Suffolk County Council

Suffolk Pension Board

(Quorum 2 – 1 member of each representative group)

Scheme Employer Representatives:

Councillor Richard Smith MVO, representing Suffolk County Council.

Ian Blofield, representing all Borough, District, Town and Parish Councils.

Thomas Jarrett, representing all other employers in the Fund.

Scheme Member Representatives:

Richard Blackwell, representing Pensioners.

Kay Davidson, representing Active Members.

Peter Frost, representing the Unions.

Date: Wednesday, 10 December 2025

Venue: Rose Mead Room
Endeavour House
8 Russell Road
Ipswich
Suffolk
IP1 2BX

Time: 10:45 am

For further information on any of the agenda items, please contact Rebekah Butcher, Democratic Services Officer, on 01473 264371 or committee.services@suffolk.gov.uk

Business to be taken in public:

Business to be taken in private:

11. **Exclusion of the Press and Public**

The Committee is invited to consider whether the public (including the press) should be excluded from the meeting during consideration of agenda item 12 pursuant to Section 100(A) of the Local Government Act 1972 (as amended) on the grounds that:

a) they involve the likely disclosure of exempt information as detailed in paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) of Parts 1 to 3 of Schedule 12A, as amended, of the Local Government Act 1972 (as amended); and

b) that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

12. **LGPS Fit for the Future Update** Exempt Pages 111-114

To receive a report on progress towards meeting the requirements of LGPS Fit for the Future.

Date of next scheduled meeting: Wednesday, 4 March 2026 at 11:00 am

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https://www.suffolk.gov.uk/asset-library/imported/filming-at-meetings-protocol.pdf.

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2. Use the stairs, NOT the lifts.
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Nicola Beach
Chief Executive

Suffolk County Council

Agenda Item 3
Unconfirmed

Minutes of the Suffolk Pension Board Meeting held on Friday 17 October 2025 at 11:00 am in the Rose Mead Room, Endeavour House, Ipswich.

Present:	Councillor Richard Smith MVO (Chairman) (representing Suffolk County Council), Richard Blackwell (representing Pensioners), Kay Davidson (representing Active Members), Peter Frost (representing the Unions), and Thomas Jarrett (representing all other employers in the Fund).
Supporting officers present:	Rebekah Butcher (Democratic Services Officer), Stuart Potter (Pensions Operations Manager), Sharon Tan (Lead Accountant, Pensions), and Tracey Woods (Head of Pensions).

19. Apologies for Absence

Apologies for absence were received from Ian Blofield (representing all Borough, District, Town and Parish Councils).

20. Declarations of Interest and Dispensations

Cllr. Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Peter Frost and Thomas Jarrett declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

21. Minutes of the Previous Meeting

The minutes of the meeting held on 29 July 2025 were confirmed as a correct record and signed by the Chairman.

22. Pensions Administration Performance

At Agenda Item 4, the Board received a report which provided an update on the performance of the Pensions Administration Team. The report included details of compliments and complaints received, as well as information on the timeliness of contribution payments from employers in the Fund.

The report was introduced by Stuart Potter (Pensions Operations Manager), and Sharon Tan (Lead Accountant, Pensions). Members were given the opportunity to ask questions.

Decision: The Board noted the report and considered the information provided, confirming that no further action was required at this time.

Reason for decision: The purpose of the report was to provide the Board with regular updates on the performance of the Pensions Administration Team, including statutory requirements and Service Level Agreements.

A member raised concern about the persistently low percentage of active members using iConnect, which had remained at 47%. Officers explained that progress depended on onboarding larger employers such as Suffolk County Council and the district and borough councils, with renewed efforts underway following a year-long pause. Data quality had improved, and optimism was expressed about future increases, particularly as key employers and payroll providers were targeted.

The Chairman also commented on the recent Annual Employers Meeting, highlighting strong attendance and a well-balanced agenda. Few questions were raised, likely reflecting the positive updates shared. The Board noted that the online format enabled broader participation, with 146 employers represented and attendance levels improved compared to previous years.

Alternative options: There were none considered.

Declarations of interest: Cllr. Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Peter Frost and Thomas Jarrett declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

23. Pensions Dashboard

At Agenda Item 5, the Board received a report providing an update on progress with connecting to the Pensions Dashboard and meeting the responsibilities set out in the Pensions Dashboards Regulations 2022 and 2023.

The report was introduced by Tracey Woods (Head of Pensions) and members were given the opportunity to ask questions.

Decision: The Board noted the progress made towards meeting the deadline of 31 October 2025 for connecting to the Pensions Dashboard.

Reason for decision: The Suffolk Pension Board was responsible for ensuring that the Suffolk Pension Fund complied with legislative requirements relating to the Local Government Pension Scheme (LGPS) and those imposed by the Pensions Regulator.

The Suffolk Pension Fund was required to connect to the Pensions Dashboard by 31 October 2025. Failure to do so was considered a breach of regulations by the Pensions Regulator, which would have required formal reporting and could have resulted in a financial penalty.

A member queried whether the dashboard would be accessible to pensioners, noting that private pensions could be deferred until age 75. Officers clarified that pensions already in payment would not appear on the dashboard, but those not yet accessed would. Although the system was connected, members would only be able to use the dashboard once it had been officially launched by the Government. Officers noted that while there had been speculation about funding the dashboard, no formal announcements had been made, but the dashboard was expected to go live once enough providers were connected. Current testing focused on the Money and Pensions Service version, accessed via gov.uk. Scheme members had been informed via the newsletter, with further communication to follow the Government's publicity campaign.

The Board also received clarification on the matching process: pensions not yet in payment, including those with the Suffolk Pension Fund, would be automatically matched and displayed using identifiers such as National Insurance numbers. Where a definite match was found, details would be shown; otherwise, only contact details would be provided. Officers acknowledged the challenge of reaching deferred members, especially those who had moved, and emphasised the importance of accurate data and proactive communication. It was noted that while the system could provide information, members remained responsible for engaging with it.

Alternative options: There were none considered.

Declarations of interest: Cllr. Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Peter Frost and Thomas Jarrett declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

24. Actuarial Valuation 2025

The Board received a report at Agenda Item 6 which outlined the actuarial position of the Suffolk Pension Fund as at 31 March 2025, along with the draft Funding Strategy Statement.

The report was introduced by Tracey Woods (Head of Pensions) and members were given the opportunity to ask questions.

Decision: The Board:

a) noted the progress of the March 2025 triennial valuation.

b) noted the initial results of the triennial valuation outlined in Appendix 1

c) reviewed the Funding Strategy Statement for the Pension Fund set out in Appendix 2

Reason for decision: In line with other UK Pension Funds, each LGPS Fund was required to undertake an actuarial valuation every three years. Responsibility for the results and implications of the triennial valuation lay with the Pension Fund Committee, as set out in the Suffolk County Council Constitution.

The Board represented the Employers in the Fund and was expected to have appropriate oversight to fulfil its duties. As part of the consultation with scheme employers, the Board was asked to consider the draft Funding Strategy Statement.

Members were advised that the Suffolk Pension Fund had submitted its valuation early, making it the first fund to do so in the LGPS, thereby allowing employers ample time to plan their future finances. The Fund was reported to be 151% funded, with no employer seeing an increase in contribution rates. Officers explained that while reductions had been applied where appropriate, care had been taken to ensure rates remained manageable and avoided future volatility. In particular, pooled academy rates had been reviewed and consulted on, with some queries raised regarding the consolidated reporting approach. Officers had reminded employers of the rationale behind issuing a single report rather than multiple individual ones and confirmed that the approach had been discussed with the Fund's actuary.

Employers were encouraged to respond to the consultation via the Hymans Robertson portal rather than by email, especially where more specific queries were involved. The Fund had also incorporated considerations relating to Local Government Reorganisation (LGR), due to take effect by 2028. It was confirmed that contribution rates for affected employers, both district and county, would be aligned, following discussions with Section 151 officers.

It was noted that Hymans Robertson had delivered a detailed 40-minute presentation at the Annual Employers Meeting earlier in the week, which had been well received. Attendees were advised to contact Hymans directly via the portal for any follow-up queries or requests for additional reports. These reports could include data on member profiles and actuarial assumptions.

The Board commended the team for completing a substantial piece of work on time.

Alternative options: There were none considered.

Declarations of interest: Cllr. Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Peter Frost and Thomas Jarrett declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

25. Annual Report and Accounts 2024-25

At Agenda Item 7, the Board received a report presenting the Audit Results Report compiled by Ernst & Young (EY), which set out the key findings and outcomes from the audit of the Pension Fund Annual Report and Accounts for 2024-2025, along with the draft Annual Report and Accounts.

The report was introduced by Sharon Tan (Lead Accountant, Pensions), and members were given the opportunity to ask questions.

Decision: The Board:

a) noted the Audit Results Report.

b) noted the Fund's Annual Report and Accounts.

c) recorded its gratitude to officers for the timely preparation and submission of the accounts, which were considered to be of a high standard having been agreed by the Audit Committee without any major concerns.

Reason for decision: The Audit Results Report summarised the findings from the 2024-2025 audit of the Pension Fund Annual Report and Accounts.

The Pension Fund Annual Report and Accounts was an important channel of communication, reporting on the Fund's activities to employers, scheme members, and other stakeholders.

The Board received information about the Annual Report and Accounts to fulfil its remit to secure the effective and efficient governance and administration of the Suffolk Pension Fund.

Alternative options: There were none considered.

Declarations of interest: Cllr. Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Peter Frost and Thomas Jarrett declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

26. Pension Board Risk Register

At Agenda Item 8, the Board carried out its review of its Risk Register, considering how the risk control measures have been implemented against the risks.

The report was introduced by Sharon Tan (Lead Accountant, Pensions), and members were given the opportunity to ask questions.

Decision: The Board reviewed and approved the Pension Board Risk Register as published with the caveat that:

a) officers review the current cyber risk rating (SPB07) in consultation with the Council's cyber security team, taking into account emerging threats including those posed by artificial intelligence.

b) to refer the suggestion of including market disruption linked to fossil fuel divestment to the Pension Fund Committee for consideration during its November review of its risk register. The Board would revisit the matter on whether this should be included on its own risk register at its December meeting following feedback from the Committee.

c) to amend SPB06 (Asset Pooling) to reference the LGPS Central Pool, and the closing down of the ACCESS pool.

The Risk Register would be reviewed and agreed again at the Board's December meeting.

Reason for decision: Risk management was a key responsibility of those charged with Pension Fund governance, with a duty to identify the range of risks that could affect the long-term sustainability of the Fund.

The effective management of risk was also covered within the CIPFA Knowledge and Skills Framework, which recognised the importance of understanding the risks that could impact the Pension Fund and the steps that could be taken to mitigate them.

The Board discussed the increasing risk of cyber-attacks, particularly ransomware, and whether the current rating in the risk register was sufficient. Officers confirmed that while existing systems were secure and not publicly accessible, the probability score could be reviewed in light of rising threats. It was noted that platforms like Engage offered improved security, and that recent enhancements were helping to prevent fraudulent access. A member highlighted the growing risks posed by artificial intelligence, including voice and video mimicry, and suggested this be reflected in the risk register. The Chairman proposed that officers consult with cyber security colleagues and report back at the next meeting.

A member highlighted the potential for significant market disruption arising from the risk of having investments in fossil fuels that would become worthless, describing it as an unprecedented and inevitable transition with wide-reaching economic consequences. It was suggested that recognising this risk, sometimes referred to as a "black swan" event, would demonstrate the Board's awareness of emerging challenges. Officers confirmed that the Pension Fund Committee would be reviewing its risk register in November and agreed to feed this recommendation into that process, highlighting that climate risks were already covered on the register. The Board would also have the opportunity to scrutinise the Committee's updated register at its December meeting and consider any implications for its own oversight responsibilities.

The Board also considered the wording of the existing risk relating to asset pooling (SPB06). Officers clarified that the current risk referred specifically to the governance arrangements within the ACCESS pool. Members noted that forthcoming changes to pooling, including potential transfers and the role of the Central Pool, represented a heightened short-term risk. It was suggested that reference to these developments be incorporated into the risk wording, and that the possibility of separating governance and structural risks be explored.

Alternative options: There were none considered.

Declarations of interest: Cllr. Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Peter Frost and Thomas Jarrett declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

27. Information Bulletin

The Board noted the Information Bulletin at Agenda Item 9.

The Chairman reminded members to join the Suffolk Pension Fund's Annual Training Day which would be held on 5 November 2025.

28. Forward Work Programme

The Board received a copy of its Forward Work Programme at Agenda Item 10.

Decision: The Board approved its Forward Work Programme as published, with the inclusion of the following items:

a) To receive a regular update at each meeting (either a written report or information bulletin) on Local Government Reorganisation (LGR) and its impact on the local government pension scheme.

b) To review the Board's and the Committee's risk registers on 10 December 2025 (as noted at Minute 26).

Reason for decision: The Committee wished to ensure its forward work programme was updated to reflect new priorities and changing circumstances.

29. Exclusion of the Press and Public

Decision: The Committee agreed that the public (including the press) should be excluded from the meeting during the consideration of Agenda Items 12 and 13 on the grounds that:

a) that it involves the likely disclosure of exempt information by virtue of paragraph 3 (information relating to the financial or business affairs of any particular person, including the authority holding that information) of Parts 1 to 3 of Schedule 12A (as amended) of the Local Government Act 1972 (as amended); and

b) that in all the circumstances of the case, the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

30. Exempt Minutes of the Previous Meeting

The exempt minutes of the meeting held on 21 July 2025 were confirmed as a correct record and signed by the Chairman.

31. LGPS Fit for the Future

At Agenda Item 13, the Board received a report which set out the work in progress to meet the Government's new requirements following the Pensions Investment Review and LGPS Fit for the Future consultation.

The report was introduced by Tracey Woods (Head of Pensions), and members were given the opportunity to ask questions.

Decision: The Board:

a) noted the work that had been undertaken to identify a new LGPS Investment Pool (LGPS Central Pool) for the Suffolk Pension Fund.

b) the progress made to date to ensure the Suffolk Pension Fund would be compliant with new pooling legislation by March 2026.

c) formally recorded its thanks to officers and the wider team for their work on a particularly complex piece of work, delivered within tight deadlines and timelines.

Reason for decision: The draft Pensions Bill, setting out the primary legislative changes to deliver the LGPS Fit for the Future reforms, was expected to become law from 1 April 2026. These reforms included the requirement for LGPS funds to establish investment pooling arrangements with a pool authorised and regulated by the Financial Conduct Authority (FCA).

On 9 April 2025, the Government wrote to the Suffolk Pension Fund and the ten other ACCESS authorities to confirm that the proposal to establish an investment management company did not align with its vision for the future of LGPS pooling. Each fund was asked to identify which pool it intended to join, with an in-principle decision expected by 30 September 2025.

Following a thorough assessment of available pools, including their operational models, governance, culture, and integration approach, Fund officers recommended that the Suffolk Pension Fund join LGPS Central Pool as a shareholder, and noted the decision of the Norfolk LGPS to take the same course. This recommendation was approved by the Pension Fund Committee at its meeting on 17 September 2025. The Fund would now work with LGPS Central to put in place the necessary agreements to ensure compliance with the new legislation by 31 March 2026.

Members acknowledged the successful outcome and expressed appreciation for the professionalism and dedication shown throughout the process.

Alternative options: There were none considered.

Declarations of interest: Cllr. Richard Smith MVO and Richard Blackwell declared an interest by virtue of the fact they were each in receipt of a local government pension.

Peter Frost and Thomas Jarrett declared an interest by virtue of the fact they were active members of the pension scheme.

Kay Davidson declared an interest by virtue of the fact she was both an active member of the local government pension scheme, and in receipt of a local government pension.

Dispensations: There were none granted.

The meeting closed at 12:35 pm.

Chairman

Suffolk County Council

Agenda Item 4

Suffolk Pension Board

Report Title:	Pensions Administration Performance
Meeting Date:	10 December 2025
Lead Councillor(s):	Councillor Richard Smith MVO, Cabinet Member for Finance, Economic Development and Skills
Director:	Nicola Beach, Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151 Officer)
Author:	Stuart Potter, Pensions Operations Manager Telephone:01473 260295 Email: Stuart.potter@suffolk.gov.uk

Brief summary of the item to be considered

1. This report provides the Pension Board with an update on the performance of the Pensions Administration Team. This report also includes details of compliments and complaints as requested by the Board.

Action recommended

2. To consider the information provided and determine any further action.

Reason for recommendation

3. To provide the Board with regular updates on the performance of the Pensions Administration Team including updates on statutory requirements and Service Level Agreements.

Alternative options

4. There are no alternative options.

Main body of report

Introduction

5. This report covers staff performance and team achievements since the previous Board meeting on 17 October 2025.

Service Level Agreements

6. The Service Level Agreements for the ‘key’ processes from September to October 2025 are shown below:

   a) Provision of a transfer quote to scheme members within 10 days of the receipt of the estimated value and all necessary information – Total cases **80,** percentage completed in SLA **100%**

b) Estimates are issued to members or employers within 10 working days of receipt of all information – Total cases **91,** percentage completed in SLA **95%**

c) Retiring employees are notified of their options within 5 working days of receipt of all information – Total cases **333**, percentage completed in SLA **99%**

d) Retirement lump sums will be paid within 10 working days of receipt of all necessary information after retirement – Total cases **235,** percentage completed in SLA **99%**

e) Notification of survivor benefits will be issued within 10 working days of receipt of all information – Total cases **39,** percentage completed in SLA **100%**

f) Outstanding monies owed in respect of a deceased pension, and any death grant, will be paid within 10 working days of receipt of all information – Total cases **67,** percentage completed in SLA **100%**

System updates

7. The ISP (integrated service provider) dashboard project was completed with the Suffolk Pension Fund being connected to the Pension Dashboard by the deadline of 31 October 2025. The Money and Pensions Service (MaPS) are now undertaking testing of the system while all other Pension schemes must connect to this service by 31 October 2026. This testing will continue until MaPS confirm the system is ready to go live and the Government will then launch a public advertisement of this system which will be at least six months before the go live date. It is anticipated this will be during 2027.

8. I-Connect is continuing to be tested and rolled out to employers, with 61% of all employers now sending monthly data. This equates to 47% of all active members.

9. The number of members signing up to the member self-service system 'Engage' continues to increase and currently stands at 13,500.

Undecided leavers

10. There are currently 6800 undecided leavers to process, a decrease of 300 from the previous report.

Newsletters

11. The October edition of the newsletter for pensioner members was issued. This included information on the upcoming payment dates for pension payments, death survivor benefits and the tell us once system, power of attorneys and what we require, Engage, McCloud, scam awareness and an article from the Board's Pensioner member representative. This edition has seen a lot of engagement from members and their representatives, in particular providing power of attorney information to the team.

12. The autumn edition of the employer newsletter was issued in October 2025. This contained information on the triennial valuation, including a link to the engagement portal to respond to the consultation, i-connect, LGA training dates, a link to the recordings of the annual employers meeting, Pensions Dashboard, and Engage. There was also a reminder of the minimum retirement age increase to 57 in 2028 and articles on flexible retirement and the 85-year rule.

Compliments and Complaints

13. During this reporting period there have been two compliments above and beyond the usual thanks received for the service provided.

14. The first compliment was from a member who had requested information about their pension and how they could access this. After the help had been provided the member emailed in to say: *'Thank you so much. I am extremely grateful to you for such helpful and valuable assistance. This is excellent customer service. I look forward to hearing from your colleagues in due course. Thank you so much again for superb service.'*

15. The second compliment was from a member who had raised a question via the Engage system about their transferred service. Following our response, the member replied to say: *'Your service is excellent and you put private pension providers to shame. I have small pensions with them, and you beat them hands down when it comes to providing a service'*.

16. During this period the pension team have received one complaint. This complaint was from a member unhappy with the length of time it was taking for their flexible retirement to be processed. The team were waiting for information from the employer before this could be paid, however the team have been reminded that they should proactively make telephone chasers rather than continuing to email which may have resulted in the missing information being provided sooner. The missing information was obtained, the retirement processed and the complaint was resolved with the customer.

17. There were no new IDRP disputes raised. There is no update on the IDRP stage 2 complaint, regarding an ill-health pension tier awarded by their employer, covered in the last board report.

Contribution payments

18. The administration strategy requires contributions from employers to be received by the Pension Fund within five working days of the month end in which the contributions were deducted. The table below summarises the timeliness of receipts received during 2025/26 quarter 1 and 2:

	2025/26 Quarter 1			**2025/26 Quarter 2**		
	Employer	Contributions		Employer	Contributions	
	%	£'m	%	%	£'m	%
On Time	87	38.264	98.4	85.3	38.081	98.3
Up to 1 week late	4	0.142	0.4	4.7	0.144	0.4
Over 1 week late	9	0.470	1.2	10.0	0.514	1.3
Total		**38.876**			**38.739**	

Sources of further information

No other documents have been relied on to a material extent in preparing this report.

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Suffolk County Council

Agenda Item 5

Suffolk Pension Board

Report Title:	LGPS Scheme Improvements (Access and Protections) Consultation response
Meeting Date:	10 December 2025
Lead Councillor(s):	Councillor Richard Smith MVO, Cabinet Member for Finance, Economic Development and Skills
Director:	Nicola Beach, Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151)
Author:	Tracey Woods, Head of Pensions Tel. 01473 265639 Email: tracey.woods@suffolk.gov.uk

Brief summary of the item to be considered

1. Government have launched the LGPS Scheme Improvements (Access and Protections consultation following on from the Access and Fairness consultation earlier this year.

Action recommended

2. The Board is asked to consider the consultation response.

Reason for recommendation

3. The Pension Board represents stakeholders in the Fund.

Alternative options

4. The Board could suggest alternative responses to the consultation.

Main body of report

Background

5. This consultation is the next phase in the Government's efforts to improve access to and fairness in the LGPS. This follows the launch of the access and fairness consultation which covered proposals to begin to address the gender pensions gap and ensure fairness in survivor benefits and death grants, amongst a number of other changes.

6. This consultation makes proposals across four key policy areas. The consultation is set out in **Appendix 1**, and the proposed response is set out in **Appendix 2**.

7. The Pension Fund Committee were presented with the draft consultation response for consideration at their meeting on 25 November 2025.

Key Policy Proposals

8. Normal Minimum Pension Age (NMPA) – proposals to amend the Normal Minimum Pension Age to age 57, following the Finance Act 2022, and to ensure that members with a Protected Pension Age can still take pension benefits at that age except for members that have transferred benefits into the LGPS.
    a) Increase NMPA from 55 to 57 from April 2028, in line with the Finance Act 2022.
    b) Protected Pension Age (PPA) will allow some members to retain access at 55.
    c) Three categories of members:
        i) Category 1: Existing LGPS members before 4 Nov 2021 keep PPA.
        ii) Category 2: Members who transferred in pensions may not retain PPA.
        iii) Category 3: New members post-2021 will have NMPA of 57.
    d) Draft regulations to be published later.
9. Mayors and councillors – proposals to extend access to the scheme for councillors and mayors in England.
    a) Proposes reinstating LGPS access for councillors in England and extending access to mayors.
    b) Aligns with access already available in Scotland, Wales, and Northern Ireland.
    c) Draft regulations define "elected members" and outline specific rules including no auto-enrolment and no flexible retirement.
    d) Estimated cost: £40-45 million/year in employer contributions (unfunded by central government).
10. Academies and applications for directions – proposals to put criteria for applications for directions into legislation, and to remove Secretary of State consent where all criteria are met.
    a) Proposes simplifying the process for Multi-Academy Trusts (MATs) to consolidate pension administration under one authority.
    b) Introduces clear criteria for direction applications and removes the need for Secretary of State (SoS) approval if criteria are met.
    c) Maintains SoS approval for non-standard applications.
11. New Fair Deal – proposals to implement Fair Deal protections in the LGPS, aligning across government in ensuring continued access to the LGPS for outsourced workers.
    a) Strengthens pension protections for outsourced local government workers.
    b) Removes the option for "broadly comparable" schemes in most cases.
    c) Introduces "deemed employer" status: the original employer remains responsible for pension obligations.

d) Allows inward transfers from broadly comparable schemes with preserved final salary benefits.

e) Proposes statutory guidance and updates to the 2007 and 2022 Directions.

Conclusion

12. Government have launched the LGPS Scheme Improvements (Access and Protections consultation following on from the Access and Fairness consultation earlier this year.

13. The consultation will last for ten weeks, launching on 13 October 2025 and closing on 22 December 2025.

14. The consultation response was considered by the Pension Fund Committee at its meeting on 25 November 2025 and will be submitted online after it has been considered by the Pension Board.

Sources of further information

a) Access and Fairness consultation:

Local Government Pension Scheme in England and Wales: Scheme improvements (access and protections) - GOV.UK

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Ministerial foreword

Across England and Wales, millions of individuals working in local government and beyond have contributed to improving the places we live in and to building public trust. From delivering frontline services to shaping local decisions, those individuals play a vital role in the social and economic wellbeing of our communities.

The government knows that those individuals who serve our communities through giving their work lives to public service deserve a pension scheme that reflects their dedication and rewards their work. A good pension is not just about financial security, but also about fairness, equality, efficiency and access. The government cares about making the Local Government Pension Scheme (LGPS) work better for the people it serves.

For these reasons, the government is launching this consultation, 'Local Government Pension Scheme in England and Wales – Scheme Improvements (Access and Protections)', which represents the next phase in its efforts to improve access to and fairness in the scheme. It follows the launch earlier this year of the 'Local Government Pension Scheme in England and Wales: Access and fairness' consultation, which covered proposals to begin to address the gender pension gap, ensure fairness in survivor benefits and death grants, begin work to better understand opt-outs, and a number of other changes.

This consultation sets out proposals across 4 key policy areas. These are amending the normal minimum pension age to reflect legislative changes, simplifying the process for applications for directions, applying new Fair Deal protections to outsourced workers, and bringing pension fund access to mayors and councillors in England in line with Scotland, Wales and Northern Ireland.

Several of these proposals respond to a range of long-standing concerns raised by the sector, particularly in relation to Fair Deal, which has been an area of interest in the scheme since 2016. We have considered those previous calls for changes that have been sought over many years whilst preparing these current proposals.

This consultation is our opportunity to hear from you about the government's proposals to further improve and shape the LGPS in a way that works for those who serve our communities and the wider public sector. Together, we can draw on our experiences to strengthen the LGPS today and in the future. Your voices matter.

Alison McGovern MP, Minister of State for Local Government and Homelessness

About this consultation

Topic of the consultation

This is a consultation on the Local Government Pension Scheme for England and Wales. It covers a number of proposals relating to pension benefits in the scheme and access to the scheme.

Introduction

1. This consultation covers 4 areas relating to the Local Government Pension Scheme in England and Wales ('the LGPS'). It follows on from the Local Government Pension Scheme in England and Wales: Access and Fairness consultation launched by government earlier this year.

2. Subject to consideration of responses to the consultation, the government intends to proceed with statutory instruments to implement changes to the LGPS Regulations. Draft regulations for two of the proposals – LGPS access for mayors and councillors and New Fair Deal – have been published alongside this consultation. Draft regulations for the other two proposals – Normal Minimum Pension Age and applications for directions – will be published for consultation later in the year, and in this consultation we invite views on the principles behind our proposals.

3. The government welcomes comments on the legal drafting and will continue to work with the Scheme Advisory Board and others before laying a statutory instrument.

4. In summary, the policy areas in this consultation are:

a) Normal Minimum Pension Age – proposals to amend the Normal Minimum Pension Age to age 57, following the Finance Act 2022, and to ensure that members with a Protected Pension Age can still take pension benefits at that age except for members that have transferred benefits into the LGPS

b) Mayors and councillors – proposals to extend access to the scheme for councillors and mayors in England

c) Academies and applications for directions – proposals to put criteria for applications for directions into legislation, and to remove SoS consent where all criteria are met

d) New Fair Deal – proposals to implement Fair Deal protections in the LGPS, aligning across government in ensuring continued access to the LGPS for outsourced workers.

1. Normal Minimum Pension Age

Background

5. The Normal Minimum Pension Age (NMPA) is the minimum age at which most people can access their pensions unless they are retiring due to ill-health. Registered pension schemes – those registered with HMRC after 2006, including the LGPS – should not pay any benefits until members reach NMPA, except in cases of ill health.

6. Parliament has legislated in the Finance Act 2022 to increase the NMPA from 55 to 57, effective from 6 April 2028, for all registered pension schemes in the country. This section sets out how the government proposes to update the LGPS regulations to reflect this change.

7. To smooth the transition, the Finance Act 2022 provided for a Protected Pension Age (PPA). A member of any UK pension scheme has a PPA if 3 conditions are met:

- immediately before 4 November 2021, the member had an actual or prospective right to any benefit from an age of less than 57
- the rules of the pension scheme on 11 February 2021 included provision conferring such a right on some or all of the persons who were then members of the pension scheme
- the member either had such a right under the scheme on 11 February 2021 or would have had such a right had the member been a member of the scheme on 11 February 2021

Summary of proposals

8. LGPS regulations as at 11 February 2021 did confer the right to take pension benefits from age 55 to all members, and so the second and third conditions are met. If the member was in the LGPS immediately before 4 November 2021, meeting the first condition, the member will therefore have a PPA. There are also other circumstances where a member would have a PPA, such as by transferring an entire pension arrangement into the LGPS from a relevant registered pension scheme where the member previously had an actual or prospective right to take pension benefits from an age before 57.

9. In the LGPS, the government proposes to implement the protections related to the pension age as established by the Finance Act 2022, with an exception for members who transfer previous pension benefits into the LGPS, as outlined in category 2 below. The government believes that the intentions behind the changes to the Finance Act are

clear, in that the changes clearly established a protection regime. There are 3 categories of members:

Category 1 – PPA from membership in the LGPS immediately before 4 November 2021

10. For those members who were in the LGPS immediately before 4 November 2021, the member will still be able to take pension benefits from their protected pension age, which will be age 55. This will also apply to other regulations that refer to age 55, such as Regulation 30(6) of the LGPS Regulations 2013 (flexible retirement) and Regulation 30(7) (redundancy).

Category 2 – PPA from transferring a pension arrangement into the LGPS

11. For those members who transferred a pension arrangement into the LGPS from a relevant registered pension scheme where the member previously had an actual or prospective right to take pension benefits from an age before 57, whilst the member will have a PPA in respect of the transferred benefits, the government proposes that the member would not be able to take the benefits from their PPA. The NMPA for such members would rise to 57 in line with the Finance Act.

12. The government understands that a member in this category who wished to take transferred benefits at 55 may disagree with their NMPA rising to age 57. Members will not lose out over the whole period they receive their pension by taking their benefits at 57 rather than 55, due to the way that benefits following early retirement are calculated to be actuarially neutral using early retirement factors. The government proposes this exception on the basis of LGPS scheme design. The scheme design of most public pension schemes, including the LGPS, requires members to take all their benefits in one pension account at the same time. This helps facilitate how protections in the scheme work such as the McCloud underpin or when someone retires on ill-health. At the point that a member may have decided to transfer in, there was no mechanism within the LGPS regulations to facilitate “ring-fencing” of different pension benefits.

13. Were government to allow members in this category to “ring-fence” their transferred in benefits and so take the benefits from age 55, the LGPS regulations would need to be redesigned in multiple areas, allowing members to take different benefits at different times and it would be very complex and costly. The government believes it would be disproportionate to re-design the scheme regulations for all members in this way.

Category 3 – no PPA

14. For those members who do not meet the cut-off point of immediately before 4 November 2021 and so do not have a PPA, the NMPA will rise to age 57, in line with the Finance Act 2022.

Category 4 – members with a PPA below age 55

15. There is no intention to change current policy towards those members who have already existing protections from paragraph 22 of schedule 36 to the Finance Act 2004. Those already able to draw benefits between age 50 and 55 will continue to be able to do so.

Administration and regulation changes

16. Government recognises that creating the protections for category 1 is administratively complex. Administrators will need to go back to immediately before 4 November 2021 and confirm if at that time the member had an unqualified or prospective right to take any benefit before age 57. The government views this complexity as necessary to meet the overall policy intent to establish a protection regime.

17. In order to incorporate the proposed changes above the government proposes amending regulations 30(5), (6), (7) and (12) of the LGPS Regulations 2013, changing the references to age 55 to refer to Normal Minimum Pension Age, as defined by the Finance Act 2022.

18. The government also intends to amend relevant regulations to give effect to the protections of the Finance Act, including the protections for category 1 members above. This will include amending earlier regulations to confirm no changes to current policy for members who already have existing protections. The government intends to publish draft regulations later in the year, once we have received responses on the principles proposed in this consultation.

Q1. Do you agree with keeping the NMPA at below 57 for members with a PPA?

Q2. Do you agree with increasing the NMPA to 57 for members without a PPA?

Q3. Do you have any views on the design of the regulations to incorporate this change?

2. Access for councillors and mayors

Background

19. Neither mayors nor councillors are eligible for the LGPS in England. This contrasts with all other countries of the UK, where councillors are eligible for the LGPS Scotland and LGPS NI, and councillors in Wales are eligible for membership of a modified version of the LGPS England & Wales.

Summary of proposal

20. The government is progressing numerous policies with the aim of re-building and re-shaping local government. These range from local government reorganisation, to getting audit back on track, to reforming how we fund councils, to a new standards regime and

to deeper devolution with more responsibility for mayors. Re-building local government requires the very best people working in local government.

21. Under these planned changes to local government, more will be asked of mayors and councillors. Mayors will also in many parts of the country be taking on the role of Police and Crime Commissioner- a role that is eligible for access to the LGPS. The government view is that councillors and mayors offer a vital public service, and should receive appropriate renumeration and suffer no financial disadvantage for their service.

Therefore, the government intends to re-instate access to the LGPS for councillors in England, and to offer access for mayors.

22. The government views the proposal as key to enabling and encouraging talented people to come into public service. The government also believes it important to have a consistent position for locally elected representatives across the UK.

Mayors

23. The proposal is that all mayors will have access to the LGPS. This includes:

- mayors and deputy mayors of combined authorities
- mayors and deputy mayors of combined county authorities
- mayors of single authorities (although their access will be as councillors, rather than in their role as mayors)

Councillors

24. The proposal is that all councillors of all principal local authorities will have access to the LGPS. This includes:

- County councils
- District councils
- London Boroughs
- The Common Council of the City of London
- The Council of the Isles of Scilly

25. The proposal is that the Mayor of London, deputy mayors and London Assembly Members will have access to the LGPS.

26. Welsh councillors will continue to have the same access to the scheme as they currently have. Government recognises that this access is to a different, modified version of the scheme, but there is no intention to compel Welsh councillors to align with the English proposals. Should Welsh stakeholders wish to align with the English proposals, the government will consider any such proposals in consultation responses.

27. Since the proposal is to cover all councillors of principal local authorities, both councillors who are a member of the combined authority or combined county authority and are remunerated for a role, and councillors who take up roles on scrutiny or audit committees for which they are remunerated, would be eligible for pension benefits on this remuneration.

Greater London Authority

28. The proposal is that both the Mayor of London and London Assembly Members will have access to the LGPS.

Q4. Do you agree with the proposal to give mayors access to the scheme?

Q5. Do you agree with the proposal to give councillors access to the scheme?

Principles

29. The government intends to develop new regulations to give effect to the proposal. Since mayors and councillors are not local government workers, the new regulations will need to cover numerous areas where the existing regulations would not function correctly. A draft set of regulations has been published alongside this consultation and we welcome views. The draft regulations categorise mayors and councillors as “elected members”.

30. The government plans to use 2 key principles in developing the regulations:

- as far as possible, elected members should be treated the same as other members of the LGPS
- as far as possible, elected members should be treated in a way that is consistent with the LGPS in Scotland, Northern Ireland and pre-2014 England & Wales

31. Specifically, these principles lead to the following proposals:

- elected members will not be subject to auto-enrolment and, whilst each individual will have the right to join the scheme, elected members will need to assess whether they wish to do so
- an employer will not be allowed to award additional pension, make shared additional voluntary contributions or fund additional pension contributions to an elected member
- a new definition of pensionable pay will be used, to cover both basic allowances and special responsibility allowances paid to elected members
- elected members will pay employee contributions at the same rates as other members, using the same bandings applied to their pensionable pay

- a member will not be permitted to combine any LGPS membership they may have as an elected member with any other type of LGPS membership
- flexible retirement (where a member over the age of 55 can start to receive their pension whilst still working, if the member reduces hours or grade) will not be permitted for an elected member
- early access on redundancy will not be permitted for an elected member
- elected members will be permitted to transfer benefits in and out of the LGPS in the same way as other members, with the exception of final salary benefits
- early and late retirement will be permitted in the same way as for other members
- elected members will be in scope of forfeiture regulations
- elected members will have access to the 50:50 scheme
- elected members will have the same protections around Assumed Pensionable Pay as other members

32. The government also intends to make consequential amendments, both to the Local Authorities (Members' Allowances) (England) Regulations 2003, and to establishment orders for combined authorities. These are considered necessary changes to give authorities the powers to pay pensions to elected members. The draft statutory instrument published alongside this consultation shows the proposed changes. Access to the pension scheme for elected members is intended to be an automatic right, and so the draft amendment requires that where an allowance is paid to an elected member, the authority must provide the member is entitled to a pension in accordance with the Public Service Pensions Act 2013 (i.e. must be offered access to the LGPS).

Cost

33. The Government Actuary's Department has estimated the potential increase in employer contributions at between £40-45 million per year, across England. This estimate relies on assumptions about the structure of local government, how many councillors and mayors will choose to join the scheme, the demographics of those in office, and the level of allowances paid locally. As changes to local government are made through reorganisation, the number of councillors will decrease.

34. The government will not provide funding for employer contributions for the proposal. There is no funding for pension access for councillors in Scotland, Northern Ireland or Wales. The proposal should be seen in the context of the LGPS 2025 revaluation, where actuarial assessments suggest that there may be reductions in employer contribution rates.

Q6. Do you agree with the two principles of how the government plans to develop regulations?

Q7. Do you have any specific comments on the draft regulations?

3. Academies

Background

35. Over half of schools in England are now academies, and the vast majority of those academies are in Multi-Academy Trusts (MATs), with individual academy schools spread across the country. Because the LGPS Regulations 2013 (Schedule 3, Part 2) state that the appropriate administering authority for an academy is the administering authority in the geographical area where the academy is located, MATs often have academies spread across multiple administering authorities. Being spread like this can be inefficient and cause unnecessary administrative costs for employers.

36. Employers can apply for a direction from the Secretary of State under Schedule 3 part 2, paragraphs 3 and 4 of the LGPS Regulations 2013, which substitutes a different administering authority as the appropriate authority. For example, an academy in South Shields, which belongs to a MAT whose head office is in Barnsley, would automatically be in the Tyne & Wear Pension Fund, which is administered by South Tyneside Borough Council. The academy can apply for its LGPS members to be transferred instead to the South Yorkshire Pension Authority, which includes Barnsley, where the head office is.

37. Such directions, when granted, can also allow employers to consolidate their LGPS members into a single administering authority, and can include requirements on adjustments between funds, the transfer of assets and liabilities, and any other consequential matters. Most applications for directions to date have been from academies, and so whilst our proposals below focus on academies, any employer can make an application.

38. Consolidation of academies into one administering authority may bring benefits for MATs and administering authorities such as potential administrative savings through a reduction in duplication of work and efficiency in approach. These benefits should be weighed against risks of consolidation at the local level, in particular the transfer of assets and member records. Existing LGPS information pages already encourage MATs to consider any effect that consolidation may have on their contribution rate as well as the cost of actuarial assessments required to consolidate. LGPS funds should also consider the balance between longer term investment strategy, competitiveness and the impact of contribution rates on cash flow.

39. Once an application is made, directions are at the discretion of the MHCLG Secretary of State, who is required to consult with bodies that would be

affected by the direction. The 2013 LGPS Regulations do not limit the discretion or set criteria for approval.

Proposal 1: Establishing criteria and removing the requirement for SoS consent where criteria are met.

Establishing criteria

40. The lack of criteria for applications for a direction makes it difficult for employers and administering authorities to know how to construct their case and what the process will be for assessment. The government therefore intends to update the LGPS 2013 Regulations to establish criteria. The criteria build on the framework that MHCLG currently use. The proposal is for the following criteria:

a. There must be a clear and evidenced value-for-money assessment in favour of the consolidation (such as to achieve administrative efficiencies that outweigh the cost of transfer and actuarial fees).

b. There should be a pre-existing relationship with the administering authority that the MAT wishes to join or consolidate into (i.e. the MAT already has schools in that administering authority).

c. All administering authorities involved should agree to the change.

d. The receiving administering authority must be able to administer the transfer effectively.

41. For employers considering an application for a direction to consolidate into one administering authority, we specifically want to limit so-called “contribution rate shopping”, where an employer is seen to select the administering authority primarily based on where it can get the lowest contribution rate.

Removing the requirement for SoS consent where criteria are met

42. For situations where all of these criteria are clearly met, the government also proposes to remove the requirement to seek Secretary of State consent. The majority of applications received are straightforward and clearly meet all of the criteria above. In line with the government’s desire for greater devolution, we believe that Secretary of State consent is unnecessary in this situation and administering authorities and employers should be able to take decisions locally.

43. The government’s proposal to remove SoS consent in these situations relies on administering authorities and employers collaborating at the local level. The government however also proposes to create a process for unsatisfied parties to have the local decision, made without SoS consent, to be reviewed. For example, if a direction is made under this new proposal, i.e. without Secretary of State consent, but it later transpires that actually not all parties were in agreement, application to the

Secretary of State for the direction would still be required. We expect that this will be very rare. MHCLG intends to provide guidance on when and how this new power should be used.

Q8. Do you agree with the proposal to establish the criteria above in legislation?

Q9. Do you have any views on how contribution rate shopping can be discouraged?

Q10. Are there any other criteria that should be included?

Q11. Do you have any other comments or considerations relating to establishing the criteria in legislation?

Q12. Do you agree to the removal of the requirement to seek Secretary of State consent for standard direction order applications?

Q13. What would be the most helpful information to include in guidance?

Q14. Do you have any other comments or consideration on the removal of the requirement to seek SoS consent for standard order applications?

Proposal 2: Process for applications where criteria are not met.

44. For situations where the criteria are not met, the government proposes that applications to the Secretary of State will continue to be required. Based on recent applications for directions, this would most likely be situations where the current administering authority does not agree to the transfer.

45. The government supports applications for directions to consolidate within a single administering authority, where analysis shows that benefits clearly outweigh the costs in a particular case. The government wishes to avoid that an administering authority can veto otherwise sensible consolidation. Whilst government understands that no administering authority wants to lose the active members, it is for government to arbitrate in cases where local agreement cannot be reached.

46. Some administering authorities have raised cashflow as a potential issue. Losing active members as a result of a direction would mean fewer contributions coming in. The government would consider this on a case-by-case basis and consider evidence of significant adverse cashflow impacts.

47. We also recognise that there are many practical considerations were such a direction application to be approved, such as the transfer of assets or member records. Government expects to see robust evidence against the criterion that the receiving fund must be able to administer the transfer effectively.

Q15. Do you agree that non-standard applications will continue to require Secretary of State approval?

Q16. What would be the most helpful information to include in the guidance in relation to nonstandard applications that will require Secretary of State approval?

Q17. Do you have any further comments regarding the proposal?

4. New Fair Deal

Definitions

48. For the purposes of this chapter:

- “Deemed employer” has the meaning given by Part 4 of Schedule 2 in the 2013 Regulations. It has the effect that for specific groups of employees, their ‘Scheme employer’ is not their employer in employment law but is instead their deemed employer.
- “Fair Deal employer” means a Scheme employer listed in paragraphs 1 to 13 or 15 to 29 of Part 1, or in Part 2, of Schedule 2 in the 2013 Regulations, or a further education corporation or sixth form college corporation as per section 90 of the Further and Higher Education Act 1992. It has the effect of identifying the original employer of individuals who have since been outsourced.
- “Relevant contractor” means a contractor to whom an employee’s contract of employment is compulsorily transferred under regulation 4 of “The Transfer of Undertakings (Protection of Employment)” (TUPE) regulations from a Fair Deal employer (or a previous contractor). It has the effect of identifying the employer of protected transferees.

Introduction

49. The government consulted in 2016 and 2019 on the introduction of greater pensions protection for eligible employees of Local Government Pension Scheme (LGPS) employers who had been compulsorily transferred to service providers. The 2019 consultation proposed that, in line with the government’s Fair Deal guidance of October 2013 (which specifically did not apply to local government), most LGPS members in this position should have continued access to the LGPS in their employment with the service provider. In doing so, it was proposed that the current option to provide transferring staff with access to a broadly comparable scheme should be removed.

50. In 2022, the government responded to the 2019 consultation by stating that it was reconsidering its approach to Fair Deal in the context of the LGPS and would take account of representations made in response to the 2019 consultation in its next consultation.

51. The government is committed to bringing pension protections in local government in line with the government’s Fair Deal guidance of 2013 and this consultation sets out updated policy proposals for introducing Fair Deal in the LGPS, taking account of

responses to previous consultations. The aim of these proposals is to ensure that transferred employees retain the security which comes with membership of the LGPS, a statutory scheme with benefits set out in law, and to enable LGPS employers to obtain better value from outsourced service contracts.

Background

52. The Fair Deal policy was first introduced in 1999, setting out how pensions issues should be dealt with when staff are compulsorily transferred from the public sector to service providers delivering public services. Under the original Fair Deal guidance, transferred staff had to be given continued access to their public service pension scheme or access to a scheme certified by an actuary in accordance with the Government Actuary's Statement of Practice as being 'broadly comparable' to their previous public service pension scheme.

53. Following the publication of the original Fair Deal guidance, pensions protection for local government employees in England and Wales was provided through:

- the Best Value Authorities Staff Transfers (Pensions) Direction 2007 ('the 2007 Direction' – covering employees of English authorities and Welsh Police authorities); and
- the Welsh Authorities Staff Transfers (Pensions) Direction 2012 ('the 2012 Direction' – covering employees of Welsh improvement authorities and community councils), which has since been replaced with the Welsh Authorities Staff Transfers (Pensions) Directions 2022 ('the 2022 Direction'). To note, Welsh Police Authorities were abolished in 2012 and replaced with Police and Crime Commissioners. Employees of Police and Crime Commissioners are not protected by any of the directions.

54. Under these Directions, protected employees who are transferred to a service provider following the contracting-out of a service or function must be given either continued access to the LGPS, or access to a scheme certified by an actuary to be 'broadly comparable' to the LGPS at the time of the transfer. It is the understanding of government that this certification has previously been done in accordance with the aforementioned Government Actuary's Statement of Practice, and in more recent years in accordance with the principles of the 2013 Fair Deal guidance.

55. HM Treasury published updated Fair Deal guidance in October 2013. It improved pension protection for outsourced central government workers by setting out that they should receive continued access to their public sector pension scheme after a transfer, rather than be provided with access to a broadly comparable scheme. It covers central government departments, agencies, the NHS, maintained schools (including academies) and any other parts of the public sector under the control of government

ministers where staff are eligible to be members of a public service pension scheme. It does not cover authorities listed in section 1 of the Local Government Act 1999.

56. The 2016 consultation proposed that, in line with the 2013 Fair Deal guidance, most compulsorily transferred LGPS members should have continued access to the LGPS in their employment with the service provider. In doing so, it was proposed that the option to provide transferring staff with access to a broadly comparable scheme should be removed.

57. The government response to the 2016 consultation confirmed a commitment to introduce the strengthened Fair Deal in the LGPS but noted that respondents had raised several concerns regarding the specific approach proposed. The government considered the points raised and the 2019 consultation contained updated proposals to implement a strengthened Fair Deal. The government has not published a detailed government response to the 2019 consultation, so those responses have been considered when drafting the updated proposals in this consultation.

58. The 2019 consultation proposed to align with the 2013 Fair Deal guidance by removing the option for broadly comparable schemes to be offered to outsourced local government workers and providing for them to receive continued access to the LGPS instead. It also proposed to offer an alternative route to becoming an LGPS employer for service providers, the 'deemed employer route', where the original employer (and not the service provider) would be the Scheme employer. This was proposed as an alternative to admission agreements, which allow service providers to participate in the LGPS as individual Scheme employers.

59. The main aim of introducing the deemed employer route was to simplify pension requirements in outsourced contracts by encouraging further use of pass-through arrangements. Under pass-through, a service provider may pay a fixed contribution rate for the life of the contract or agree to pay contributions within a certain range.

60. The proposals also included an option for staff who were covered by the 2007 and 2012 Directions and had become members of broadly comparable schemes, to transfer their benefits back into the LGPS at the next retender of the contract.

61. Responses to the 2019 consultation were mixed. Whilst many respondents were supportive of the aim to improve pension protections for outsourced local government workers, there were a variety of concerns on the detail of the proposals. Some of the key concerns raised about the 2019 proposals were:

- that inward transfer terms for those who transfer their benefits from broadly comparable schemes back into the LGPS should be fair to members by honouring any benefits they have accrued with a final salary link

- that removing the option for broadly comparable schemes to continue without allowing for any exceptional circumstances could lead to legal issues for outsourcing bodies or service providers e.g., where there is a contractual obligation to provide a broadly comparable scheme
- that the draft regulations were a missed opportunity to consider introducing more explicit risk sharing provisions between service providers and outsourcing bodies
- that statutory guidance would be needed alongside Scheme Advisory Board guidance

Figure 1 – Background of Fair Deal

Summary of proposals

62. This section sets out the detail of the updated proposals (see Table 1 below) to implement the strengthened Fair Deal pension protections in local government. In drafting the updated proposals, the government has fully considered the responses to both the 2016 and 2019 consultations. Where responses to the 2016 or 2019 consultations have directly impacted proposals in this consultation, it is made clear in the text.

63. The draft regulations that would deliver the changes are published alongside this consultation. They would apply in both England and Wales (unless clearly specified) and provide for the introduction of a new Schedule 2A to the 2013 Regulations. Where necessary, new statutory guidance will be published alongside the regulations to provide further detail on how the regulations should be applied. Further detail of what the government is planning to include in this guidance can be found in the section "Implementation of New Fair Deal proposals."

Table 1 - Summary of effect of New Fair Deal proposals

	Before Proposals	After Proposals
Access route	There are **two ways** to provide outsourced workers with a pension: granting them access to the LGPS through the admission body option or enrolling them in another pension scheme that is broadly comparable to the LGPS.	There is only **one way** to provide outsourced workers, now protected transferees, with a pension; granting them access to the LGPS in accordance with the deemed employer approach. The responsibilities of the Fair Deal Employer and the relevant contractor will be clarified accordingly.
Post-outsourcing staff	Staff hired by a relevant contractor after the initial outsourcing do not have the same pension rights as staff who transferred during an initial outsourcing. The former **do not have to be offered the LGPS or a broadly comparable scheme.**	Staff hired by a relevant contractor after the initial outsourcing **can be granted access to the LGPS.** Before the contract is put out to tender, the Fair Deal employer would need to decide whether the protected transferee status also applies to staff employed after the initial outsourcing.
Protections of accrued rights	Current regulations **do not allow outsourced workers to transfer a final salary pension into the LGPS and become entitled to final salary benefits under the LGPS**, when those benefits were provided as part of an outsourcing agreement.	The draft regulations **allow protected transferees to transfer their final salary pension from broadly comparable schemes into the LGPS** and ultimately preserve the value of those benefits. Any future pension accrual within the LGPS would still be on a CARE basis.
Continuity of responsibilities across contractors	**Pension agreements**, such as additional pension contributions or shared cost additional voluntary contributions, **end when the service contract is transferred to a new contractor.**	**Pension agreements**, such as additional pension contributions or shared cost additional voluntary contributions, **would ideally be honoured by the new contractor when the service contract is transferred.**

Removal of broadly comparable schemes

64. As the government now intends to introduce the strengthened Fair Deal protections in the LGPS, it is proposed that for future outsourcing exercises all service providers would be required to provide transferred staff with continued access to the LGPS rather than a broadly comparable scheme, other than in exceptional circumstances (set out in "Exceptional arrangements – continuation of broadly comparable schemes").

65. This would strengthen existing protections significantly. Protected employees would have increased confidence and security in knowing that, despite their transfer, they would retain a right to all the benefits that come with membership of the LGPS, not least that it is a statutory scheme with benefits set out in law. Moreover, so long as the protected employees continue to work wholly or mainly on the activities which are being carried out by the service provider on the Fair Deal employer's behalf, they would continue to have that protection even if the service is retendered or transferred again.

66. The removal of broadly comparable schemes as an option, other than in exceptional circumstances, is in line with the adoption of the 2013 Fair Deal guidance by other central government schemes and would also simplify pension requirements for outsourcing bodies and service providers. The Treasury's update to Fair Deal guidance in 2013 removed the option of broadly comparable schemes in response to the Interim Report from the Independent Public Service Pension Commission, which found that offering a broadly comparable scheme can be a significant barrier for service providers considering bidding for government contracts because of the high cost and risk levels involved.

67. The scale of the barrier of broadly comparable schemes in the LGPS is unknown, partly because most service providers involved in local government outsourcings have avoided the cost and risk of offering a broadly comparable scheme by applying to join the LGPS as an admission body via an admission agreement. However, the Government Actuary's Department is aware of two broadly comparable schemes (Mercer DB Master Trust and the Dolce Limited Retirement Benefits Scheme) providing benefits to active members who have been outsourced under contract from local government. These had an estimated total of around 230 members in September 2024 with some members currently accruing benefits. Therefore, removing the option for broadly comparable schemes to be offered in the future should mean that pension requirements are simplified for service providers and all outsourced local government workers eligible for Fair Deal protection will have access to the LGPS, rather than a broadly comparable scheme.

68. The government is aware that there may be other broadly comparable schemes and is seeking further details on these schemes, to better understand any potential impact of the proposals in this consultation.

Q18. Do you agree that the option to offer broadly comparable schemes should be removed, except in exceptional circumstances, to align with the 2013 Fair Deal guidance?

Q19. Are you aware of any other broadly comparable schemes that are currently in operation and have active members covered by the 2007 and/or 2012/2022 Directions? If so, please provide details of these.

Removal of admission body option for future local government outsourcings

Background on the admission body option

69. As stated above, the government understands that most service providers have looked to meet the requirements of the 2007, 2012 and 2022 Directions, not by offering broadly comparable schemes, but instead using admission body agreements to join the LGPS as employers and therefore be able to provide staff with continued membership of the LGPS. However, this process is not always smooth for affected staff - it can be prolonged and costly, with delays meaning that admission agreements may not be in place before the contract starts and can be left unsigned for several years. This leaves transferred staff in limbo without accurate information about their benefits, and where affected individuals are approaching retirement age these delays can affect their retirement plans.

70. Unfinished admission agreements also generate a significant administrative burden for funds and outsourcing bodies who must chase service providers to get them finalised. Where an admission body agreement is not in place once the contract has begun, funds are unable to invest contributions for affected staff, which results in a loss of investment returns and additional costs, which could in turn fall to the outsourcing body at the end of the contract.

71. The increased use of admission body agreements for service providers has also contributed to the increasing number of employers in the scheme (13,033 in 2014-15 compared with 21,131 in 2023-24. This creates an additional administrative burden for funds who must regularly engage with individual employers, sometimes with very few LGPS members on their staff. It also increases actuarial fees at fund valuations because actuaries need to assess each admission body and set their contribution rates.

72. Where the admission body route is used there is also a risk of a significant payment being due at the end of a contract in the form of an exit payment or credit. This is because at the end of a contract the service provider will cease to be an employer in the LGPS (unless they retain the contract), and will become an exiting employer,

meaning an actuarial valuation is required and any surplus or deficit needs to be settled. This is a significant risk for both the outsourcing body and the service provider, which can lead to service providers charging a risk premium, adding costs for the outsourcing body.

73. Except under recent pass-through arrangements (see below), admission bodies have their own individual contribution rates. They will generally have a weaker covenant than outsourcing bodies (as they do not have tax-raising powers) and so the employer contribution rate they pay will often be higher than the rate of the outsourcing body. This leads to higher pension contributions and risk for service providers bidding for local government contracts. Admission agreements set out how that risk is transferred from the outsourcing body to the service provider, but the outsourcing body will either act as a guarantor, meaning they are ultimately still responsible for the pension liabilities if the service provider was unable to meet those liabilities, or the fund will require a bond or indemnity from the service provider. Even where the latter is used, this cost will often be passed on to the outsourcing body through the contract price, meaning that a very limited transfer of risk takes place. That risk reduces competition and means that those providers that do bid for services need to build in a significant buffer for pension costs into their contract price. This in turn makes outsourcing services more costly for outsourcing bodies.

Introduction of the Deemed Employer route in the 2019 consultation

74. In the 2019 consultation, the government wished to encourage the use of pass-through agreements between Fair Deal employers and service providers. Under pass-through, a service provider may pay a fixed contribution rate for the life of the contract or pay the contributions within a certain range. The funding risk largely remains with the Fair Deal employer, who may retain responsibility for any shortfall in contributions, as well as the benefit of any surplus.

75. Pass-through arrangements simplify the pension requirements for service providers and reduce the level of risk, which reduces the pension costs and could open the market for local government contracts.

76. To encourage further use of pass-through the government proposed a new route for service providers to access the scheme, called the deemed employer approach. As already referred to, deemed employer status means that, for specific groups of employees, their ‘Scheme employer’ is not their employer in employment law but is the deemed employer (the Fair Deal employer) instead.

77. In other terms, the contracting authority would remain as the deemed employer for pension purposes for any transferred staff. As stated earlier, the deemed employer is considered to have the meaning given by Part 4 of Schedule 2 in the 2013 Regulations.

For example, under the 2013 Regulations, the deemed employer for the employees of voluntary schools is the local authority.

Removal of the admission body option and adoption of the deemed employer route

78. Responses to the inclusion of the deemed employer route were mixed. Some respondents felt that further clarity of the deemed employer route was needed in regulations, whilst others felt that it should be included as a default approach where agreement had not been reached prior to the start date of a contract.

79. These concerns have been taken into account and the government is now proposing to create a clearer path for Fair Deal employers and service providers to consider when negotiating a service contract involving the transfer of protected transferees. Under these proposals, the deemed employer approach would be used for all future outsourcings by Fair Deal employers, except in exceptional circumstances. This would mean that admission body status would no longer be permitted for future contract outsourcing and/or re-awards.

80. The government is proposing that future contracts adopt a clearly defined pass-through arrangement. The effect of that arrangement would be that the Fair Deal employer would be deemed to be the Scheme employer, whilst the relevant contractor would still take on some of the responsibilities of the Scheme employer. The detail of how those responsibilities are proposed to be split is further in “Responsibilities for relevant contractors”.

81. The government considers this approach would have a number of benefits:

- over time this should halt the growth in, and ultimately reduce, the number of employers in the scheme
- it would ensure that in the future transferred staff would benefit from seamless access to the LGPS during and after a transfer because their employer for pension purposes would not change – nor would their scheme
- it would remove the administrative burden of chasing admission body agreements that are not signed by the contract start date, and should yield savings in both administrative and actuarial costs
- whilst the funding risk would remain with outsourcing authorities, in the current system, where admission body agreements are used, risk is in theory transferred to the service provider but will have often been priced into the contract, meaning that it is the outsourcing authority who bears the risk of non-payment of pension contributions or financial failure of the service provider

Q20. Do you agree with the proposals on deemed employer status and the removal of admission body option for service providers who deliver local government contracts?

Fair Deal employers

82. To clarify which employers the strengthened Fair Deal protections will apply to, the draft regulations define a new type of Scheme employer, a 'Fair Deal employer'. In effect, these employers are to be viewed as the deemed employer of protected transferees (those to whom the New Fair Deal protections will apply). For those individuals who have been transferred to service providers, the deemed employer mechanism means that for various purposes and functions, the Fair Deal employer (and not their outsourced employer – "relevant contractor") will be deemed to be their employer. Further information on that split of responsibilities is in the "Responsibilities for relevant contractors" section.

83. In the 2019 consultation, it was proposed that all LGPS Scheme employers would become Fair Deal employers, except for:

- further education corporations, sixth form college corporations and higher education corporations (i.e. post-1992 universities)
- admission bodies

84. These employers were omitted from the Fair Deal employer definition as at the time of consultation they were not classified as public sector bodies.

85. However, in November 2022, further education colleges, sixth form colleges and designated institutions in England were reclassified by the Office of National Statistics as being part of the central government sector. Therefore, it is now proposed that they should be in scope of these proposals and included in the definition of a Fair Deal employer, whilst higher education corporations and admission bodies remain as non-public sector bodies and therefore out of scope.

Q21. Do you agree with the proposed definition of a Fair Deal employer?

Protected transferees

86. To clarify who will be eligible for the improved Fair Deal pension protections, the draft regulations refer to a group of members with protected rights – protected transferees. Protected transferees would have a right to continued access to the LGPS, even where the contract they are working on is compulsorily transferred under TUPE to a service provider (defined in the draft regulations and from this point on as a relevant contractor).

87. Protected transferees would retain their protected transferee status and access to the LGPS so long as they remain working 'wholly or mainly on the outsourced activities which are being carried out by the relevant contractor on the Fair Deal employer's behalf'. This protection would also apply if the protected transferee is involved in a

subsequent compulsory transfer of employment or retender, in line with the Best Value Directions.

88. To implement this, the draft regulations provide that any active member or person eligible to be an active member of the LGPS working for a Fair Deal employer directly before a TUPE service provision transfer to a relevant contractor, will become a protected transferee. They also provide that protected transferees will retain their protection where they are involved in subsequent TUPE transfers, so long as they remain working 'wholly or mainly on the activities which are being carried out by the subsequent relevant contractor on the Fair Deal employer's behalf'.

89. There could be occasions where Fair Deal employers may wish to provide all staff working on an outsourced contract with the same pension protections, regardless of whether they were involved in an eligible TUPE transfer. This could, for example, be applied to those who join the contract after outsourcing due to staff turnover. The draft regulations allow this, so long as the staff remain working 'wholly or mainly' on the activities which are being carried out by a relevant contractor on the Fair Deal employer's behalf. This would enable the Fair Deal employer to avoid a two-tier workforce on contracts that they have outsourced.

90. The government plans to work with the Scheme Advisory Board, Local Government Association, and other stakeholders, to develop and publish statutory guidance alongside these regulations that will include further detail on the definition of the term 'protected transferee', the responsibilities and requirements for the Fair Deal employer and the relevant contractor, and further detail on the option to allow all staff working on a contract outsourced by a Fair Deal employer to be protected transferees. More information on the guidance that is planned can be found in the "Implementation of New Fair Deal proposals".

Q22. Do you agree with the proposed definition of a protected transferee?

Q23. Do you agree with the proposal to allow the Fair Deal employer to provide protected transferee status for all staff working on a contract outsourced by a Fair Deal employer, which would enable Fair Deal employers and relevant contractors to avoid creating a two-tier workforce on outsourced contracts?

Responsibilities for relevant contractors

91. Currently, admission body agreements include details of the responsibilities and requirements for service providers. However, as it is proposed that admission body agreements for local government outsourcings would be removed, it is important that there is clarity around the responsibilities for relevant contractors moving forward. Whilst the Fair Deal employer would remain as the deemed employer for protected

transferees for pension purposes, the relevant contractor would still be their legal employer and so in practice have a range of pension-related responsibilities.

92. The government's proposal for how those responsibilities would be split between Fair Deal employer and relevant contractor are seen in full in the draft Regulations and in summary in the table below.

Table 2 - Proposed split of responsibilities between RC and FDE

Responsibility	Relevant Contractor (RC) or Fair Deal employer (FDE)
Receipt and handling of applications to join or leave the LGPS, or move in and out of 50:50	RC
Decisions on contribution rate to apply to members	FDE to make these decisions by default, but RC can agree with FDE to take them on.
Decisions on assumed pensionable pay and ill-health retirement	RC to make these decisions (with support of the FDE for ill-health retirement)
Payment of contributions	Further detail below
Decisions about Shared Cost Additional Pension Contributions and Shared Cost Additional Voluntary Contributions	Further detail below
Forfeiture applications and associated powers	RC and FDE to both have involvement, as per the draft Regulations
Decision on time limits for members to make elections	RC to decide, with option to follow FDE policy where applicable
Late payments to administering authorities and payments of additional costs	FDE to take responsibility in cases where RC has failed to make timely payment (within 1 month) and where additional costs are due to administering authorities because of the RC's performance in carrying out scheme functions.
Decision-making and dispute process	The same processes which apply to the FDE will apply to the RC, and the RC may appoint the same independent adjudicator as the FDE

93. In summary, the main responsibilities of the relevant contractor would be to give protected transferees access to the LGPS and to pay regular contributions for the duration of the contract. The relevant contractor would need to pay the full primary contribution rate, of the Fair deal employer, for all protected transferees. This is the rate determined by the Scheme Actuary in accordance with regulation 62(5), including the cost of administration and before any reductions for insured death or ill-health benefits selected by an employer. The Fair Deal employer would need to pay the secondary contribution rate, which would include any deficits or surpluses that might accrue over time.

94. It would be for the relevant contractor and Fair Deal employer to decide if the primary contribution rate would be fixed (set at the rate of the most recent valuation at time of contract agreement) or floating (based on an agreement between relevant contractor and Fair Deal employer). If the fixed option were to be taken, then the Fair Deal employer would be taking on the risk that if the contract duration runs into a new valuation period and in that period contribution rates were to be increased, they would be liable for any increased payments (unless otherwise agreed with the relevant contractor). Alternatively, if contribution rates were to be decreased, the relevant contractor would be overpaying contributions, which would be reflected in the original contract price, and so the administering authority, Fair Deal employer and relevant contractor would need to agree at contract stage the mechanism by which those overpayments would be addressed.

95. Additionally, that decision of a fixed or floating contribution would need to be decided before the contract is put out to tender, to allow all involved parties to understand their obligations before bids are made and judged.

96. The expectation of the above arrangements is that they would lead to lower contribution rates for relevant contractors. This would be because the rates applied to them would be based on the rates of the Fair Deal employer, which would be expected to be lower due to their typically stronger covenant.

97. The relevant contractor would also be liable for any costs arising from pension-related decisions they take, including but not limited to:

a. A active member being awarded early retirement or early flexible retirement.

b. A member over the age of 55 being offered redundancy.

c. A decision to waive any reduction in pension benefits.

d. Any award of additional pension, or employer contributions to shared cost additional pension contributions or shared cost additional voluntary contributions.

e. A decision to ‘switch on’ the 85-year rule when the member retires from active status (if the member is under 60).

98. Whether the primary contribution rate is fixed or floating, the deemed employer approach would reduce the level of risk for service providers (relevant contractors), which should enable more contractors (particularly SMEs) to enter the market for local government contracts. It would also mean that contractors would be likely to build in less of a risk premium into their contract price because they have more certainty about their pension costs and liabilities.

99. The draft regulations also set out the consequences for late payment of member and employer contributions by a relevant contractor. It is proposed that if a contribution payment is overdue by a month, the administering authority can require the Fair Deal employer to pay it and the Fair Deal employer would then be able to recover it as a debt from the relevant contractor, including any applicable interest.

100. Furthermore, relevant contractors would have a responsibility to provide their administering authority and/or Fair Deal employer with all necessary data relevant to comply with their pension-related obligations.

101. The general principle that would apply to all agreements is that the roles and responsibilities of the relevant contractor should be made clear in the service contract. The government plans to work with stakeholders to develop statutory guidance that clarifies what should be included as standard. Additionally, the government is also considering commissioning the Scheme Advisory Board to produce supportive guidance in this area. Further detail of this is given in “Implementation of New Fair Deal proposals”.

Q24. Do you agree with the overall approach on responsibilities for relevant contractors and Fair Deal employers? If you do not, with which proposals do you disagree?

Continuity of responsibilities across contractors

102. Under existing rules, when members enter into shared cost additional pension contribution (APC) or shared cost additional voluntary contribution (AVC) agreements, those agreements end when that member moves to a new employer, including in cases of compulsory transfers. The government recognises that this disrupts the continuity of pension arrangements for affected members and is seeking views on how such agreements should be handled in the future.

103. One option is that any subsequent relevant contractor should be required to honour the original agreement. This would simplify pension arrangements for the protected transferee and ensure that pension arrangements are unaffected by any outsourcing of the contract they are working on. It would, however, complicate decisions to outsource contracts as potential new relevant contractors would have to include considerations of any such arrangements in their decision to take on those

contracts. This is the government's preferred option, to best protect the rights of working members.

104. A second option would be that the initial agreement is only binding on the relevant contractor it is made with, or, in the case of lost pension, the contractor at the time the pension loss occurred and who would otherwise be responsible for meeting the obligation. This would have the benefit of simplifying outsourcing for relevant contractors, whilst impacting the pension arrangements of protected transferees who have no say in whether the contract they are working on is outsourced.

105. A third option is that the responsibilities of the original relevant contractor would be taken on by the Fair Deal employer, allowing the pension arrangements of the protected transferee and the outsourcing process to be unaffected, but at cost of the relevant contractor that made the original agreement.

Figure 2 – Options for continuation of previous agreements between PT and RC

Q25. Do you agree that Option 1 should be applied to how agreements between protected transferees and relevant contractors should be treated in the case of subsequent outsourcings? Please give the reasons for your answer.

Exceptional arrangements – continuation of broadly comparable schemes

106. It is important to the government that those who have previously worked in local government and who are protected under either the 2007 or 2022 Directions are offered protected transferee status at the earliest possible opportunity. The draft regulations accompanying the 2019 consultation provided that when contracts that fell under the 2007 or 2012 Directions were next re-tendered, protected staff would become protected transferees under the 2013 Regulations and gain a right to membership of the LGPS.

107. Respondents were generally supportive of this approach in 2019, but some highlighted the lack of flexibility in not allowing broadly comparable schemes to continue in any circumstances.

108. The government has a strong preference for staff to be transferred back into the LGPS wherever possible. However, where (1) the Fair Deal employer would be unable to meet the requirement set out in subsection 12(2) of the Procurement Act 2023 to treat all suppliers the same, and (2) the difference between suppliers does not justify different treatment, the draft regulations provide that staff may be offered membership to a broadly comparable scheme. Nonetheless, the government considers that, in most cases, difference between suppliers with respect to continued LGPS access do justify different treatment, particularly in light of the issues

outlined in the section “Removal of broadly comparable schemes”. Where those exceptional circumstances apply, staff would continue to be protected by the 2007 or 2022 Directions (and any replacements to them).

109. The government encourages respondents to share their views on the exception described above and on any other exceptional circumstances that should be considered. Subject to responses, statutory guidance will be published to set out further detail on the process that should be followed where exceptional circumstances arise. Further detail of this is given in “Implementation of New Fair Deal proposals”.

Q26. Do you agree with the approach to allow broadly comparable schemes to continue only in exceptional circumstances?

Q27. Do you have any views on what the exceptional circumstances, where broadly comparable schemes may need to continue, could be?

Transitional arrangements – inward transfers from broadly comparable schemes

110. In 2019, it was proposed that transferred employees who were entitled to pension protection under the 2007 or 2012 Directions and were given access to a scheme certified as broadly comparable to the LGPS, should have a right to transfer their benefits from their broadly comparable scheme to the LGPS. It was proposed that the value of these transfers would proceed on a Cash Equivalent Transfer Value (CETV) basis, using factors contained in actuarial guidance issued by the Secretary of State.

111. Whilst respondents were broadly supportive of the proposal for these staff to have the option of transferring their benefits back into the LGPS, several respondents pointed out that using CETV factors for the inward transfers would mean staff with final salary benefits would lose out. This is because the inward CETV would reflect the value of a deferred pension in the broadly comparable scheme, with pre-retirement revaluation in line with price increases, whereas the CETV-in factors used by the receiving LGPS fund would take into account the expected future salary increases (generally assumed to be higher than price increases). This would then result in a loss of final salary benefits measured in terms of years of pensionable service.

112. The government has considered these responses and is now proposing to align more closely with the updated 2013 Fair Deal guidance which sets out that inward transfer values from broadly comparable schemes should be calculated using bulk transfer values, which would protect any final salary benefits accrued. The intention, which would be set out in the accompanying guidance, is that the bulk transfer terms would be non-negotiable, and would provide a year for year service credit without any additional shortfall contribution being required at the time.

113. To implement this, the draft regulations allow for inward bulk transfers into the LGPS. This sets out that where one or more people who have accrued benefits in

another occupational pension scheme become members of the LGPS and agree to transfer their benefits from their other occupational pension scheme into the LGPS, the administering authority may accept the transfer value.

114. In addition, the draft regulations allow for the transfer of final salary benefits, from a broadly comparable pension into the LGPS, in a way that ensures that those transferred benefits continue to provide final salary benefits. To be clear, this would preserve the value of previously accrued final salary benefits, whilst providing that any future accrual within the LGPS would be a CARE accrual, in line with the 2013 Regulations, regardless of whether the member has final salary benefits from previously accrued service.

115. The government is proposing that it would work with the Government Actuary's Department and the Scheme Advisory Board to draft guidance that would set out clear expectations for how these transfers should be calculated and processed where the transfer includes members covered by the 2007 or 2022 Directions. Further detail of this is given in "Implementation of New Fair Deal proposals".

Q28. Do you agree with the proposed approach to inward transfers from broadly comparable schemes?

Early re-negotiation of contracts

116. There may be circumstances under the proposed system where it would be beneficial to renegotiate a contract with a relevant contractor before it ends. For example, this could be to bring staff back into the LGPS early where a broadly comparable scheme is currently being used. In these renegotiations, it would be the responsibility of the parties involved to seek advice on their legal rights and obligations.

Q29. Do you agree with the approach of including a mechanism in the draft regulations that allows for staff to become protected transferees where there is an early re-negotiation of a service contract using the new Fair Deal regulations?

Optional expansion of New Fair Deal beyond originally outsourced workers

117. The draft regulations outline that when a contract is renegotiated or retendered, all staff working on an outsourced contract (at that point) can be granted protected transferee status. This protection would apply provided the staff continue to work "wholly or mainly on the activities which are being carried out by a relevant contractor on the Fair Deal employer's behalf". To ensure the contract is retendered on an equal basis, the Fair Deal employer would need to decide before the contract is put out to tender if the protected transferee status would also apply to workers who join after the contract is initially outsourced. That protected transferee status would then be maintained in the event of any subsequent transfers, in the same way it would for the originally outsourced workers. This differs from the current situation where staff who

join after an initial outsourcing are not protected or covered by the Best Value Directions, whilst noting that those staff may still be offered LGPS membership, via an "open" admission agreement.

Figure 3 – Proposed approach to allow extended LGPS membership

Q30. Do you agree with the proposal that all staff (including those joining a contract after first outsourcing) would be eligible for protected transferee status, providing all relevant parties agree?

Implementation of New Fair Deal proposals

118. To enable the sector to negotiate contracts under the new regulations as quickly as possible but also give flexibility and adequate time to prepare for these changes, the draft regulations are proposed to come into force at the date the parliamentary timetable allows the statutory instrument to be laid. From the date the statutory instrument is laid, outsourced staff will receive protected transferee status and have to be transferred back into the LGPS when the following happens:

- when an outsourcing body enters into a new contract with a contractor for the provisions of services (first outsourcings)
- when currently outsourced contracts are renewed, extended or re-procured; or
- If the relevant contractor and the Fair Deal employer decide that it would be beneficial to renegotiate the contract before it ends

However, the new regulations include an optional 6-month transitional period from the date they come into force. This is intended to avoid unnecessary and unexpected costs being placed on funds and employers. During this 6-month transitional period, for any contract that is newly signed, reviewed, re-procured or re-negotiated, there is the possibility to opt out of the new provisions. In cases involving a tender process, the Fair Deal employer would need to decide before the service contract is put out to tender if the specific contract will make use of the transitional period, enabling all relevant parties to understand their obligations before bids are made.

119. The government is also proposing that the 2007 Direction is to be revoked and replaced by a new Direction, aligned with the proposals in this consultation. That proposed Direction can be found attached to this consultation. The main difference in the new Direction is that it allows for the transfer back into the LGPS of all eligible members, by deeming the LGPS pension rights they are being provided with as broadly comparable to or better than the pension rights they had, or had a right to acquire, if they had remained with the Fair Deal employer.

120. A corresponding process would also take place regarding the 2022 Direction, to the same effect.

121. The group of particular interest to the government in this case is those individuals currently outsourced, with access to final salary benefits, who would now be being moved back into the LGPS, into a non-final salary benefits scheme. The government understands there to only be a small number of people in such a situation, but wishes to understand their views in particular.

122. Subject to responses, the government is also proposing to work with the Scheme Advisory Board, the Government Actuary's Department, the LGA, and other stakeholders, to develop and publish statutory guidance based on the 2013 Fair Deal guidance to aid the implementation of the proposals. This will replace the current 2009 admission body guidance and could include the following sections:

a. Definition of a Protected Transferee
b. New staff joining a local government contract
c. Definition of a Fair Deal employer
d. Deemed employer status and employer responsibilities
e. Exceptional arrangements
f. Transitional arrangements for staff currently covered by the 2007 or 2022 Directions

123. The government is also considering commissioning the Scheme Advisory Board to draft and publish additional guidance which could include sections on:

g. The procurement process
h. Employer responsibilities
i. Administration

124. The government also intends to update the relevant sections of the Model Services Contract to ensure it aligns with the updated New Fair Deal proposals for the LGPS.

125. The government recognises that the proposals would have impact on members, particularly in the potential cases of those being moved from broadly comparable final salary benefit schemes back into the LGPS as a CARE scheme. As such, the government wishes to understand if any respondents consider this, or other impacts, should be considered and whether additional protections would be necessary.

Q31. Do you agree with the proposal for the draft regulations to come into force on the date the relevant SI is laid, with a 6-month transitional period during which there is the possibility to decide to not apply the new provisions?

Q32. If you are an individual who is currently outsourced from a local authority and part of a final salary scheme, do you agree with the proposed updating of the 2007 and 2022 Directions to deem the LGPS as broadly comparable to or better than final salary schemes? Please give the reasons for your answer.

Q33. Do you agree with the proposal to develop and publish statutory guidance and Scheme Advisory Board guidance to support with the implementation of the updated Fair Deal proposals?

Q34. Are there any additional topics that you would like to be covered?

Q35. What impact do you think these proposals would have on members?

Q36. Do you support the proposal to bring all eligible individuals back into the LGPS, including those in broadly comparable final salary schemes? Please explain your reasons.

Q37. On balance, do you agree with the proposals in this chapter?

5. Public Sector Equality Duty

126. Under the Public Sector Equality Duty ("PSED"), the government is required to have due regard to the need to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Equality Act 2010
- advance equality of opportunity between people who share a protected characteristic and people who do not share it
- foster good relations between people who share a protected characteristic and people who do not share it

127. The protected characteristics which should be considered are:

- age
- disability
- sex
- gender reassignment
- marriage or civil partnership
- pregnancy and maternity
- race
- religion or belief
- sexual orientation

128. The government has access to up-to-date data on the age and sex of LGPS members, but not complete or up-to-date data on the other protected characteristics. Outlined below are the PSED considerations arising from the data the

government does have, but respondents to this consultation are encouraged to share any evidence they may have on the potential impact of the proposals on any of the above protected characteristics.

Normal Minimum Pension Age

129. Members of the scheme who are approaching their NMPA, such as those in their early 50s, are those most affected by the government's proposals, since they are closest to their NMPA and have less time to plan ahead. The most relevant protected characteristic is age.

130. The proposals in this document follow from the decision to raise the NMPA, taken through the Finance Act 2022. For members without a protected pension age, such as a member in their early 50s who joined the LGPS after November 2021, proposals will mean that pension benefits cannot be taken at 55 anymore. This is a long-known change, originally announced in 2014.

131. The proposals will impact men and women equally as the NMPA is the same for both genders. The government does not expect any particular impacts on other groups sharing protected characteristics, as the NMPA applies equally to all.

LGPS for mayors and councillors

132. The proposals for mayors and councillors are about extending pension access to persons who did not previously have access to the scheme. As such the government considers the proposals to have positive impacts only. These positive impacts will be on those who are councillors and mayors in England, and so reflect the characteristics of that cohort. The LGA 2022 census of councillors showed that 59% of councillors were male, 92% white and the average age is 59.5. The proposal is intended to encourage more younger councillors to serve.

Academies

133. The proposals for academies and direction orders are about efficient administration, and do not impact pension benefits for individuals. Therefore, the government does not consider there to be impacts on groups sharing protected characteristics.

New Fair Deal

134. The decision to outsource contracts is taken by local authorities, within the rules and spirit of the LGPS, but without government intervention or influence.

135. The proposals in this document would apply to all workers outsourced from local government and as such, which the government does not believe affects particular groups disproportionately. As such, the proposed changes are not seen to affect any groups in particular.

Q38. Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so, please provide relevant data or evidence.

Q39. Do you agree to being contacted regarding your response if further engagement is needed?

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Section 1: Normal Minimum Pension Age (NMPA)

Q1. *Do you agree with keeping the NMPA at below 57 for members with a PPA?*
Response: Yes. Preserving the Protected Pension Age (PPA) for eligible members ensures fairness and respects the legislative intent of the Finance Act 2022. It avoids retrospective changes that could disadvantage members who made financial plans based on existing rules.

Q2. *Do you agree with increasing the NMPA to 57 for members without a PPA?*
Response: Yes. Aligning the LGPS with national pension legislation is appropriate, provided sufficient communication and transitional support is given to affected members.

Q3. *Do you have any views on the design of the regulations to incorporate this change?*
Response: Administrators will need guidance and tools to identify PPA eligibility accurately. Consideration should be given to simplifying the verification process to reduce administrative burden.

Section 2: Access for Councillors and Mayors

Q4. *Do you agree with the proposal to give mayors access to the scheme?*
Response: Yes. Mayors play a significant public role and should be entitled to pension benefits in line with other elected officials across the UK.

Q5. *Do you agree with the proposal to give councillors access to the scheme?*
Response: Yes. Reinstating access for councillors promotes equity and may encourage broader participation in local governance.

Q6. *Do you agree with the two principles of how the government plans to develop regulations?*
Response: Yes. Treating elected members consistently with other LGPS members and aligning with devolved nations is a sound approach.

Q7. *Do you have any specific comments on the draft regulations?*
Response: The exclusion of auto-enrolment and flexible retirement is reasonable given the nature of elected roles. However, clarity is needed on how pensionable pay will be calculated for variable allowances.

Section 3: Academies and Applications for Directions

Q8. *Do you agree with the proposal to establish the criteria above in legislation?*
Response: Yes. Clear criteria will improve transparency and consistency in decision-making.

Q9. *Do you have any views on how contribution rate shopping can be discouraged?*
Response: Requiring a value-for-money assessment and pre-existing relationships helps mitigate rate shopping. Additional safeguards could include actuarial oversight or benchmarking.

Q10. *Are there any other criteria that should be included?*
Response: Consider including a requirement for long-term sustainability and risk assessment of the receiving fund.

Q11. *Do you have any other comments or considerations relating to establishing the criteria in legislation?*
Response: Guidance should be available.

Q12. *Do you agree to the removal of the requirement to seek Secretary of State consent for standard direction order applications?*
Response: Yes, provided all criteria are met.

Q13. *What would be the most helpful information to include in guidance?*
Response: Step-by-step process and documentation required.

Q14. *Do you have any other comments or consideration on the removal of the requirement to seek SoS consent for standard order applications?*
Response: Local autonomy is welcome, but should be in place to ensure fairness and accountability.

Q15. *Do you agree that non-standard applications will continue to require Secretary of State approval?*
Response: Yes. Complex or contested cases warrant central oversight.

Q16. *What would be the most helpful information to include in the guidance in relation to nonstandard applications that will require Secretary of State approval?*
Response: Criteria for escalation.

Q17. *Do you have any further comments regarding the proposal?*
Response: The proposals strike a good balance between efficiency and oversight.

Section 4: New Fair Deal

Q18. *Do you agree that the option to offer broadly comparable schemes should be removed, except in exceptional circumstances?*
Response: Yes. Continued LGPS access provides greater security and simplifies administration.

Q19. *Are you aware of any other broadly comparable schemes…?*
Response: No additional schemes known beyond those listed.

Q20. *Do you agree with the proposals on deemed employer status and the removal of admission body option…?*
Response: Yes. This approach reduces complexity and risk, especially for smaller contractors.

Q21. *Do you agree with the proposed definition of a Fair Deal employer?*
Response: Yes. Including reclassified FE and sixth form colleges is appropriate.

Q22. *Do you agree with the proposed definition of a protected transferee?*
Response: Yes. The definition is clear and supports continuity of pension rights.

Q23. *Do you agree with the proposal to allow the Fair Deal employer to provide protected transferee status for all staff…?*
Response: Yes. This avoids a two-tier workforce and promotes fairness.

Q24. *Do you agree with the overall approach on responsibilities for relevant contractors and Fair Deal employers…?*
Response: Yes. The split of responsibilities is well thought out and supports effective contract management.

Q25. *Do you agree that Option 1 should be applied to how agreements between protected transferees and relevant contractors should be treated…?*
Response: Yes. Continuity of pension arrangements is essential for member confidence.

Q26. *Do you agree with the approach to allow broadly comparable schemes to continue only in exceptional circumstances?*
Response: Yes. Exceptions should be rare and clearly justified.

Q27. *Do you have any views on what the exceptional circumstances could be?*
Response: Legal obligations under existing contracts or procurement law constraints.

Q28. *Do you agree with the proposed approach to inward transfers from broadly comparable schemes?*
Response: Yes. Bulk transfer terms that preserve final salary benefits are fair and necessary.

Q29. *Do you agree with the approach of including a mechanism… for early re-negotiation…?*
Response: Yes. Flexibility to renegotiate contracts supports better outcomes for members.

Q30. *Do you agree with the proposal that all staff… would be eligible for protected transferee status…?*
Response: Yes. This promotes equity and simplifies administration.

Q31. *Do you agree with the proposal for the draft regulations to come into force... with a 6-month transitional period...?*
Response: Yes. The transitional period allows for proper planning and avoids disruption.

Q32. *If you are an individual... do you agree with the proposed updating...?*
Response: N/A – not applicable as a scheme administrator.

Q33. *Do you agree with the proposal to develop and publish statutory guidance...?*
Response: Yes. Clear guidance is essential for consistent implementation.

Q34. *Are there any additional topics that you would like to be covered?*
Response: Examples of contract clauses, dispute resolution processes, and actuarial assumptions.

Q35. *What impact do you think these proposals would have on members?*
Response: Positive overall – improved security, clarity, and fairness in pension provision.

Q36. *Do you support the proposal to bring all eligible individuals back into the LGPS...?*
Response: Yes. This ensures consistency and strengthens the LGPS.

Q37. *On balance, do you agree with the proposals in this chapter?*
Response: Yes. The proposals are comprehensive and well-aligned with Fair Deal principles.

Suffolk County Council

Agenda Item 6

Suffolk Pension Board

Report Title:	McCloud Update
Meeting Date:	10 December 2025
Lead Councillor(s):	Councillor Richard Smith MVO, Cabinet Member for Finance, Economic Development and Skills
Director:	Nicola Beach, Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151)
Author:	Tracey Woods, Head of Pensions Tel. 01473 265639 Email: tracey.woods@suffolk.gov.uk

Brief summary of the item to be considered

1. This report provides the Board with an update on the progress of implementing the McCloud Remedy for the Fund in line with the legislation that came into force on 1 October 2023.

Action recommended

2. The Board is asked to note the work that is in progress to apply the remedy for impacted members.

Reason for recommendation

3. The Pension Board represents members and stakeholders in the Fund who are affected by the McCloud remedy.

Alternative options

4. There are no alternative options.

Main body of report

Background

5. When the LGPS changed from being a final salary scheme to a Career Average Revalued Earnings (CARE) scheme on 1 April 2014 protections were put in place for older scheme members. These underpin protections were brought in to ensure that older scheme members who were approaching retirement wouldn't be negatively impacted by the changes. The pension that these members built up in the CARE scheme between 1 April 2014 and 31 March 2022 (or their final salary normal pension age, if earlier) was compared to the pension they would have accrued in the final salary scheme if it hadn't closed, and if the final salary pension would have been higher, their CARE pensions were enhanced.

6. Following legal challenges, the underpin protection was expanded to include younger scheme members. This is known as the McCloud Remedy and was implemented legislatively for the LGPS through the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 ('the 2023 Regulations'), which came into force on 1 October 2023 but apply retrospectively. Following this, Statutory Guidance was issued to support administering authorities in the implementation of the LGPS McCloud remedy.

7. Government defined a 'McCloud Implementation Phase' (MIP), the period during which they expect the McCloud remedy to be implemented. Following this, McCloud is expected to be fully implemented and business as usual. The Pension Fund Committee decided in July 2025 that the period for implementing the McCloud remedy should be extended from 31 August 2025 to 31 August 2026 for all impacted members in the fund.

The McCloud Remedy Impact

8. The McCloud remedy may affect any member of the fund who:

    a) was paying into the LGPS, or another public sector pension scheme, on or before 31 March 2012;

    b) was also paying into the LGPS during the underpin period (between 1 April 2014 and the earlier of their final salary normal retirement age and 31 March 2022); or

    c) does not have a disqualifying break (i.e. gap in service of 5 years or more where they were not in the LGPS or another public sector pension scheme).

9. The statutory guidance prioritises these into groups as set out below:

    a) Group 1: New cases/calculations where final benefit entitlements are being calculated from 1 October 2023.

    b) Group 2: Previously processed cases where:

        i) There are ongoing payments

        ii) There have been payments, but no ongoing payments

        iii) There have not yet been payments, but final underpin amounts can be calculated.

    c) Group 3: Active members not yet retiring.

10. It had previously been estimated that there were approximately 16,000 existing members in scope for the remedy. Using updated reports and evaluating records in more detail it has been possible to refine that estimate to compile an accurate list of members in scope, which totals 18,705 records. This includes those covered by the original underpin as their benefits also have to be reviewed.

Implementation Progress

11. In order to complete this work as efficiently as possible alongside business as usual the implementation plan focuses on:

    a) Using bulk calculations and processes as much as possible, minimising the need for individual calculations which take longer. Individual calculations are still likely to be needed for more complex cases.

b) Piecing together seven years of payroll history data that employers were asked to provide to ensure it is as complete as possible and calculations are accurate and fair for members. This is because it is recognised that as time passes payroll providers are less likely to hold the information that is required.

c) Loading data provided by employers that is needed to undertake calculations. This enables use of bulk calculations and avoids the team having to look it up on a case-by-case basis whilst undertaking individual calculations.

12. The statutory guidance set out that Group 1 cases, where benefits were being calculated after the legislation was implemented, were the highest priority to avoid more retrospective calculations being required. However, the approach being taken by the Fund means that Groups 1 and 2, covering previously processed cases, will be happening at the same time.

13. For all in scope records to be able to undertake calculations, either individually or in bulk, it is necessary to create additional screens on the member record. These are on track to be completed by the end of November. Having created these the load of data will be progressed. Alongside this the team will be able to undertake individual calculations as new final benefit cases are received.

14. Letters are being updated to inform members that the impact of McCloud has been included in their benefits calculation. Where a retrospective calculation is undertaken which results in the member being entitled to higher benefits they will be sent a letter to inform them of the adjustment being made. It will be confirmed via the newsletter when all retrospective calculations have been completed.

15. All active and deferred members will receive details of the impact of McCloud on their benefits when they receive an Annual Benefit Statement in August 2026. They make up half of the in-scope records. The updates to their records will be taking place alongside the other in scope members so it is expected that the underpin calculation will be visible to them on Engage before the Annual Benefit Statements are produced. If this is the case information on this will be available on Engage and they will be informed via the newsletter.

Conclusion

16. The work to the implement the McCloud remedy is progressing well alongside business and usual activities. It is expected that the 31 August 2026 deadline for completing the implementation will be met.

Sources of further information

No other documents have been relied on to a material extent in preparing this report.

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Suffolk County Council

Agenda Item 7

Suffolk Pension Board

Report Title:	Gender Pension Gap Analysis
Meeting Date:	10 December 2025
Lead Councillor(s):	Councillor Richard Smith MVO, Cabinet Member for Finance, Economic Development and Skills
Director:	Nicola Beach, Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151)
Author:	Tracey Woods, Head of Pensions Tel. 01473 265639 Email: tracey.woods@suffolk.gov.uk

Brief summary of the item to be considered

1. This report presents the first gender pensions gap analysis for the Suffolk Pension Fund.

Action recommended

2. The Board is recommended to note the gender pensions gap analysis for the Suffolk Pension Fund and the actions that are being taken to reduce the gap.

Reason for recommendation

3. The Suffolk Pension Board represents employers and members in the fund.

Alternative options

4. There are no alternative options.

Main body of report

Introduction

5. Gender pay gap reporting has been compulsory for employers with 250 or more employees since 2017. Following this there has been an increase focus on understanding the Gender Pensions Gap in the UK. The first Gender pensions gap report for the LGPS was produced by the Government Actuary's Department (GAD) to provide renewed evidence for the development of government policy. This was based on data as of 31 March 2020 and showed a substantial difference between the benefits currently being built up by male and female members.

6. To better understand the issue individual LGPS funds began to commission their own reports. The Suffolk Pension Fund has commissioned Hymans to analyse the gender pension gap that exists in the fund. This is attached at **Appendix 1**.

Suffolk Pension Fund Gender Pensions Gap

7. The gender pensions gap in the Suffolk Pension Fund has been analysed using membership data provided as at 31 March 2024. The analysis has looked at the difference in the average annual pension amount between genders across five-year age bands.

8. The analysis shows that for the current pensioners, on average, for every £1 of pension paid to males, females are receiving around 49p. This is clear evidence of a gender pensions gap.

9. The analysis also looked at the average accrued pension for active members. This shows that despite the changes in household working behaviours a gender pensions gap still exists, although less pronounced than it is for current pensioners. This has been the case for other LGPS funds.

10. As a Fund it is important to understand the causes of the gap and look to ensure that all possible steps are being taken by the Fund to reduce that gap.

11. The first potential cause is salary. It is evident that on average active female members in the fund are paid 75-90% of the salary of active male members within the same age bracket for ages 31 and above. The average gender pay gap in the UK is 14%. This difference will be a contributing factor the gender pensions gap. The analysis also shows that there is virtually no difference in FTE pay between genders up to age 30.

12. The second potential cause is working patterns, which affect service and therefore benefit accrued in the Fund. The analysis shows that a much greater percentage of the female workforce are part-time workers than males. These part-time workers are accruing less pensionable service and retirement benefit than full-time workers, so this is a significant driver in the gender pension gap from age 26.

Next Steps

13. At a national level the Government is proposing steps to better understand the LGPS's gender pensions gap, as well as some steps to try close it. These were set out in the Access and Fairness consultation and focus on trying to address gaps in pensionable service which are predominantly taken by women due to caring responsibilities. These include:

    a) making changes to how pension contributions apply to certain breaks in service.

    b) unpaid additional maternity leave between 9 and 12 months automatically counting for LGPS purposes, at employer cost.

    c) Making the first 30 days of authorised unpaid leave pensionable automatically.

    d) Each fund's valuation report will include the whole fund's gender pensions gap, along with the gender pensions gap for some employers.

14. Once the final regulations and guidance have been put in place the Fund will produce clear guidance for employers and members to ensure that they understand the changes and how they can benefit from them.

15. The Fund will continue to provide employers with information to help their employees understand the impact on their pension when they make changes to their working hours and remind them to offer the opportunity to opt-in to the scheme even if they do not meet the qualifying criteria.
16. The Fund will share the monitoring of the gender pensions gap with all employers. Alongside this it would be appropriate to ensure that employers understand that the steps they are taking to reduce the gender pay gap will also contribute to addressing the gender pension gap and encourage them to reflect this in their gender pay gap reporting.

Sources of further information

No other documents have been relied on to a material extent in preparing this report.

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HYMANS ROBERTSON

Suffolk Pension Fund

Gender pensions gap analysis

Greer Flanagan FFA

21 November 2024

Use the menu bar above to navigate to each section.

Agenda Item 7, Appendix 1

Contents

In this report:

Background

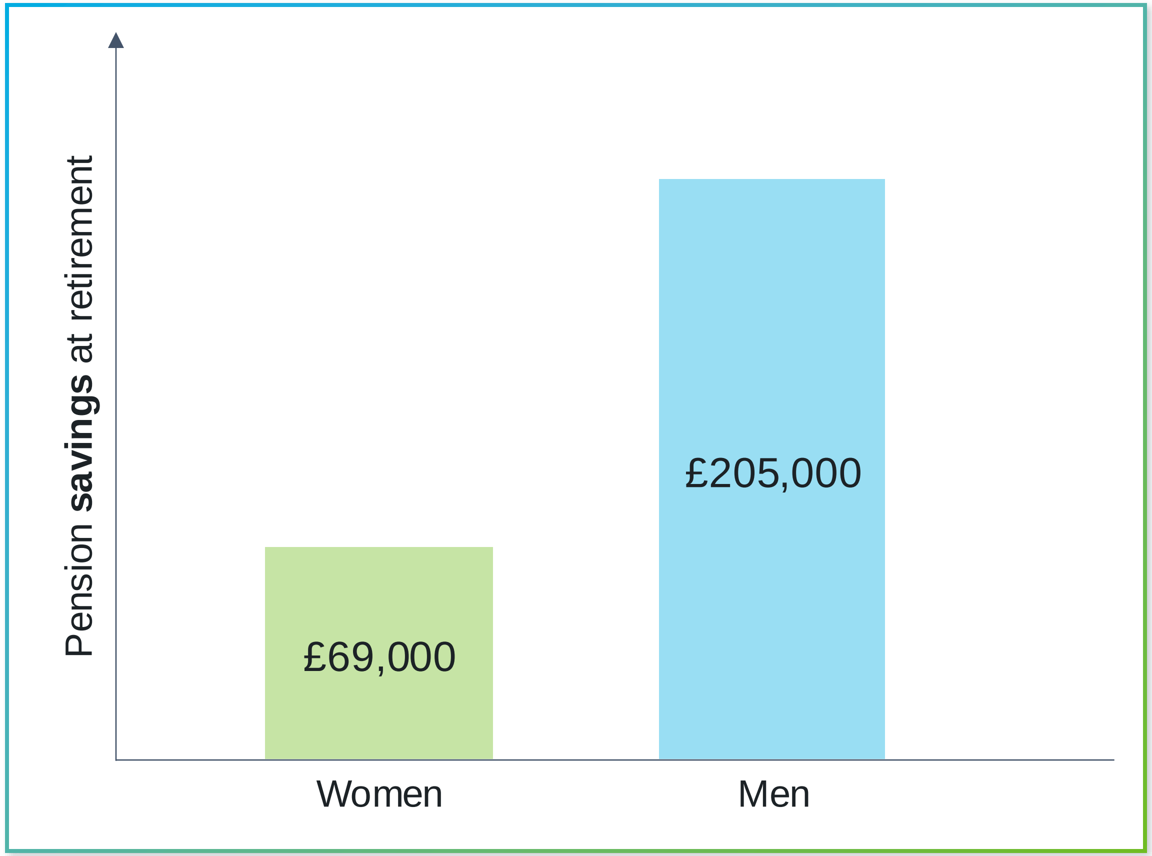
Agenda Item 7, Appendix 1

What is the Gender Pensions Gap?

In recent years there has been increasing focus on ensuring equality at work. Most companies must now publish statistics on their Gender Pay Gap (the difference in average pay between males and females).

Following on from this, there has been increased focus and research conducted to better understand the Gender Pensions Gap (GPeG). A report[1] published for the Commons Library highlights that the GPeG can be measured in different ways; to some it is the difference between the retirement income of men and women (which would include private and state pension), for some it is the difference in wealth in retirement (which would suggest the inclusion of other assets, such as property). The Government introduced[2] a measurement in June 2023 for private sector pensions.

A publication by NOW:Pensions[3], in conjunction with the Pensions Policy Institute, highlighted that, on average, women retire with pension savings of £69,000, whilst men at a similar age have a pensions wealth of £205,000. In addition, it also states that 67% of pensioners in poverty are women and that women would need to work full time for an extra 19 years to retire with the same pension as men.



[1]https://researchbriefings.files.parliament.uk/documents/CBP-9517/CBP-9517.pdf
[2]https://www.gov.uk/government/statistics/gender-pensions-gap-in-private-pensions/the-gender-pensions-gap-in-private-pensions#main-stories
[3]www.nowpensions.com/about-us/fairpensionsforall/gender-pensions-gap

HYMANS ROBERTSON

Gender pensions gap & the LGPS

Is the Gender Pensions Gap an issue in the LGPS?

As one of the largest pension schemes in the UK (with around 6.3 million members), the LGPS provides a valuable benefit to many people.

Around 74% of these members are female (the figure is around 75% in your fund). With such a large proportion of members being female, and the public sector nature of participating employers, people may expect the gender pensions gap to be less of an issue in the LGPS.

However, a report issued by GAD analysing LGPS data in England and Wales identified a substantial difference between the benefits currently being built up by male and female members. The difference is roughly 35% for benefits in the CARE scheme, and roughly 46% for benefits in the final salary scheme.

It is difficult to pinpoint the exact causes of the gap, but the main factors seem to be:

- Gender pay gap (pension is linked to earnings)
- Part-time vs. full-time working (pension is linked to service)
- Career breaks (again, this affects service)

To better understand the issue, analysis is required. As agreed with the fund, we have used the fund’s membership data provided as at 31 March 2024 and investigated the difference in the average annual pension amount between gender across 5-year age bands.

Note we are using pension amount instead of pension wealth. Wealth reflects differences in life expectancy and would be more appropriate if measuring the difference between defined contribution retirement pots. However, the LGPS is a defined benefit scheme and the benefit granted is independent of gender and expected life expectancy. Therefore, for this scheme, pension amount is a more appropriate measure for analysing the gender pensions gap.

The results of our analysis are set out on the next four pages.

Fund-level analysis

Agenda Item 7, Appendix 1

Analysis of your data: current pensioners

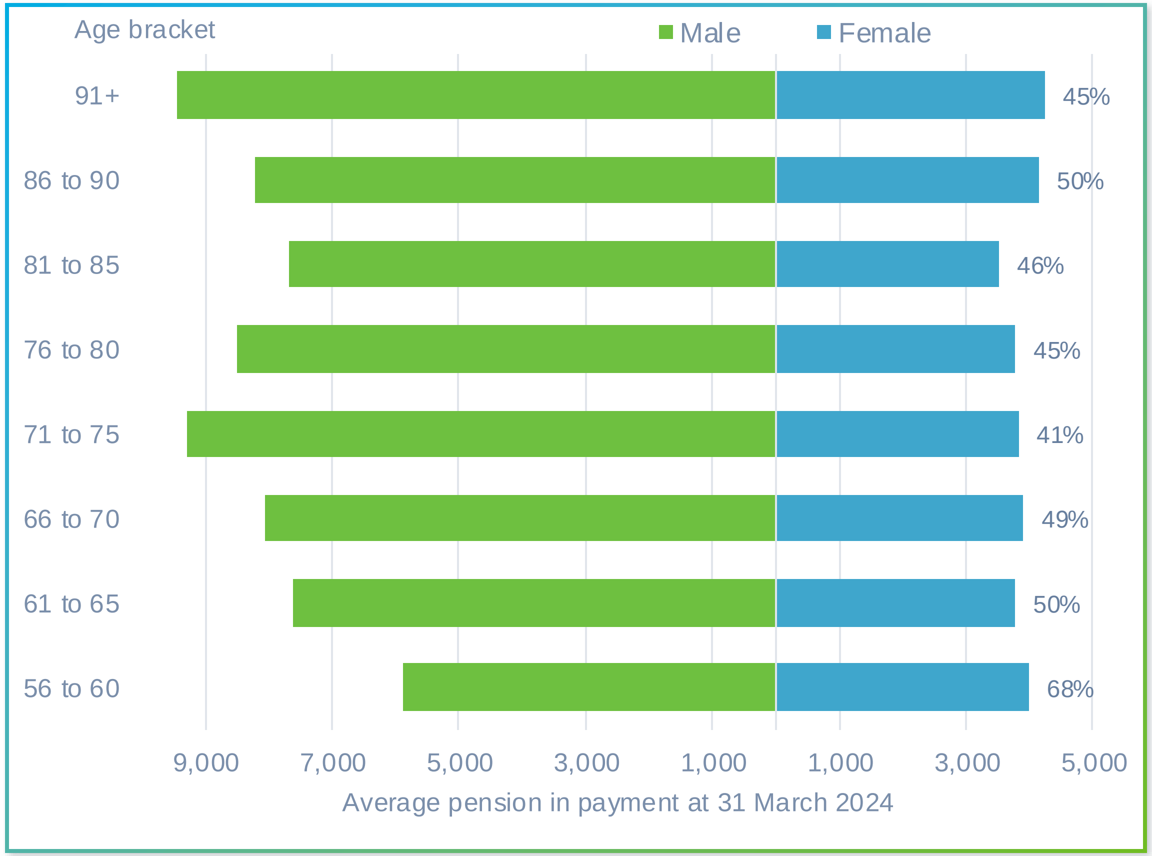
Using the 2024 data provided, we have calculated the average pension for 5-year age brackets and split by gender.

The chart shows that, on average, for every £1 of pension paid to males, females are receiving around **49p** (noted by the percentages). This is clear evidence of a gender pensions gap.

For older members, as considered here, this difference may not be surprising when considering the societal structures in place as these benefits were being accrued. However, the trend is still evident at younger ages, e.g. 61 to 65, when changes to these structures were taking place.

To understand if the gender pensions gap is a timing issue, we have carried out the same analysis for active members.

Note that the figures for age 56 to 60 may be skewed or subject to some bias. For example, pensioners in this age bracket are likely to have retired early due to affluence or a long service history. Therefore, some of the factors that cause the pensions gap are not relevant for this group. Similarly at age 90+, the dynamic of dependant pensions is likely to skew the analysis.



Agenda Item 7, Appendix 1

Analysis of your data: active members

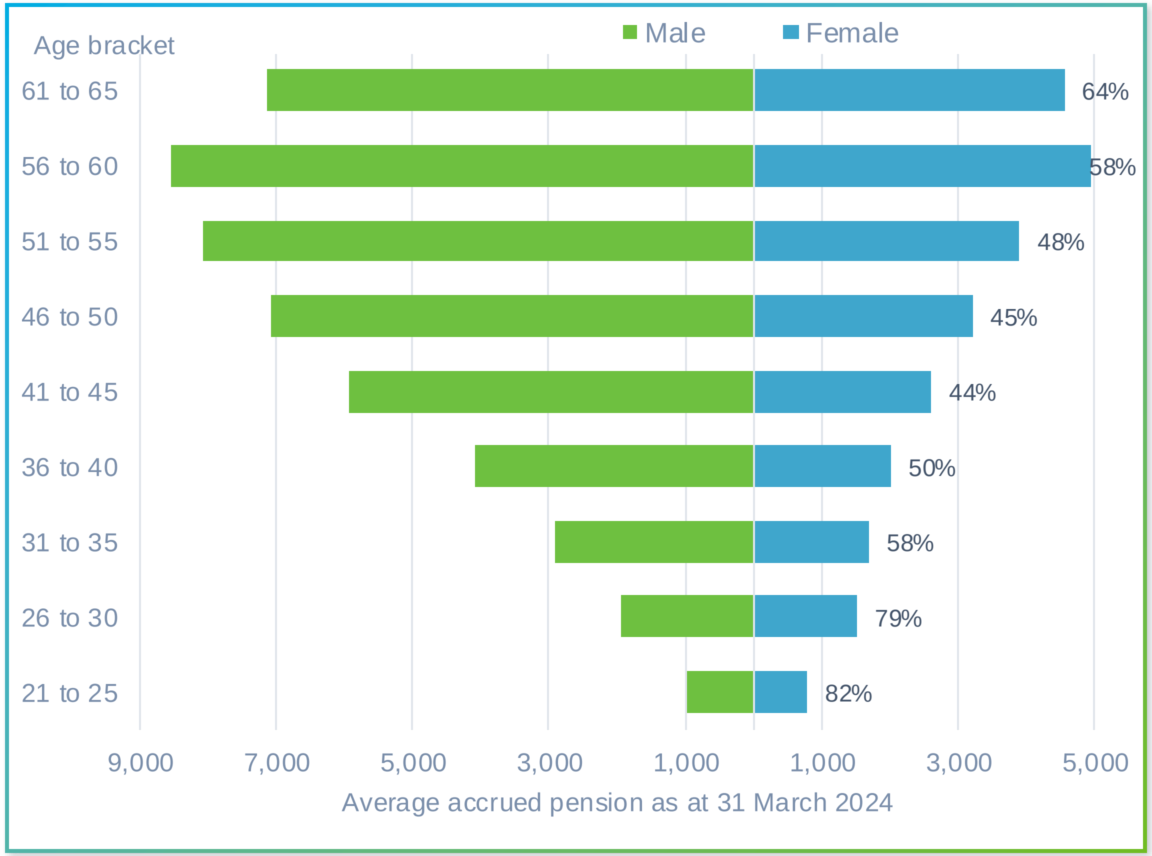
Again, using the 2024 data provided, we have calculated the average accrued pension for active members in 5-year age brackets and split by gender.

The pyramid shape of the chart is to be expected. Younger members will have a shorter service history so have accrued less benefits to date than older members.

The chart shows that even for younger members, despite changes in household working behaviours, a gender pensions gap still exists. For younger members the gap is less pronounced, a pattern we have seen in other LGPS funds.

This analysis has focussed on the output (pension). To better understand the issue, particularly the potential causes, we have reviewed the inputs – salary and service.

Note that the figures for age 61 to 65 may be skewed or subject to some bias. For example, due to retirement age rules, active members in this age bracket are likely to have similar service and job history so the differences which affect younger age brackets are less present.



Causes of the gap

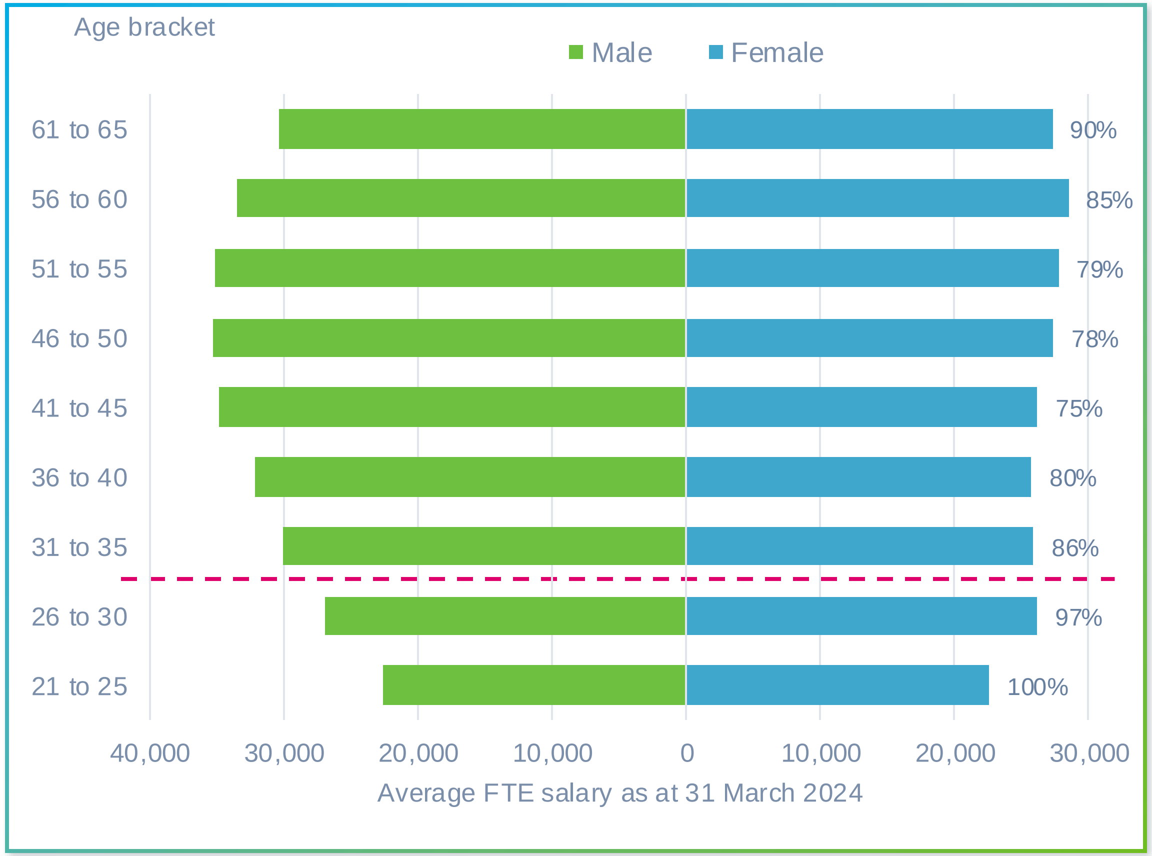
Possible causes of the gender pensions gap: salary

This chart looks at the average full-time equivalent (FTE) salary of active members of the fund as at 31 March 2024. As LGPS benefits are directly linked to the magnitude of salary, any difference in salary between the genders causes a difference in pension.

Looking at the percentages on the chart, we can see that on average females are paid 75-90% of males within the same age bracket (note this doesn't allow for differences in roles etc.) for ages 31 and above. This compares with the average gender pay gap for the UK which sits at around 14%[1].

This difference will be a contributing factor to the gender pensions gap already observed.

An interesting pattern in the analysis is that there is virtually no difference in FTE pay between genders up to age 30. Thereafter, the gap starts to widen.



[1]https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/genderpaygapintheuk/2023

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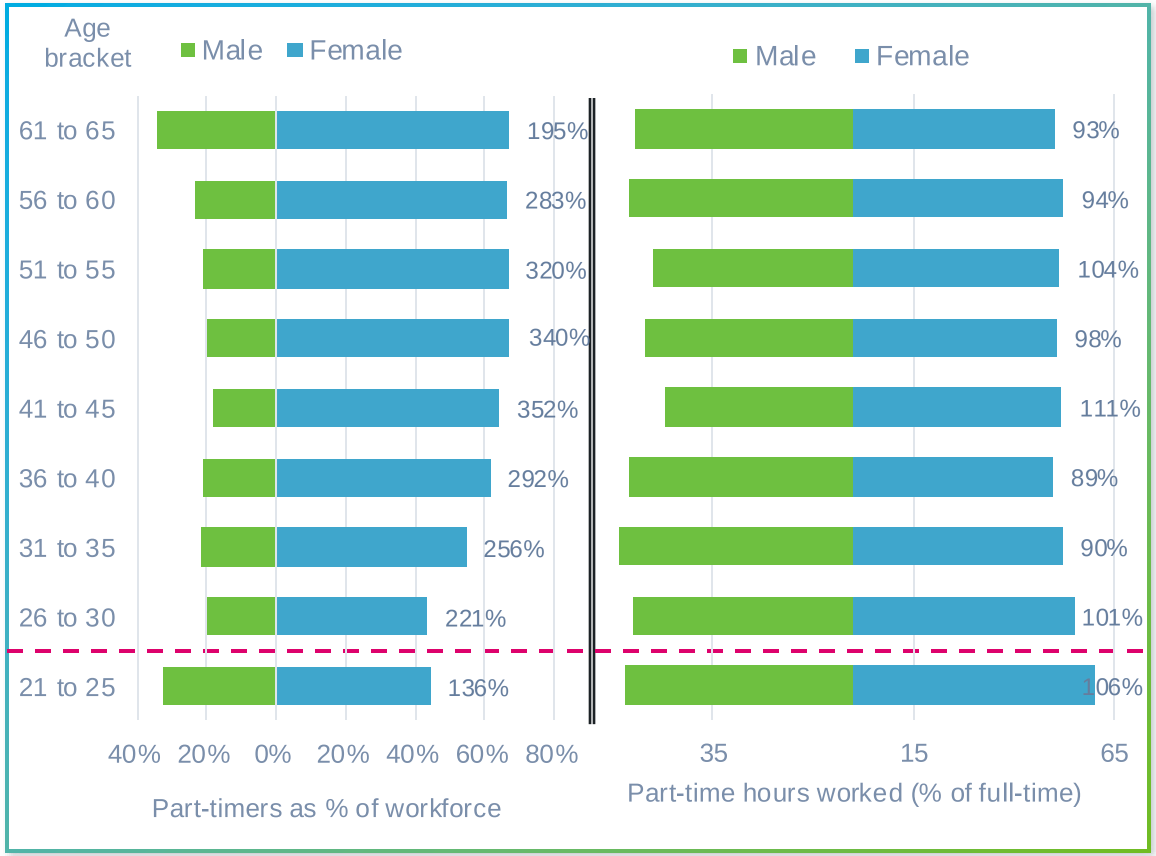
Possible causes of the gender pensions gap: service

These charts look at how working patterns, which affect service, and the amount of benefit accrued, vary between genders. The left-hand chart analyses the percentage of the workforce in each bracket that are part-time workers. The right-hand chart analyses the average number of hours worked (as a percentage of full-time hours) by those part-time workers.

The left-hand chart shows that a much greater percentage of the female workforce are part-time workers than males. The differences are stark. As part-time workers will accrue less pensionable service and retirement benefit than full-time equivalents, this will be a big driver in the gender pension gap. There appears to be a big jump in the trend from age 26+.

The right-hand chart doesn't highlight any significant difference between males and females. Suggesting that this factor is unlikely to be a material contributing cause to the gender pensions gap.



Conclusions

Agenda Item 7, Appendix 1

Conclusions from the analysis

A gender pension gap does exist in the fund

The analysis shows that gap is prevalent at older ages but even exists at younger ages

The gender pay gap is a contributing factor

Whilst the pay gap is slightly lower than the national average at some ages, the difference will be a contributing factor to the pensions gap

There is a significant difference in working patterns between genders

Females are more likely to be part-time workers which results in them accruing less pension

The pay and working pattern causes seem to appear from age 26-30 onwards

We don't have the data to investigate the cause of this trend, but the Office for National statistics[1] states age 30.9 as the average age of mothers who give birth. Does this single event then lead to females being more likely to earn less and work part-time than male equivalents? If this is the case, what can be done to recognise this and ensure retirement equality?

[1] https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/livebirths/bulletins/birthcharacteristicsinenglandandwales/2022

Next steps

Next steps

The gender pensions gap is not an issue confined solely to the LGPS. Research shows it existing across the whole pension landscape.

To fully address the gap, and some of its contributing factors, it is likely national level action and changes will be required. We believe that the LGPS, as a scheme with around 4 million female members, is in a prime position to be a leader in this debate.

There are also some actions that could be taken at local level, albeit employer driven, such as:

- Reviewing job profiles and pay scales to ensure there is genuine equality across the full spectrum (this would also help address the gender pay gap).
- Checking that back-to-work policies, including flexible working, fully support and encourage people who have taken career breaks back into the workplace.
- Introducing or enhancing shared parental leave policies.
- Educating employees about implications for their pension any time there is a life point change that may have financial consequences (e.g. reducing hours, getting divorced, promotion etc). Employees can then make informed choices about whether to top up their pension or not.
- Letting new joiners and part-time workers know that they can opt-in to the pension scheme, even if they do not meet the qualifying criteria

If you want further information on this topic, particularly around what could be done to reduce the gender pensions gap, please watch the recording of our webinar[1].The guest presenter was Lauren Wilkinson from the Pensions Policy Institute.

[1] https://www.hymans.co.uk/insights/webinars/a-spotlight-on-the-gender-pensions-gap-in-the-lgps/

HYMANS ROBERTSON

Reliances & limitations

Agenda Item 7, Appendix 1

Reliances and limitations

We have been commissioned by Suffolk County Council (‘the Administering Authority’) to carry out analysis of the Suffolk Pension Fund membership data to explore if there is a gender pensions gap.

This report is addressed to the Administering Authority. It has been prepared by us as actuaries to the Fund and is solely for the purpose of summarising the outcomes of our analysis and high-level discussion on the gender pensions gap. It has not been prepared for any other third party or for any other purpose. We make no representation or warranties to any third party as to the accuracy or completeness of this report, no reliance should be placed on this report by any third party and we accept no responsibility or liability to any third party in respect of it.

Where we have expressed an opinion on the potential cause of the gender pension gap or possible resolution it should be treated only as that. This is a complex area with various factors and underlying issues.

The analysis is based on the membership data that has been submitted by the Fund as at 31 March 2024.

The following Technical Actuarial Standards apply to this advice and have been complied with where material and to a proportionate degree. They are:

- TAS100 v2.0 – Principles for general actuarial standards

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Thank you

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Suffolk County Council

Agenda Item 8

Suffolk Pension Board

Report Title:	Pension Board Risk Register
Meeting Date:	10 December 2025
Lead Councillor(s):	Councillor Richard Smith MVO, Cabinet Member for Finance, Economic Development and Skills
Director:	Nicola Beach, Chief Executive
Assistant Director or Head of Service:	Louise Aynsley, Chief Financial Officer (S151)
Author:	Tracey Woods, Head of Pensions Tel. 01473 265639 Email: tracey.woods@suffolk.gov.uk

Brief summary of the item to be considered

1. This report sets out the Risk Register for the Pension Board and how the risk control measures have been implemented against the risks.

Action recommended

2. The Board is asked to review and approve the Pension Board Risk Register.

Reason for recommendation

3. Risk management is a key responsibility of those charged with Pension Fund governance with a duty to identify the range of risks that could affect the long-term sustainability of the Fund.

4. The effective management of risk is also an area which is covered within the CIPFA Knowledge and Skills framework which recognises the importance of having an understanding of the risks that could have an impact on the Pension Fund and what steps can be taken to mitigate such risks.

Alternative options

5. The Pension Board can include alternative risks to those set out in the Risk Register.

Main body of report

Regulatory Background

6. The need for effective risk management is reflected throughout guidance and regulation in the Local Government Pension Scheme (LGPS), in the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 paragraph 12(2c) and in the CIPFA publication “Managing Risk in the Local Government Pension Scheme” (2019). The Pensions Regulator published regulatory guidance in December 2015 entitled “Integrated Risk Management”.

Risk Register

7. The purpose of the risk register is to reflect best practice in the identification, evaluation and control of risks in order to ensure that key risks are recognised, and then either eliminated or reduced to a manageable level. If neither of these options is possible then means to mitigate the implications of the risks should be established.
8. Risk control measures have been identified for each risk in the risk register, indicating the most effective way of managing the risk and how the measures have been implemented.

Pension Fund Committee

9. The Pension Fund Committee received and approved a new risk register at its meeting on 25 November 2025 and receives a summary risk register at its quarterly meetings.
10. The Pension Board asked the Pension Fund Committee to consider an additional risk:
    a) Structural decline in fossil fuel demand and asset stranding.
        i) Systemic financial losses stemming from a disorderly decline in the fossil fuel sector based on rapid and widespread adoption of sustainable energy.
        ii) Impact: Critical
        iii) Probability: Probable
11. The Pension Fund Committee decided that the impact of the decline of fossil fuel demand and the possibility of asset stranding was already recognised in their risk register under SPF06 and were comfortable that an additional risk did not need to be added. SPF06 states:
    a) Failure by the Investment Managers to manage the risk Climate Change may have on the assets of the Fund.
        i) Could lead to the potential risk of stranded assets, leading to financial loss if an asset loses significant value and becomes worthless.
        ii) Increased capital costs of underlying investment companies to transition to greener energy or lower carbon solutions.
        iii) Risk of natural disasters through adverse weather conditions causing damage to underlying investments.
        iv) Impact: Major
        v) Probability: Probable
12. The Pension Fund Committee also recognised that the risk register cannot capture every possible risk, but it should prioritise the most prevalent ones and, where appropriate, consolidate similar risks into groups.

Pension Fund Board

13. The risk register for the Pension Board has been updated to recognise the risks with the transfer of the Fund from the ACCESS asset pool to LGPS Central.

14. The risk register for the Pension Board to approve is attached as **Appendix 1**. The probability and risk impact scores have been scored based on the submissions from the members of the Board using the criteria set out in **Appendix 2**.

15. The risk register and actions taken to mitigate or control the risks are reported to the Board twice a year.

Sources of further information

a) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (S.I. 2009 No.3093).

b) Managing Risk in Local Government Pensions Funds - CIPFA 2019

c) Integrated Risk Management - Pensions Regulator 2015

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Suffolk Pension Board Risk Register

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB01	**Employer** Employers' failure to carry out their responsibilities for paying contributions and providing information required for the administration team to fulfil their responsibilities. <u>Consequence</u> Could lead to incorrect information being used to make decisions in regards to the employer and the Pension Fund as a whole. The financial burden would have to be picked up by the rest of the employers in the Pension Fund.	3	1	3	Low	An effective Administration Strategy setting out the employers responsibilities. An effective Communications Strategy so that employers are engaged with the Pension Fund. Monitoring and reporting of the compliance of the employers. Vetting prospective employers in regards to financial security of funding streams. Seeking a funding guarantee or indemnity from the former scheme employer. Review to ensure Bonds are renewed when expiring and reflect current employer position. Non compliance is addressed.
SPB02	**Scheme Members** Scheme members are not in receipt of the correct benefit and/or paid on time. <u>Consequence</u> Additional administration time required to correct any errors. Reputational risk to the Suffolk Pension Fund and Suffolk County Council.	3	1	3	Low	The Pensions Administration team are required to keep up to date with pension benefit regulations and adhere to the stringent procedures required to comply with the benefits regulations. Knowledge and understanding is kept up to date by attending the relevant training courses on offer by professional bodies. Calculations are independently checked and verified. Internal and external audit review the internal control arrangements in place.

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB03	**Governance** Failure to communicate or engage with employers and scheme members. Consequence Leading to non compliance with legislation and best practice. Inability to determine policy and effective decisions. Damaging to reputation.	3	2	6	Medium	Maintenance and implementation of a communication strategy. Regular communications to employers on LGPS matters are provided by Pension Fund officers in the form of newsletters and an annual employer meeting. Regular meetings are held by the Pension Board with the papers published within statutory deadlines. A range of communication tools are available to enable effective communication such as newsletters, pension help desk, member self-service and the pensions website.
SPB04	**Governance** Pension Fund Board members do not have the appropriate skills or knowledge to discharge their responsibility. Consequence The Board does not discharge their duties to oversee the governance of the Pension Fund. Reputational risk to the Suffolk Pension Fund.	3	3	9	Medium	The Board has adopted the CIPFA Pensions Knowledge and Skills Framework as the basis for assessing its training and development needs. The Board approves a formal training plan which is designed to cover the Board's responsibilities. This is reviewed annually and updated to include new topics of interest and any additional training requirements identified. The Board members have access to the Hymans online learning academy modules. New Board members are fully briefed by a Pension Fund officer to enable them to participate in meetings. External advisers are employed to advise the Pension Fund Board as required.

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB05	**Regulatory** Changes to regulations or legislation not being adhered to. Consequence Could result in an increase in the cost of the scheme or increased administration time to correct. Reputational risk to the Suffolk Pension Fund.	3	3	9	Medium	The Pension Fund responds to all consultation papers regarding changes to the LGPS issued by the Ministry of Housing, Communities and Local Government (MHCLG). Pension Fund officers attend conferences, seminars and training to ensure the consequences of legislative changes are understood and implemented. New legislation is reported to the Pension Fund Committee and Board with regular updates on progress on implementation, the guidance produced, legal advice taken and any issues identified.
SPB06	**Asset Pooling** The ACCESS Pool does not have the appropriate governance in place to make the decisions needed for an orderly transition to the newly appointed asset pools. Consequence Could result in financial loss or underperformance. Breach of statutory obligations Reputational risk to the Suffolk Pension Fund.	5	3	15	High	The ACCESS Support Unit (ASU) continues to engage with the ACCESS Pension Fund's officers and Joint Committee to make appropriate decisions. The ACCESS Pool continues to engage professional advice to ensure that the exit arrangements of the Pool are understood by all ACCESS members and all costs are fairly apportioned amongst the Funds. These are being developed in consultation with the FCA, third party providers and the new pools. The ACCESS Pool have been in regular dialogue with MHCLG.

Risk ID	Risk	Impact	Prob	Risk Score	Risk Rating	Risk Control Measures
SPB07	**Asset Pooling** The transition of assets and governance from the ACCESS Pool to LGPS Central is not well managed. Consequence May lead to operational, financial, and compliance risks, including delays, data integrity issues, and misalignment with investment objectives. Disruption to investment management and reporting Increased costs due to transition complexity Potential breach of statutory deadlines	5	3	15	High	LGPS Central are in regular dialogue with ACCESS Support Unit (ASU), Waystone and Northern Trust to work out the best options for transitioning the assets. The Fund officers have regular meetings with LGPS Central who report on timelines, progress made and information required on the horizon to make a safe and legal transition into the Pool on 1 April 2026. Squires have been engaged to provide independent advice for the on boarding Funds into LGPS Central on the legal paperwork and agreements required to be in place to become a shareholder and client in LGPS Central. LGPS Central and the fund officers have been in regular dialogue with MHCLG.
SPB08	**IT Systems** The Pension Fund IT systems do not have appropriate cyber security in place and updates to systems are not appropriately tested before implementation. Consequence Could result in personal data not being secure or correct pension payments not being paid on time. Reputational risk to the Suffolk Pension Fund.	3	2	6	Medium	Heywoods (Pension Data and Pensioner payroll), Northern Trust (Custodian), Suffolk County Council (Payroll and financial ledgers) and Waystone (ACCESS Pool Operator) all have approprate IT Security policies and frameworks in place to identify risk and implement appropriate testing. Heywood system updates are loaded into the test system for the Team to test. If any issues are found then the live launch is delayed until resolved. Heywood updates are reviewed by the Technical Pensions Specialist and communicated to the Pension Fund Officers and the Operations Manager for Pensioner Payroll updates. Work has been undertaken to produce specific reports from Oracle Fusion, reconciliation and further developments to the outputs are ongoing.

Risk rating criteria

1. The impact of each risk has been assessed as:
    - Insignificant (1)
    - Minor (2)
    - Moderate (3)
    - Major (4)
    - Extreme (5)

2. The risk has then been assessed on the probability of the risk occurring.
    - Rare (1)
    - Unlikely (2)
    - Possible (3)
    - Likely (4)
    - Almost certain (5)

3. This has been used to allocate a risk score (multiplication of the score value in brackets above) to each risk which produces one of the risk ratings as follows:
    - Low (1-4)
    - Medium (5-9)
    - High (10-15)
    - Very High (16-25)

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Suffolk County Council

Agenda Item 9

Suffolk Pension Board, 10 December 2025

Information Bulletin

The Information Bulletin is a document that is made available to the public with the published agenda papers. It can include update information requested by the Committee as well as information that a service considers should be made known to the Committee.

This Information Bulletin covers the following items:

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1. Investment Strategy Statement

1.1 The Committee received and approved its Investment Strategy Statement at its meeting on 25 November 2025.

1.2 This investment strategy (attached as **Appendix 1**) sets out the goals and guidelines to make informed investment decisions that meet the funding objectives set out in the Funding Strategy Statement. The authority must invest, in accordance with its investment strategy and any fund money that is not needed immediately to make payments from the Fund.

1.3 The Fund is forecasting a negative cash flow position, as pensioner numbers and benefits increase, whilst employer contributions reduce as a result of improved funding levels, this will be significant in 2026/27 when the contribution rates from the 2025 triennial valuation are implemented.

1.4 The Committee requested a review of the level of income that is currently being reinvested and to identify which mandates should be changed to receive income directly to manage the shortfall in cash.

1.5 The Committee’s responsible investment beliefs have been incorporated into the investment beliefs and environmental, social and governance considerations set out in the investment strategy statement.

1.6 The LGPS does not have a statutory duty to consult directly with members on ESG but member engagement is considered good practice for governance, transparency, accountability and alignment with members values.

1.7 The Committee is going to consider how to consult with its members to align its responsible investment beliefs with stakeholder expectations.

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2. Draft Regulations

2.1 Government has launched a technical consultation on two new draft statutory instruments as part of its LGPS: Fit for the Future reforms.

2.2 **LGPS (Pooling, Management and Investment of Funds) Regulations 2026**

- Replaces the 2016 regulations.
- Requires administering authorities (AAs) to:
  - Delegate implementation of their investment strategy to their asset pool.
  - Take principal investment advice from their pool.
  - Ensure all assets are controlled and managed by the relevant pool.
  - Introduces minimum standards for pools (including FCA authorisation).
  - Grants the Secretary of State powers to direct participation in specific pools.
  - Compliance required from **1 April 2026**, subject to the Pension Schemes Bill receiving Royal Ascent by end of March 2026.

2.3 **LGPS (Amendment) Regulations 2026**

- Focuses on governance improvements:
  - Strengthens governance arrangements for AAs.
  - Requires regular governance reviews aligned with valuation cycles.
  - Mandates appointment of a senior LGPS officer by October 2026.
  - Provides powers for the Secretary of State to direct governance reviews.

2.4 Government will shortly be publishing draft guidance on the regulations which should be referred to as part of the consultation response.

2.5 The Pension Fund officers attended the first pooling guidance roundtable, jointly held by MHCLG and SAB for initial feedback on the key points of the Asset Pooling guidance.

2.6 The consultation runs from 20 November to 2 January 2026.

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For further information on any of these information items please contact:

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Suffolk Pension Fund
Investment Strategy Statement

The Suffolk Pension Fund has prepared this Investment Strategy Statement in line with the Local Government Pension Scheme (Management and Investment of Funds) Regulation 2016, with reference to the Ministry of Housing, Communities and Local Government (MHCLG) guidance on 'Preparing and Maintaining an Investment Strategy Statement' and after taking appropriate professional advice.

This statement is subject to review at least every three years and from time to time on any material change in investment policy, financial markets, circumstances in the Fund or in government legislation.

Fund Objective

Funding Strategy Statement

The Funding Strategy provides a prudent probability of success for the Fund to be in a fully funded position during the next 20 years.
Its purpose is:
- Take a prudent long-term view to secure the regulatory requirement for long term solvency, with sufficient funds to pay benefits to members and their dependents
- Use a balanced investment strategy to minimise long term cash contributions from employers and meet the regulatory requirement for long term cost efficiency
- Where appropriate, ensure stable employer contribution rates
- Reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- Use reasonable measures to reduce the risk of an employer defaulting on its pension obligations

The funding objective that has been adopted for the Suffolk Pension Fund is to ensure that the assets of the Pension Fund, when taken in conjunction with future contributions and expected asset returns, are sufficient to ensure that all future pension and retirement benefits will be fully covered by the Fund's assets when they fall due.

Investment Strategy
This investment strategy sets out the goals and guidelines to make informed investment decisions that meet the funding objectives set out in the Funding Strategy Statement.

The Suffolk Pension Fund is forecasting a negative cash flow position, as pensioner numbers and benefits increase, whilst employer contributions reduce as a result of improved funding levels. Taking this into account, the Fund targets a growth-based strategy alongside a steady income stream, with the aim of maximising asset performance in the long term within agreed risk levels, whilst also ensuring there is income available to manage the cashflow position.

There are significant levels of diversification between different asset classes to reduce overall portfolio risk through combining the performance of each asset class. This helps reduce the volatility effects of the financial markets, whilst maintaining the Fund's relatively low risk approach.

The Committee views having the appropriate investment strategy in place as a key driver to manage risk and return and has approved an allocation that invests in a range of asset classes (including but not restricted to equities, bonds, infrastructure, debt, private equity, timber and property) to provide the Fund with diversification benefits and the opportunity to capture some illiquidity premium from being a long-term investor.

The Committee considers that equities are the liquid asset expected to generate superior long-term returns. The Committee favours active management where there are opportunities to add value, increasing the overall expected return (after fees) without significantly increasing the overall level of volatility. Passive management is utilised as a cost-efficient way of accessing equities to achieve market returns whilst maintaining liquidity.

The Committee believes the use of alternative assets can reduce overall volatility in the delivery of asset returns without leading to a significant reduction in overall expected return, whilst improving its risk-return characteristics through diversification.

The Committee takes a long-term approach to investing, reviewing the performance of its investment managers over a minimum period of three years. By taking a longer-term view, the Committee expects to receive enhanced risk adjusted returns and lower transaction costs by reducing asset turnover.

The Committee does not consider short term opportunities as a way of consistently delivering year on year performance (and these are delegated to managers). It believes that the effective management of financial risks of its investment assets results in positive performance over the long term.

Responsible Investment Beliefs

The Pension Fund Committee is aware of the need to generate a sufficient level of return whilst managing potential investment risks and therefore has developed a clear set of fundamental investment beliefs covering both investment and environmental, social and governance (ESG) considerations which provides a clear framework for all investment decisions.

The Committee's main objective is to deliver an investment return consistent with funding plans that does not compromise future generation's ability to meet their own needs.

In addition, the Committee identifies climate change, pollution and company stewardship as the priorities for responsible investments and ESG.

The Pension Fund Committee has agreed to set a net zero target for 2050 or earlier. The Path to Net Zero sets out the strategy and a high-level action plan, including timelines, interim targets and how this target can be achieved. This also includes monitoring to enable the Fund to report progress annually.

Key Responsible Investment Beliefs

- Responsible Investment considerations are important across all time horizons, but especially in the medium and long term. This is true not just in terms of protecting and enhancing long term investment return, but also increasingly in terms of the interests of stakeholders.
- Responsible investment considerations are important irrespective of asset class.
- Responsible management of responsible investment issues is considered a reputationally important issue.
- The consideration of ESG factors is to be incorporated into the portfolio construction process of all investments made by the Fund's investment managers.
- ESG factors are relevant in the context of benchmarking, risk analysis and investment opportunity identification.
- Climate risk and the issues which contribute to it are of significant concern to all stakeholders and as a result it is the prominent area of concern.
- The Fund advocates the use of engagement over divestment as the means to promote its Responsible Investment beliefs however, selling an asset remains an option when it comes to unaddressed ESG concerns.
- The Fund recognises the value in engaging collaboratively to leverage greater influence together with other investors who share the Fund's priorities through joint initiatives and organisations.
- The exercise of ownership rights through voting.

These principal responsible investment beliefs and priorities will be achieved through the implementation of the following:

I) Investment Strategy

The Committee recognises Environmental, Social and Governance (ESG) issues can impact on the Fund's investment returns and is committed to responsible investing so as to develop a sustainable investment approach to protect future Fund performance.

The Committee believes that having a responsible investment policy should lead to better financial outcomes for the Fund as businesses with more sustainable practices should outperform over the long term and lead to better outcomes for society.

The Fund should consider securities that deliver a positive social or environment outcome only when there is evidence of the positive impact on risk and return and avoid exposure to securities where environmental or social aspects will be financially detrimental to the Fund.

II) Investment Managers

The Fund's investment managers are required to embed the consideration of Environmental, Social and Governance (ESG) factors into their investment process and decision making and to report on how these are implemented. ESG factors will evolve and the Fund's investment managers should seek to take a long-term view which evaluates the direction of travel of the invested companies.

The Committee does not restrict the investment managers' choice of investments by reference to social, environmental or ethical criteria except where restrictions have been put in place by Government. All investments that are made for the Fund comply with the legal and regulatory requirements that apply to the LGPS.

The Fund's investment managers are required to invest in line with the Fund's investment beliefs and to demonstrate how these beliefs are met.

ESG factors should be incorporated into the investments managers standard reporting and will cover the Committee's responsible investing priorities.

The Asset Pool should provide leadership on the ESG principles for the investments within the pool and to develop the reporting on the key principles with the investment managers.

III) Stewardship and Governance

The Committee believes that engagement and voting are influential and promotes good practice in the corporate governance and management of the companies that they invest in and can be effective in changing behaviour and improving the Fund's performance as well as having a positive impact on the environment and society and is more effective than disinvesting from the company.

The Fund where possible will participate in collaborative initiatives to strengthen the Fund's engagement outcomes.

Asset Allocation

The Fund has a 71.5% allocation to 'growth' assets (equities and alternatives) in order to meet the long-term funding assumptions, set out in the 2025 actuarial valuation and funding strategy statement.

The Fund's investments are allocated across a range of asset classes. The largest allocation is to equities which also accounts for the majority of the investment risk taken by the Fund.

Over the long term, equities are expected to outperform other liquid asset classes, particularly bonds. Allocation to asset classes other than equities and bonds, allows the Fund to gain exposure to other forms of returns which can also reduce the overall volatility of portfolios. These assets are expected to generate returns broadly similar to equities over the long term and so allocation to these can maintain the expected return and assist in the management of volatility.

The 28.5% allocation to bonds and cash is designed to be a diversifier of equity risk whilst generating a yield, reducing overall levels of funding volatility and help manage the cashflow.

Investment Allocation

The Committee has translated its objectives into an asset allocation plan and investment management structure for the Fund. The Fund's target is consistent with the Committee's views on the appropriate balance between generating a satisfactory long-term return on investments whilst taking account of market volatility and risk and the nature of the Fund's liabilities.

The Government has placed a 5% restriction on the investments of the Suffolk Pension Fund into entities connected with Suffolk County Council. The Pension Fund currently has no investments in entities connected to Suffolk County Council.

Asset Class	Investment Manager	Target Allocation	Maximum Limit	Strategy
UK Equities	Blackrock	5.0	10.0	Growth asset, generating returns through capital gains and dividend income through exposure to UK and global companies. Diversification of exposure to global markets utilising active and passive investment strategies and a range of investment managers. Supports the Fund's climate objectives.
Global Equities	Baillie Gifford Longview Newton Columbia Threadneedle	16.5	25.0	
Global Equities Index Tracking ESG Tilt	UBS	19.0	30.0	
Fixed Income	M&G Janus Henderson Fidelity	26.0	35.0	Diversification from and lower risk than equities reducing volatility and improving risk adjusted returns.
Property	CBRE	12.0	15.0	Generates inflation linked returns through income and capital appreciation with investment in global and UK property markets. Diversification to equities and bonds.
Infrastructure	JP Morgan KKR Partners Group	10.0	5.0	Diversification from equities and bonds and reduces volatility and resilience during times of market stress. Enhances portfolio return without increasing risk. Generates capital growth with illiquidity premium returns. Supports the Fund's climate objectives.
Illiquid Debt	Partners Group M&G Arcmont Golub	5.0		
Private Equity	Pantheon	4.0	8.0	
Timberlands	JP Morgan Stafford Capital	2.0		
Cash	Northern Trust	0.5	5.0	Provides immediate liquidity to meet cashflow needs.

The Committee monitors the investment allocation relative to the agreed asset allocation benchmark and the maximum investment limits. Rebalancing the assets is carried out with due consideration of market conditions, commitment cash flow requirements and other relevant factors. In addition to on-going monitoring, the investment allocation is formally reviewed annually with specific consideration given to the investment strategy in the light of information arising from each triennial actuarial valuation.

Currency hedging
The Fund hedges a proportion of its overseas currency exposure to reduce risk but there is no overarching currency hedge in place. The level of hedging is kept under review by the Pension Fund Committee.

The Committee allows Investment Managers discretion to utilise currency hedging for risk management purposes within their mandates.

Local Investment
The Fund is committed to supporting sustainable economic growth and social value within Suffolk in accordance with the Government's Fit for the Future requirements for LGPS pooling and local investment.

Local investment is defined as capital deployed within Suffolk, neighbouring strategic authorities and in the wider LGPS Central Pool regions.

The Fund aims to allocate up to 5% of its assets to investments that generate both appropriate financial returns and tangible local benefits, including housing, infrastructure, clean energy, sustainable investments and enterprise development.

Local investments will be allocated and managed by the LGPS Central Asset Pool. LGPS Central will collaborate with Strategic Authorities and Administering Authorities to source local investment opportunities, subject to minimum investment criteria, with investment due diligence conducted by LGPS Central and other external managers or advisors.

The Fund will report annually on its local investment activities, including the proportion of assets allocated, sectors supported, and the social and economic outcomes achieved.

Pooling arrangements
Suffolk is a member of the ACCESS pool (alongside Cambridgeshire, East Sussex, Essex, Hampshire, Hertfordshire, Isle of Wight, Kent, Norfolk, Northamptonshire, and West Sussex). All eleven funds are committed to collaboratively working together to meet the government's criteria for pooling.

ACCESS
Effective • Collective • Investment

The ACCESS Funds have set out how they meet the pooling criteria, the pool's structure, governance arrangements and services to be shared in the submission made to the Government in July 2016, which is available on ACCESS's website www.accesspool.org. The Suffolk Pension Fund has pooled its passive mandates and its active global equities mandate within the LGPS ACCESS Pool and 90% of all investments are pooled.

Waystone are responsible for the creation of investment sub-funds and the appointment of investment managers to those sub-funds. Waystone ensures that the investment managers are properly authorised to manage the assets of the Fund.

The Committee currently determines the investment allocations and restrictions for each investment manager, and monitors these for consistency with the Fund's overall investment strategy. The Chief Financial Officer may vary these restrictions, after consultation with the Pension Fund Committee.

The Committee, after seeking appropriate investment advice, has set specific benchmarks with each manager so that, in aggregate, they are consistent with the overall asset allocation for the Fund. The Fund's investment managers will hold a mix of investments which reflects their views relative to their respective benchmarks. Within each major market and asset class, the managers will maintain diversified portfolios through direct investment or pooled vehicles and a mix of asset types across a range of geographies in order to provide diversification of returns.

From 1 April 2026 the Committee will remain responsible for the overall investment strategy and the monitoring of performance, but decisions about the implementation of that strategy will transfer to LGPS Central, as part of Government's Fit for the Future LGPS Pooling reforms. The Fund has signed a Memorandum of Understanding to underpin the partnership and is committed to working with both LGPS Central and its partner Funds to become a shareholder in the company.

Investment advice
When considering investment decisions, the Committee takes professional advice from an investment consultant and an independent investment adviser. The Committee has set strategic objectives for the investment consultant that comply with the Competition and Markets Authority stipulations. Performance against these objectives are monitored on a regular basis.

From 1 April 2026 the Committee is expected to take its principal advice from LGPS Central.

Risk Management
The Fund is exposed to a number of risks which pose a threat to the Fund meeting its objectives. These risks are set out and monitored as part of a formal risk register which is available on the Suffolk Pension Fund website (www.suffolkpensionfund.org). The principal risks affecting the Fund are:

a) **Funding risks:**
- Financial mismatch
  - The risk that Fund assets fail to grow in line with the developing cost of meeting Fund liabilities.
  - The risk that unexpected inflation increases the pension and benefit payments and the Fund assets do not grow fast enough to meet the increased cost.
- Changing demographics
  - The risk that longevity improves, and other demographic factors change increasing the cost of Fund benefits.
- Systemic risk
  - The possibility of an interlinked and simultaneous failure of several asset classes and/or investment managers, possibly compounded by financial 'contagion', resulting in an increase in the cost of meeting Fund liabilities.

b) **Asset risks:**
- Concentration
  - The risk that significant allocation to any single asset category and its underperformance relative to expectation would result in difficulties in achieving funding objectives.
- Illiquidity
  - The risk that the Fund cannot meet its immediate liabilities because it has insufficient liquid assets.
- Manager underperformance
  - The failure by the fund managers to achieve the rate of investment return assumed in setting their mandates.

c) **Other risks:**
- ESG risk
  - The risk that investments with poor corporate, environmental, social and governance policies will impact performance and investment returns including the risk posed by climate change.
- Transition risk
  - The risk of incurring unexpected costs in relation to the transition of assets among managers.
- Custody risk
  - The risk of losing economic rights to Fund assets, when held in custody or when being traded.
- Credit default
  - The possibility of default of a counterparty in meeting its obligations.
- Cashflow Risk
  - The risk of having to sell assets at an inopportune time to meet cashflow requirements.

Mitigations:
The approach the Committee adopts to managing these risks is via a combination of:
- The appointment of professional advisers to assist the Committee in managing risk;
- Regular review and monitoring of the performance of the Pension Fund's investments;
- Specific limits on individual investments;
- Ensuring the expected return from the investment strategy is consistent with the assumptions made by the Actuary in valuing the Fund;
- Monitoring the estimated funding level throughout the triennial valuation cycle.
- Assessments of the levels of risk taken by the Fund;

- Diversification of asset classes and managers;
- Professional advice is sought for significant transitions with consideration to the appointment of specialist transition managers.

Expected return on investments
Over the long term, the overall level of investment return is expected to exceed the rate of return assumed by the Actuary in valuing the Fund and setting funding requirements.

Realisation of investments
The majority of assets held within the Fund may be realised quickly if required. The Committee monitors both the level of liquid assets and the liquidity requirements of the Fund.

Stock Lending

The Pension Fund Committee has considered its approach to stock lending, after taking advice from its investment adviser.

The Suffolk Pension Fund participates in stock lending though the sub-funds held in the LGPS ACCESS Pool. All sub-funds are set up to enable securities lending to take place, this is operated by Northern Trust as depository for Waystone. ACCESS only accepts noncash collateral, and this is at the typical market rate of 102% for sterling-based assets or 105% for overseas equities to allow for FX exposure.

In addition, the managers of pooled funds may undertake stock lending on behalf of unitholders in the fund. Where a pooled fund engages in this activity, the extent to which it does is disclosed by the manager. The Committee has no direct control over stock lending in pooled funds nevertheless, it is comfortable that the extent and nature of this activity is appropriate to the circumstances of the Fund.

Exercise of Voting Rights
The LGPS ACCESS Pool have voting guidelines for inclusion by Waystone in their Investment Management Agreements which have been agreed by the Joint Committee. These guidelines set out those matters of importance to the participating ACCESS Pension Funds and promote good corporate governance and management in the companies that the investment managers invest in. In circumstances where investment managers do not adopt the positions set out in these guidelines, they are required to provide a robust explanation of the position adopted.

ACCESS also expects that investment managers will be signatories to and comply with the Financial Reporting Council's Stewardship Code (the Code) and United Nations Principles of Responsible Investment (UNPRI).

Engagement
The Suffolk Pension Fund is a member of the Local Authorities Pension Fund Forum (LAPFF), to enable it to act collectively with other local authorities on corporate governance issues. The Forum currently has 87 member funds and 7 LGPS Asset Pools (including ACCESS) with assets of more than £350 billion.

The Fund expects its investment managers to be engaged in social, environmental and ethical considerations insofar as these matters are regarded as impacting on the current and future valuations of individual investments. The Fund believes taking account of such consideration's forms part of the investment managers' normal fiduciary duty.

As such, the Fund has a commitment to ensure that companies in which it invests adopts a responsible attitude towards the environment and has high ethical standards. Generally, such companies are expected to behave in a socially responsible manner by taking account of the interests of all stakeholders, which includes how the company will adapt to the effects of climate change.

The Fund seeks to achieve this objective by raising issues with companies in which it invests, to raise standards in a way that is consistent with long term shareholder value. Again, the Fund primarily uses its membership of LAPFF to achieve this.

Suffolk County Council

Agenda Item 10

Suffolk Pension Board Forward Work Programme

Purpose

The purpose of this forward work programme is to support the Pension Board in promoting and strengthening corporate governance across the Council.

Terms of reference

The terms of reference of the Suffolk Pension Board are:

a) to secure compliance with the Local Government Pension Scheme (LGPS) regulations and any other legislation relating to the governance and administration of the LGPS
b) to secure compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator
c) to secure the effective and efficient governance and administration of the LGPS for the Suffolk Pension Fund
d) in such other matters as the LGPS regulations may specify
e) to provide the Scheme Manager with such information as it requires to ensure that any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Committee will deal with this issue?
Wednesday 4 March 2026	Added 17 October 2025	Complaints, Compliments and Administration Performance	To receive a report on the administration performance of the fund, including complaints and compliments.	Written Report
	Added 17 October 2025	Actuarial Valuation Update	To receive a report on the progress made in completing the Actuarial Valuation	Written Report
	Added 10 December 2025	McCloud Update	To receive an update on implementing the McCloud remedy for the Fund	Written Report
	Added 17 October 2025	Government Pension Review	To update on meeting the requirements of the Government Pension Review	Written Report
	Added 17 October 2025	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report
Tuesday 28 July 2026	Added 10 December 2025	Complaints, Compliments and Administration Performance	To receive a report on the administration performance of the fund, including complaints and compliments.	Written Report

Meeting date (see Note)	Date added	Subject	Short description	How is it anticipated the Committee will deal with this issue?
	Added 10 December 2025	Government Pension Review	To update on meeting the requirements of the Government Pension Review	Written Report
	Added 10 December 2025	Annual Investment Performance Review	To receive a report on the investment performance of the Pension Fund for 2025/26	Written Report
	Added 10 December 2025	Internal Audit	To receive a report on the internal audit of the Pension Fund during 2025/26	Written Report
	Added 10 December 2025	Board Training Programme	To consider the Board's training programme for the next 12 months	Written Report
	Added 10 December 2025	Recent Developments	To receive an information bulletin covering recent developments that the Board has an interest in.	Written Report

Note: Additions and amendments to previous Forward Agenda are marked in bold.

If you have any questions or queries, please contact Tracey Woods. Email: tracey.woods@suffolk.gov.uk, Telephone: 01473 265639.

Revised: December 2025

Items for consideration/scheduling

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