England and Wales; Access and Fairness.

2 Recommendations

- 2.1 Members are recommended to:
- a. **Delegate the response to the consultation to Officers in consultation with the Chair and s41 Members.**

3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Customer Focus

To design our services around the needs of our customers, whether scheme members or employers.

Listening to our stakeholders

To ensure that stakeholders' views are heard within our decision-making processes.

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times. The report includes detail on the administration effect of the proposals.

4 Implications for the Corporate Risk Register

- 4.1 None

5 Background and Option

- 5.1 This report provides information on a significant consultation on scheme changes recently launched by The Ministry of Housing, Communities and Local Government (MHCLG). On 15 May 2025 MHCLG launched a consultation on amendments to the Local Government Pension Scheme regulations to promote 'access and fairness' to its scheme members.
- 5.2 The consultation, which is open for 12 weeks until 7 August 2025, covers the following areas:
- 5.3 **Survivor benefits and death grants;** aiming to ensure equality of benefits paid to survivors irrespective of the sex of the survivor or the original member, removing the age 75 maximum eligibility point for death grants and a further administrative easement when a death grant isn't paid within 2 years. This largely responds to a number of cases where the courts have found scheme rules discriminatory and as a result there will be a significant element of backdating involved in implementing these changes.
- 5.4 **Gender pensions gap:** proposed changes to the way members can (and in some cases must) buy back unpaid leave and a proposal to make unpaid additional maternity, adoption and shared parental leave fully pensionable at cost to employers. The purpose of these changes is to improve pension rights accrued, during breaks in membership, by female scheme members but will also have some benefit to male scheme members. It is also proposed that it is going to be mandatory for gender pensions gap reporting to be carried out, which would be carried out as part of the actuarial valuation and included in the valuation report. As it is proposed that this be implemented from as part of the valuation currently taking place there may be impacts both on the cost of the valuation and on the timescale for the final report, although not approval of the Rates and Adjustments Certificate.
- 5.5 **Opting out of the scheme** – a proposal to make the collecting and reporting of opt out data mandatory, including use of a standard form to be used by all administering authorities. This aims to ensure that an understanding of who is opting out and why can be considered in future discussions about scheme changes and in how administering authorities and employers communicate the advantages of the Scheme to their members. It is also proposed that there will be a (further) Government form that employees will be asked to complete, so that data is automatically (and anonymously) returned to MHCLG.
- 5.6 **Forfeiture:** changes proposed aim to solve some issues that administering authorities and employers have faced in attempting to use the rather complex and restrictive provisions to forfeit/reclaim financial losses from scheme members' benefits in the past. Guidance on making a forfeiture application is also suggested.
- 5.7 **McCloud remedy:** some issues with the existing remedy regulations have been identified as administering authorities have been working through the affected cases, so regulation amendments are proposed to correct these. Affected calculations include divorce, death grants, interest and transfers from other public sector schemes for scheme members over 65.
- 5.8 **Other amendments:**
- Fixing known issues with the regulations, including exiting employers, de minimis commutation payments for pre-2008 leavers, and AVCs.

- Updating Schedule 2 to include Combined County Authorities as employers in the LGPS.
- Making updates to reflect the abolition of the lifetime allowance and the introduction of the Lump Sum Allowances, including the approach the LGPS is taking towards the payment of a Pension Commencement Excess Lump Sum (PCELS).
- Providing more flexibility for when refunds of contributions are to be paid.

5.9 Officers are currently digesting the consultation, which is the most significant set of benefit changes for many years and addresses many longstanding issues. Draft regulations have also been issued with the consultation for consideration. There are likely to be significant workloads arising from some of these changes and it is positive that the Government is asking some questions about the impact of these proposals on the administration of the scheme. Officers will provide a response by the relevant date that will be agreed in consultation with the Chair and s41 members.

6 Implications

6.1 The proposals outlined in this report have the following implications:

Financial	Backdating of benefits will incur costs to the Fund. There may also be additional staffing or consultancy charges incurred. At this stage it is far too early estimate these impacts but the most effective way of undertaking this work and the associated costs will need to be reflected in future budgets when the implementation timescales are known.
Human Resources	The additional administration these changes introduce will further increase the complexity of the scheme increasing the pressure on the workforce and creating additional training requirements. Work will be required to understand whether there is an impact on the Authority's capacity planning model.
ICT	The Pensions Administration System will need to be amended to mirror any changes implemented.
Legal	None
Procurement	None

Name Debbie Sharp
Title Assistant Director Pensions

Background papers	
Document	Place of Inspection
Consultation document	Local Government Pension Scheme in England and Wales: Access and fairness - GOV.UK