

LGPS Newsletter

Welcome to the July edition of our newsletter. We hope you enjoy reading this month's issue.

30 July 2025

People news

Exam passes

The latest results from the Institute and Faculty of Actuaries' exams (FIA) and the Pensions Management Institute (PMI) exams were recently published.

Please join us in congratulating Brooke Tubey, Emily Owen, Raban Braymuk, Hugo Dumontroty, and Youyang Zhao on their successful exam results. And a special mention to Jamie Greenwood (pictured below) who passed his final exam meaning he is now a qualified actuary. This is a special achievement and the whole team are very proud of him.



Annual Summer Treasure Hunt!

On 24 July, the Bristol office held its annual summer treasure hunt. Team 3, which included Laura Caudwell, Scott Campbell, Evie Gan, and Vlad Laskins from our public sector team, won the hunt by figuring out the clues and walking to all of the Bristol iconic locations and making it back to base marginally before the second-place winners.



Dan Kanaris and Padma Murali were in team 5 who decided in the heat not to walk all the way to the SS Great Britain and the top of Cabot tower and had a much more relaxed last place in the competition!



Industry developments

Access and fairness consultation

MHCLG's consultation on improving access and fairness in the LGPS closes on 7 August, so you still have a week to finalise your responses.

The consultation covers the contents of draft regulations to amend various inequalities (such as Goodwin, unpaid leave, additional pension contributions) and fixing a few legacy issues. The consultation also covers reporting on the gender pension gap in the 2025 actuarial valuations and gathering data from employers on opt-outs. Our In Touch document provides our comments on each of these at a high level, and the June edition of our newsletter commented on gender pension gap reporting.

We have now submitted our consultation response, which covers our views and suggestions around the gender pension gap reporting proposals and the suggestions on gathering data on opt-outs. In summary, while we are supportive of the general ideas, we see a number of challenges in these areas and felt it would be helpful to make suggestions relating to those challenges to the government. We see this reporting as something which can evolve and improve in future iterations rather than rushing to do too much, too quickly in 2025/2026. At the same time, we have been working closely with the Scheme Advisory Board (SAB) to explain the challenges with the proposals to MHCLG and the Government Actuary's Department (GAD), including at June's SAB roundtable event. The actuarial valuation reports must be signed off in less than nine months, so it is important that administering authorities and actuaries have clear instructions on what is to be included as soon as possible.

We have not commented on the other areas in the consultation, as while we are supportive in general of the proposed changes, we feel it is LGPS officers who are best placed to comment on the impact of making these changes (particularly all at once!). Thank you to those who gave feedback on our draft response and hope you find this useful if you are developing your own responses.

For those funds where we are carrying out the actuarial valuations, once we have clearer guidance from MHCLG and GAD on what the gender pension gap reporting requirements are, we will be in touch to agree how we deliver any required and any voluntary or optional aspects.

Please get in touch with Catherine Pearce or your usual Aon contact if you have any questions about the consultation or would like any help with your response.

SAB consultation on Code of Transparency

On 14 July the SAB initiated a consultation process aimed at revising the LGPS Code of Transparency. Originally launched in May 2017, the Code has been pivotal in mandating asset manager signatories to provide consistent investment management fees and cost data, using proforma, to LGPS funds and pools.

The SAB's efforts to enhance transparency were furthered in 2018 with the introduction of the Cost Transparency Initiative (CTI) alongside the Investment Association and PLSA (now Pensions UK). This was followed by the establishment of a centralised data system in 2020 to facilitate the collection of CTI templates. These measures have provided a robust mechanism to oversee asset manager compliance with the Code.

The SAB is contemplating the replacement of the centralised data system with a more adaptable framework approach. This strategic shift also presents an opportunity to reassess the Code itself. The SAB believes that these revised arrangements

necessitate changes to ensure the Code continues to fulfil its intended objectives.

The consultation is specifically targeted at LGPS fund pools, and signatories to the Code. Stakeholders are encouraged to participate and provide their insights before the consultation concludes on 15 August.

Most of the proposed changes are more relevant to LGPS 'asset pool companies' and asset managers as signatories to the Code in clarifying expectations and timescales. However, the SAB also makes it clear that 'Administering Authorities' should arrange to ensure they have a means of collecting and validating data from the templates and that this data is actively sought and utilised. This messaging and references to the Code were included in the April 2024 Annual Report Guidance and it is intended to be reinforced with revised statutory guidance on LGPS Investment Regulations.

Dashboards developments

By now LGPS administering authorities should have received their registration codes from the Pensions Regulator (TPR), which would have been sent to the designated 'Pensions Dashboards Primary Contact'. The following guidance provides further information on what they are and how they should be used. You should ensure you have passed your codes on to your integrated service provider (ISP).

The Pensions Dashboards Programme (PDP) published an update earlier this month where the key headlines were:

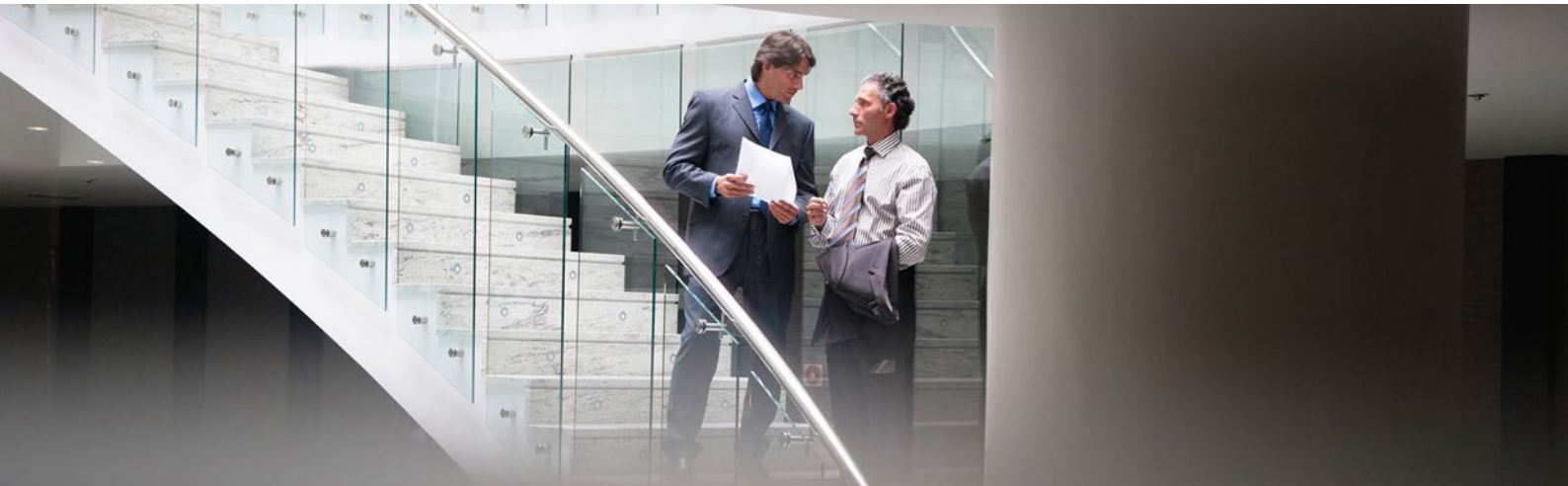
- Over 20 million pension records are now connected
- The State Pension has completed technical connection
- More information provided on the approach to consumer testing with the MoneyHelper dashboard
- The pensions minister confirmed there will be 6 months' notice to launch the MoneyHelper dashboard

The Pensions Administration Standards Association (PASA) have published updated data matching convention guidance building on previous guidance published in 2021 following further research carried out by industry and confirmed use of the government's new One Login service for identity verification for dashboards. This update focuses on three key principles:

- Emphasis on unique identifiers (not just national insurance numbers)
- Certainty of making a 'match made'
- The need to target 'possible matches'

As data matching guidance is an evolving document, PASA have stated that they expect to update this guidance further in 2026 when there should have been sufficient volumes from citizen user testing to provide real experience data.

If you would like any help with your dashboards preparations as we approach the key connection milestone of 31 October 2025, please get in touch with Craig Payne, Ben Challinor, Jennie Green or Luke Webster.



Pensions Commission revived

The government has announced that it will revive the Pensions Commission. Under the second stage of the Pensions Review, the Commission is expected to report in 2027, "to examine why tomorrow's pensioners are on track to be poorer than today's and make recommendations for change".

The Department for Work and Pensions' (DWP) press release says that retirees in 2050 are on course to receive pension income 8% lower than those retiring today, and that 4 in 10 are under-saving for retirement. The Commission's terms of reference are here, alongside a policy paper ("Finishing the job: Launching the Pensions Commission").

The DWP has also launched the State Pension Age Review, required by law, commissioning two independent reports for government to consider when deciding the State Pension age for future decades.

What we've been talking to clients about

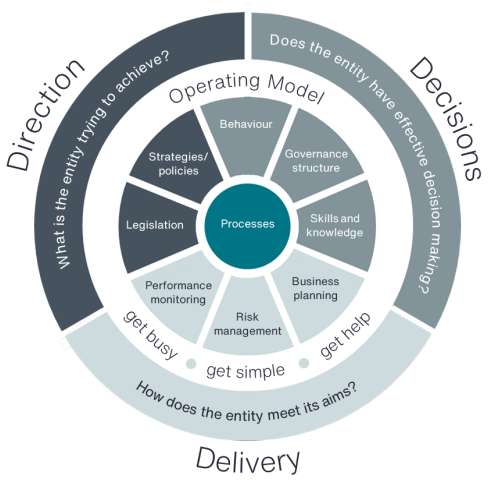
Good Governance – focus on independent governance reviews

Continuing our monthly series of deeper dives into some of the Good Governance areas, this month we are continuing that by focussing on the independent governance reviews.

One of the few governance changes coming out from the government's final report on the Pensions Investment Review was that the original suggestion for a biennial independent governance review was changed to be triennial in line with valuation cycles. Recently government have been suggesting that these reviews are likely to be conducted externally and will not be undertaken by some kind of peer support (although peer support was mentioned, it is now looking likely that this approach is expected to be an outcome for funds that are not scoring well in their review, rather than the method for undertaking the reviews in the first place).

The exact process and requirements won't be known until the regulations or guidance are produced and finalised, which will mean that administering authorities can move on and evolve their plans to implement the proposals. However, over the past few years we have undertaken a large number of independent governance reviews for funds, commenting on what they do well and producing a series of constructive recommendations (which can be used to develop an action plan going forwards). Therefore, carrying out an independent governance review now, in advance of the new requirements and with time to make any improvements, could provide you with the confidence going into the more formal, and public, reviews that government is envisaging.

Our approach to good governance follows the direction, delivery, decisions model as set out below:



In our experience, independent governance reviews are a very valuable exercise for administering authorities, and the action plans they lead to can help Funds to achieve compliance and develop continuous improvement. Our Governance reviews can include some or all of the following:

- Review of Strategy and Policy documents ("desktop review")
- Observations of meetings, behaviours and decision making
- Effectiveness surveys (and/or interviews with Committee/Board members and officers)
- High-level, independent assessment of compliance (against the Pensions Regulator's General Code and the other Good Governance requirements)
- Support in drafting and completing an action plan following results of review

If you would like to discuss this, or any other Good Governance area, please request your free, no-obligation meeting by emailing: LGPS.Good.Governance@aon.com or by reaching out to your usual Aon contact.

McCloud – breach of law reporting

Importance of exercising discretionary powers before 31 August for LGPS funds

If, by 31 August 2025:

- You **do not expect** to conclude retrospective amendments to members' (typically pensioners') pensions and other rights needed as a consequence of the McCloud remedy **and/or**
- Your fund's annual benefit statements for the 2024-25 year **will not consider** the McCloud remedy in full **for all members** who qualify for the McCloud remedy

Then you should follow the necessary steps to exercise the Administering Authority's discretion to delay implementation of the McCloud remedy. It is vitally important that you follow the steps required (as set out in statutory guidance, legislation and The Pensions Regulator's recent guidance) otherwise TPR has stated that a **breach of law report** should be submitted.

The steps required and the considerations are complex, but our team is here to guide you if you are unsure. Please contact Jennie Green or Catherine Pearce if you would like any help with this.

Data for the 2025 valuations

The provision of data for the 2025 valuations has been less than straightforward, with various issues with the standard membership data extract coming to light as we went through the process. Issues have been different depending on the software provider, and include negative pension figures, delays relating to McCloud changes, and incorrect data. We quickly adapted our processes to deal with both the old and new style data extract formats, and we had already agreed different approaches to allowing for the McCloud liabilities with different funds depending on their progress in implementing the remedy. This adaptability and our regular contact with clients on the various issues has allowed us to accept data from all our funds in a timely manner. We are pleased that our flexibility has allowed us to work in partnership with our funds so that the agreed timescales for results have not been jeopardised.

Cyber security governance

Following our 'Bouncebackability' session at the PLSA Local Authority conference last month, we've been talking to a number of funds about topics ranging from training to cyber hygiene, and cyber security strategy documents to reviews of third-party providers. Please click here to see the range of support we can offer.



Recent events

LGPS governance roundtable

On 17 July, Dan Kanaris and Liam Robson attended a roundtable event to discuss topical areas in the world of LGPS governance and investment. While the usual Chatham House rules apply in discussing the actual content, it was a very useful and thought-provoking event, and it was great to catch up with a number of officers.

Upcoming events

Firefighters Pensions Annual Conference

In September, Catherine Pearce, Virginia Burke, Scott Campbell and Chris Emmerson will be attending the Fire Pension Scheme AGM, with a workshop from Scott on complying with The Pensions Regulator's Code of Practice, and a presentation from Chris on the governance of cyber security.

Catherine and Virginia will also be attending the Fire Pension Board training day where Catherine will be presenting on how to be an effective Board member. We look forward to seeing some of you at these events.

LGC Investment and Pensions Summit

In September, Dan Kanaris will be attending the LGC Investment and Pensions Summit in Birmingham and he looks forward to catching up with you there.



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