THE SOCIETY OF PENSION PROFESSIONALS

making pensions work

The Society of Pension Professionals (SPP) response to the Local Government Pension Scheme in England and Wales: Access and fairness

1. Executive summary

1.1. **The SPP very much welcomes the proposals set out in this consultation.**
We agree with the Government that these proposals will fundamentally improve fairness in and access to the LGPS.

1.2. **In relation to survivor benefits, the SPP agrees with the proposals but does have some concerns around the potential for disruptive administrative impacts given the various other projects being dealt with by the LGPS from dashboards to the McCloud remedy.**
These impacts could be mitigated with careful timing and sequencing of the necessary regulation changes.

1.3. **The issue of backdating similarly imposes an extra administrative burden on administering authorities at a time when they are already extremely busy and often under resourced.**
Applying a materiality threshold or limitation period to the cases that will be proactively resolved would help to minimise this.

1.4. **The SPP is very supportive of measures to reduce gender pension gaps.**
Whilst supportive, there are areas requiring greater clarity e.g. the term "typical working life" requires clarification and the definition to the gap could perhaps be broken down by differences in FTE salary, working hours, and other structural factors.

1.5. **On the issue of forfeiture, the SPP agrees with each of the Government's proposals.**
However, caution should be taken in relation to any examples given in relation to the various tests to avoid narrowing the application of the provision in practice. See below at 2.51 for further details.

1.6. **With regard to proposals relating to the McCloud remedy, again, the SPP is supportive.**
However, in relation to proposals for transfers from other public service schemes for members over 65 years old, success depends on the specific details of the mechanism and the associated guidance. See below at 2.59 for further details.

2. Consultation response

Survivor benefits (Pension entitlement equalisation)

Q1 Do you agree with the government's proposed amendment of survivor benefits rules?

2.1. The SPP agrees with the government's proposed amendment of survivor benefits rules.

Q2 Do you have any comments on the intended approach to equalising survivor benefits?

2.2. The intended approach appears sensible. The SPP believe it makes sense to align the date of back-dating amendments to the point in which the underlying relationship types were recognised in UK law.

Q3 Do you have any comments on the administrative impact, particularly in identifying cases where calculations of past benefits would need to be revisited?

2.3. Any additional special administration projects will increase the capacity demands placed on the LGPS administrative teams. Depending on when regulation changes come into force, this may need to run alongside other significant administration projects such as the Pensions Dashboard and McCloud remedy.

2.4. We expect that data will be more readily available for more recent cases, although there may be some challenges backdating improved benefits for deaths that occurred long ago. For deaths which occurred from 2014, we expect that most individuals will be in the same population as the McCloud remedy, meaning that members will potentially see two uplifts to benefits in relatively close proximity. The communications around this timing will need to be carefully considered.

Q4 Do you have any further comments on the proposed changes?

2.5. Consideration should be given on whether the cost of amendments should be included in the calculation of the cost cap or not. If treated consistently with the treatment of McCloud, the costs would be included in the cost cap calculation.

Survivor benefits (Cohabitee survivor pensions)

Q5 Do you agree with the government's proposals to formalise the removal of the nomination requirement?

2.6. Yes. The SPP agrees with proposals to remove nomination requirements.

Q6 Do you have any comments on the government's proposals to formalise the removal of the nomination requirement?

2.7. The SPP does not have any comments to make here.

Q7 Do you have any comments on the proposed approach to backdating?

2.8. In respect of the 2011 Regulations payments, whilst these are discretionary, in some cases the nomination requirement may have been a determining factor in whether a discretionary payment was applied or not. Therefore, a recommendation for LGPS Funds to revisit historic cases is likely to result in fairer outcomes.

Death grants (age 75 cap)

Q8 Do you agree with the proposed amendments to death grants?

2.9. Yes, the SPP agrees.

2.10. Q9 Do you have any comments on the government's proposals to remove the age 75 cut-off from the LGPS Regulations?

2.11. The proposal is sensible, particularly given anticipated future increases to State Pension Age and the changes to the tax implications of a member reaching age 75.

Q10 Do you have any comments on the proposed approach to backdating?

2.12. Any backdating imposes an extra administrative burden on administering authorities at a time when they are already extremely busy and often under resourced.

2.13. The SPP therefore questions the merits of requiring funds to proactively identify additional benefits due in respect of a death that occurred up to 11 years ago, particularly where those amounts are not material and there are practical difficulties in identifying recipients (see also response to question 11).

Q11 Do you have any comments on the administrative impact, particularly in identifying historic cases where death grants that were not paid would now be paid?

2.14. Resolving historic cases will take time and valuable administrative resource that is already under pressure. Administering authorities should be allowed to take a proportionate approach. For example, where member data is no longer available to calculate an additional benefit because it has been destroyed in accordance with a fund's data protection retention policy.

2.15. Applying a materiality threshold or limitation period to the cases that will be proactively resolved should also be acceptable where an administering authority considers it reasonable to do so. For example, payments made more than two years after the death of the member (or later time when it was reasonable for the administering authority to be aware of the death) will have inheritance tax implications that could cause an unwelcome administrative burden for estates that have already been closed.

Death grants (personal representatives)

Q12 Do you agree with the proposal to remove the two-year limit?

2.16. Yes as this will align the LGPS Regulations with the Finance Act 2004 (as amended by the Finance (No.2) Act 2015 and reduce instances of the Special Lump Sum Death Benefits Charge.

Q13 Do you have any comments on the government's proposal to remove the two-year limit?

2.17. See above.

Gender Pension Gap

2.18. Q14 Do you agree that the LGPS Regulations should be updated so that any unpaid leave under 31 days is pensionable, as a way to address the gender pension gap?

2.19. Yes, the SPP supports this proposal because even short periods of unpaid leave can cumulatively erode pension savings over a lifetime.

2.20. Of the 5m+ carers in the UK, 59% are women[1] and given nearly three quarters of LGPS members (74% are women) it is likely that this issue will impact large numbers.

2.21. Making unpaid care leave pensionable is not only likely to help alleviate the gender pension gap, it sends a clear message that society recognises the valuable role of caring.

2.22. It would be sensible for the data on the proportion of unpaid leave that falls under and over 31 days to be published so that an assessment of the potential impact of this change can be made.

Q17 Do you agree with the proposal to change the time-limit for buying back unpaid leave pension absences from 30 days to 1 year?

2.23. Yes, the SPP agrees with this sensible and pragmatic proposal. The initial return-to-work period can be overwhelming, and extending the window allows individuals more time to understand the implications and arrange their finances. This also aligns with other systems like National Insurance, which allow retrospective contributions over several years.

Q18 Do you agree with removing the three-year limit on employer contributions in Regulation 15(6)?

2.24. Yes. While likely to only affect a small number of cases, the impact on those individuals could be significant.

2.25. If a member is willing to make up their share of contributions for extended leave, it seems reasonable for the employer to be allowed to do the same. This would also support continuity in pension accrual and align with broader goals of pensions adequacy.

Q19 Do you agree with updating the definition of child-related leave to include all periods of additional maternity, adoption and shared parental leave without pay?

2.26. Yes, the SPP agrees.

2.27. This change would align with the rationale in Q14. Many household decisions around caregiving are made jointly, often resulting in one partner—typically the lower earner—taking extended leave. While this may be a rational short-term decision, the long-term pension implications are often poorly understood.

2.28. Updating the definition would help mitigate the unintended financial consequences of these decisions. Given the high current and increasing cost of childcare in the UK, many households have very little choice when it comes to taking leave.

[1] **Carers UK, 2025:**
https://www.carersuk.org/media/xajkldmo/facts-about-carers-june-2025final.pdf

Gender Pension Gap Reporting

2.29. Q20 Do you agree that gender pension gap reporting should be mandatory in the LGPS?

2.30. This very much depends on what format the reporting takes but in principle, the SPP believes mandatory reporting could be a very useful tool in assessing the scale of the problem and shining much needed light on the problem given information on the difference between accrued pensions of men and women is not routinely collected within the LGPS.

Q21 Do you agree that the 2025 valuation (and associated fund annual reports) is preferable?

2.31. Yes. Leveraging the existing valuation cycle is efficient and timely, especially given the current focus on pension adequacy that the recently revived Pensions Commission has.

2.32. Q22 Do you agree with the threshold of 100 employees for defining which employers must report on their gender pension gap?

2.33. Yes, provided that the valuation process already applies to employers of this size. If so, it would be logical and efficient to collect gender pension gap data from them as well.

2.34. Q23 Do you agree with the gender pension gap definition being 'the percentage difference in the pension income for men and women over a typical working life'?

2.35. Broadly yes, though the term "typical working life" requires clarification. Working patterns often differ by gender, and this should be reflected in the methodology.

2.36. Q24 Do you agree with the gender pension savings gap being 'the percentage difference in the pension savings accrued over one year for men and women'?

2.37. Yes. This is a useful metric. It would be even more insightful if the gap could be decomposed into drivers such as differences in FTE salary, working hours, and other structural factors.

Opt-outs

Q25 Do you agree that the annual report is the best method of reporting data on those who choose to opt-out of the scheme?

2.38. Yes, this appears to be the most practical approach. However, clarity is needed on the target audience. If the audience for opt-out data differs from that of the current annual report, alternative or additional dissemination channels may be needed. Ideally, this data could also inform broader industry discussions on pension adequacy.

2.39. Q27 When updating the annual report guidance to reflect opt-out data collection, what information would be most useful to include?

2.40. Key demographic and employment indicators such as age, gender, region, salary, and working pattern should be included. Understanding the reasons for opting out, and whether it is perceived as temporary or permanent, would provide valuable context for addressing both attitudinal and structural barriers.

2.41. Q28 Do you agree with the proposal to collect additional data about those opting out of the scheme?

2.42. Yes. Collecting additional data is essential to more effectively address pension inequalities. Understanding who is missing out and why is clearly vital to success. Without this data, it will be difficult to design targeted interventions that address both voluntary and involuntary opt-outs.

Q29 Are you an employer, part of an administering authority or member of a pensions board?

2.43. No. The SPP is the representative body for a wide range of providers of advice and services to pension schemes, trustees and employers.

Q30 Do you have any comments on the collection of additional information?

2.44. No, we have no further comments.

Forfeiture

Q31 Do you agree that the government should amend regulations 91 and 93 of the 2013 Regulations to remove the requirement that the member must have left employment because of the offence in order for an LGPS employer to be able to make an application for a forfeiture certificate or to recover against a monetary obligation?

2.45. The SPP agrees that, in circumstances where the other requirements for forfeiture apply, there is no logical reason for a requirement that an individual must also have left employment because of the offence. This requirement does provide members with an opportunity to protect their pension by resigning prior to the offence being known (or perhaps resigning prior to a process being concluded in respect of the offence). This does not seem to be appropriate, nor does there seem to be a public policy basis for the requirement, and therefore we would support the proposed amendment.

Q32 Do you agree that the three month time limit for an LGPS employer to make an application for a forfeiture certificate should be removed?

2.46. We agree that there is no strong reason for a time limit to be maintained. In any event, (in circumstances where there is any form of time limit) our view is that the three-month limit is particularly strict, noting the comparative position for other public service pension schemes (as referred to in the consultation document), and also given the level of complexity which is often associated with forfeiture cases. The existing three-month time limit therefore does not support the proper administration of a pension scheme, as it does not provide fund officers with sufficient time to take advice, and act on advice, in complex circumstances. As noted in the consultation, the lime limit only serves to help an individual who has committed an offence. We would therefore support the proposed amendment.

Q33 Do you agree that Regulation 92 of the 2013 Regulations should be revoked?

2.47. We agree with the proposal. In our experience, this provision would be little used and could only be used in a narrow scenario where a forfeiture certificate has been issued by the Secretary of State but the forfeiture decision has not been formally made by the former scheme employer. It would seem to provide very limited benefit in practice. We would therefore support the proposed amendment.

Q34 Do you agree that in order to give full effect to the proposed amendments equivalent modifications should apply to earlier schemes?

2.48. We support the proposed amendment to ensure consistency between the different iterations of the LGPS.

2.49. Q35 Do you agree that there should be forfeiture guidance to assist employers in making applications

2.50. The SPP agrees that it would be beneficial for there to be centrally produced guidance, and that the LGPS SAB would be the appropriate body to produce such guidance.

2.51. However, it is worth noting that the relevant tests under Regulation 91(6) which the Secretary of State must be satisfied are met to produce the certificate can be complex to apply in practice (i.e. that the offence "*was gravely injurious to the State*", or "*is liable to lead to a serious loss of confidence in the public service*"). Furthermore, whether an offence is "*committed in connection with an employment in which the person convicted is a member*" (under Regulation 91(2)) is often in practice a judgment call. Therefore, whilst guidance on the process different bodies should follow will be valuable, caution should be taken in relation to any examples given in relation to the various tests (noting that whilst clear cut examples could be given, definitive examples of case studies where there is any ambiguity should not be included to avoid narrowing the application of the provision in practice).

Q36 Do you agree with the government's proposal for pension debits and credits?

2.52. Yes, the SPP agrees with what is a straightforward alignment to allow a pension debit to be revisited in the same manner as a pension credit. Administering authorities will be expected take reasonable steps to recover overpayments, which will of course likely be an unwelcome change for an affected member. However, this proposal is fair and proportionate and keeps to the principles of the purpose of the McCloud underpin. This rectification is also necessary to ensure that the Fund remains in a neutral position, with no unintended extra liability created by the underpin.

2.53. The member with the debit will necessarily be receiving higher benefits as a result of the underpin and it is reasonable to reflect that proportionality of any agreement to share a percentage of pension in the divorce agreement.

2.54. Where instead a pension sharing order has been agreed based on a fixed amounts we believe it is also fair and proportionate that the pension sharing order should not be revisited. A divorce agreement will have been reached for a package as a whole, and revisiting one element may imbalance the overall fairness and simplicity of the agreement (especially where other elements of a package would not be revisited when they change in value).

2.55. Changes that result in recovery of an overpayment or changes to a pension sharing order must be treated as a priority, to minimise the negative impact on affected members.

Q37 Do you agree with the government's proposal to cover deaths on 30 September 2023?

2.56. Yes, this is a straightforward operational correction of an unintended gap in coverage.

Q38 Do you agree with the government's proposal to clarify if interest applies on Club Transfers?

2.57. Yes. This is a correction of an issue previously acknowledged as incorrect by the Government and contrary to the Club Memorandum.

Q39 Do you agree with the government's proposal to include part 4 tax losses in the 2023 regulations?

2.58. Yes. This is a welcome correction to close a gap in respect of the applicable interest period relating to a Part 4 tax loss.

Q40 Do you agree with the government's proposal for transfers from other public service schemes for members over 65 years old?

2.59. The SPP cautiously agrees with the proposal. This caution relates to noting that the success of the proposal will depend on the specific details of the mechanism and the associated guidance. We would support as simple and pragmatic an approach as possible to avoid adding any further complexity to what is already a complex issue.

2.60. Existing LGPS members have their underpin date limited to their 65th birthday. Transferring members to the LGPS after the age of 65 will necessarily be treated differently to continuous LGPS members, so the proposal must consider how to treat these members equitably. We would welcome comprehensive and thoughtful guidance that addresses as many permutations of age and dates as possible for this niche group of members. Clear guidance will minimise delays in the calculation of a transferring member's benefits, a particularly important issue given the advancing age of the affected cohort.

Other regulation changes

2.61. The SPP agrees with all the proposals described in Q41-Q46 inclusive and in response to Q47 has no further comments to make.

Q48 Do you have any comments about the impact the combined proposals in this document will have on administration?

2.62. As stated above, in relation to survivor benefits, whilst the SPP agrees with the proposals, we have some concerns around the potential for disruptive administrative impacts given the various other projects being dealt with by the LGPS from dashboards to the McCloud remedy.

2.63. These impacts could be mitigated with careful timing and sequencing of the necessary regulation changes.

2.64. Similarly, the issue of backdating could foreseeably impose a significant extra administrative burden on administering authorities at a time when they are already extremely busy and often under resourced. As explained at 2.59 above, applying a materiality threshold or limitation period to the cases that will be proactively resolved would help to minimise this.

3. About The Society of Pension Professionals

3.1. SPP is the representative body for a wide range of providers of advice and services to pension schemes, trustees and employers. Our work harnesses the expertise of our membership, striving for a positive impact on pension scheme members, the pensions industry and its stakeholders.

3.2. The breadth of our members is a unique strength for the SPP and includes actuaries, lawyers, professional trustees, DC consultants, investment managers, providers, administrators, covenant assessors, and other pension specialists, delivering a wide range of services.

3.3. We were founded in 1958, as the Society of Pension Consultants, bringing together professionals to positively influence pension policy, support the development of legislation and provide members with access to technical information and insight into key industry policy debates.

3.4. In 2014, we renamed as The Society of Pension Professionals, broadening the range of professionals engaged in membership.

4. Further information

4.1. For more information about this consultation response please contact SPP Director of Public Policy & PR at: phil.hall@the-spp.co.uk or telephone the SPP on 0207 353 1688.

4.2. To find out more about the SPP please visit the SPP web site: https://the-spp.co.uk/

4.3. Connect with us on LinkedIn at: https://www.linkedin.com/company/the-society-of-pension-professionals/

4.4. Follow us on X (Twitter) at: https://twitter.com/thespp1

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