

APPENDIX 1 – REGULATORY UPDATE

Item	Latest Position	Relevant Links	Action by Fund / Next Steps
Pensions Review	<p>Pooling / Brunel The Fund received a letter from the Government in April 2025 that stated that the Brunel pool's proposals did "not meet the Government's vision for the future of the LGPS" and issued an "invite" to the Fund to consider and identify a new pool to work with going forward.</p> <p>On 12 May 2025, following on from the statement issued in April 2025 in response to the letter issued by the Government regarding the Brunel (and Access) pools and an urgent meeting convened by the Board on 9 May, the Scheme Advisory Board issued a letter to both the Pensions Minister and the Local Government Minister requesting an extension to the pooling deadlines already in place given the "perfect storm" administering authorities are currently facing with McCloud, Pensions Dashboard, General Code, Local Government Reorganisation and also changes emerging from the local elections. A meeting between LGPS Committee Chairs, SAB and the Local Government Minister took place on 13 May 2025 to discuss the issues raised in the letter.</p> <p>Consultation Response On 16 January 2025, a response to the "Fit for the Future" consultation was issued by the Scheme Advisory Board. The LGPC also issued a response as did the Fund. Over 200 responses to the consultation were provided in total. A response from the Government is now awaited to the proposals outlined (separate to the proposals submitted by the individual pools as referred to above).</p> <p>Phase 2 On 14 March 2025, the SAB Chair wrote to the new Pensions' Minister Torsten Bell MP to welcome him to his role and to also make three recommendations. The first was around the Virgin Media Case, the second on limits on death benefit payments and the third was to request that the Government set out a timetable for Phase 2 of the Pensions Review.</p>	<p>https://lgpsboard.org/images/MinisterialLetters/May%202025%20letter%20on%20pooling.pdf</p> <p>https://lgpsboard.org/images/MinisterialLetters/07032025_Welcome_letter_Cllr_Phillips_to_MfP.pdf</p> <p>https://lgpsboard.org/images/Responses/10012025_LGPS_Fit_for_the_Future_SAB_response_.pdf</p> <p>https://lgpslibrary.org/assets/cons/lgpsew/20250116_Fit%20for%20the%20future%20response.pdf</p>	<p>The pooling proposals in the consultation, and the impact on the Fund, will be considered further by the Head of Pensions and Investment Manager, alongside advisors and the Brunel pool. These will be reported separately.</p> <p>The recommendations and requirements relating to governance will be considered further by the governance team (when a response to the consultation is published) alongside ongoing work associated with ensuring compliance with the TPR General Code.</p>
McCloud Judgment	<p>Developments continue across a number of areas as Funds work towards implementing the remedy. In recent months these have included:</p> <ul style="list-style-type: none"> - Guidance issued to support administering authorities looking to identify members in scope of McCloud protection. - Provision of Club and Non-Club transfer calculators to support carrying out basic calculations (manual calculations still required for complex cases). - Potential delays in the calculation of pension debits due to possible changes to Regulations. 		<p>The Fund are continuing to work towards implementing the McCloud Remedy in line with the various guidance documents that have been published to date.</p> <p>There is still a lot of work for the team to undertake to implement the remedy in full, both in terms of calculations and Annual Benefit statements (that must include the McCloud underpin for 2025).</p> <p>In line with statutory implementation guidance, the fund will need to undertake a further exercise to obtain data from other LGPS funds on their membership. This is to ensure all members are</p>

			<p>considered for qualification if they have previously worked for another authority.</p> <p>The Fund Actuary also requires data extracts for the McCloud data to be used in the 2025 actuarial valuation.</p>
Pensions Dashboard	<p>Administering authorities can now register themselves with the MaPS' governance register once they receive their registration code in May. Instructions on how to register will be provided and further information can be found in TPR's hot topic article.</p> <p>Various publications/updates relating to forthcoming Pension Dashboards including updated support for LGPS Funds to comply with the necessary requirements have been released and are summarised below.</p> <p>TPR</p> <ul style="list-style-type: none"> - Hot topic articles around working with AVC providers and registration codes. - Updated dashboards guidance on various subjects. - Short videos from savers as part of a campaign to get the pension industry dashboard ready. <p>PDP</p> <ul style="list-style-type: none"> - 6 month progress report to December 2024. - Blogs around reporting standards, ecosystem connections and third parties along with associated guidance. <p>LGA</p> <ul style="list-style-type: none"> - Updated guidance to reflect changes to data accuracy and provision, ecosystem connection and data provision timescales, MaPS registration and compliance and enforcement. 	<p>https://www.pensionsdashboardsprogramme.org.uk/standards</p> <p>https://www.pensionsdashboardsprogramme.org.uk/progress-update-report</p> <p>https://www.pensionsdashboardsprogramme.org.uk/publications/blogs</p> <p>https://www.thepensionsregulator.gov.uk/en/pensions-dashboards-short-films</p> <p>https://lgpslibrary.org/assets/bulletins/2025/263%20TPR%20hot%20topics%20-%20Registration%20codes%20and%20how%20to%20use%20them%20-%20April%202025.pdf</p> <p>https://lgpslibrary.org/assets/bulletins/2025/TPR%20Hot%20Topics%20December%202024.pdf</p>	<p>A separate update will be provided in the Administration report on progress on the Pensions Dashboard and connection to the ISP provider.</p>
Pension Taxation	<p>McCloud</p> <p>On 3 April 2025, HMT laid the Public Service Pension Schemes (Rectification of Unlawful Discrimination) (Tax) Regulations 2025. These came into force on 24 April 2025 and modify the existing rules to prevent adverse tax consequences when implementing the McCloud remedy. Although most of the changes do not apply to the LGPS and instead apply to "Chapter 1 schemes". Changes that do impact the LGPS, revolve around the extension of deadlines around protection applications and tax refunds.</p> <p>LTA</p> <p>Further dialogue has also taken place between the LGA and HMRC to clarify what information in relation to prior Benefit Crystallisation Events needs to be quoted on annual statements.</p> <p>Inheritance Tax</p> <p>On 22 January 2025, a joint response from the LGA and the LGPC to the inheritance tax consultation released in October 2024, was published. The response poses a number of questions to HMRC in relation to the proposals</p>	<p>https://www.legislation.gov.uk/ukxi/2025/419/contents/made</p> <p>https://www.legislation.gov.uk/ukdsi/2024/9780348263930/contents</p> <p>https://lgpslibrary.org/assets/cons/nonscheme/20250122_IHTandpensions.pdf</p>	<p>Whilst the removal of the LTA has been beneficial to members, the team are still being impacted by changes and updates to regulations and guidance and in particular the requirement to annually provide pensioner members with information on their benefit crystallisation event (BCE). This is being considered on how best to communicate and implement this for future years.</p> <p>A response to the proposed changes to Inheritance Tax is still awaited from Government and depending on the outcomes,</p>

	and requests clarification in a number of areas about how any changes, should they emerge, may be achieved in practice, given the implications they will have on administration teams and the increased complexity that will arise.		the Fund will need to consider admin processes and communications.
Annual Report and Accounts	<p>The publication of the Government's English Devolution White Paper that was released in December 2024 also initiated an open consultation titled "Local Audit Reform: A Strategy for Overhauling the Local Audit System in England," which closed on 29 January 2025 and aimed to enhance the local audit system.</p> <p>Notably, the consultation included (paragraph 77) a proposal suggesting the separation of the pension fund accounts from the main accounts of the administering authority, SABs response was issued in January 2025.</p> <p>The Government responded in April 2025 and confirmed its commitment to separating pension fund accounts from administering authority accounts in England.</p> <p>The SAB published the Scheme Annual Report 2024 on 14 May 2025</p>	<p>https://www.gov.uk/government/consultations/local-audit-reform-a-strategy-for-overhauling-the-local-audit-system-in-england</p> <p>https://lgpsboard.org/images/Responses/250127_MHCLG_Local_Audit_Reform_separation_SABResponse.pdf</p> <p>https://lgpsboard.org/index.php/schemedata/scheme-annual-report</p>	<p>A working group has now been established by the scheme Advisory Board (SAB) to consider the implications of this and what additional guidance funds need.</p> <p>The Fund will need to consider the new guidance issued in 2024 on the required content and how annual reports should be structured whilst preparing the 2024/25 report.</p>
New Fair Deal / Survivor Benefits	<p>MHCLG have confirmed that there will be a focus from the new Minister on "fairness" in pensions. This will include progress on catching up survivor benefit rules with existing court judgments e.g. Goodwin etc., and a further consultation on pension protection on outsourcing, thereby revisiting how New Fair Deal operates and the 2019 consultation.</p> <p>The consultation was launched on 15 May and closes in August 2025.</p>	<p>https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-access-and-fairness</p>	<p>Further changes to regulations on Survivor Benefits equalisation and how new employers are treated on entering the fund will have an impact on the Fund.</p> <p>Until the consultation is completed and further details are confirmed by Government, the Fund will not know the exact impact these changes will have, but it is thought that this will be significant in terms of time and resource.</p>
Responsible Investment / Fiduciary Duty	<p>As part of submitting their own response to the "Fit for the Future" consultation (which can be found here), the Board requested an updated KC opinion from Nigel Giffin KC on fiduciary duty, thereby reviewing and updating the opinion previously provided in 2014. The updated opinion was published on 13 January 2025.</p> <p>Key areas of focus in the opinion related to how administering authorities must act in relation to fiduciary duty, the Palestine Solidarity Campaign, ESG considerations and member/employer engagement.</p> <p>On 16 April 2025, the Board published a summary note setting out their views based on their current understanding of the law and policy only (the note was not endorsed by Nigel Giffin KC).</p>	<p>https://lgpsboard.org/images/LegalAdviceandSummaries/Jan2025_Updated_opinion_on_fiduciary_duty_in_the_LGPS.pdf</p> <p>https://lgpsboard.org/images/LegalAdviceandSummaries/20250325_SAB_Summary_of_Advice.pdf</p>	<p>These updates and the impact on the Fund will be considered further by the Investments Team as the position develops and any recommendations emerge</p>