

Appendix 5 - McCloud Remedy – Regulatory completion 31 August 2025

As laid down in statutory guidance all LGPS Funds are to have completed the retrospective remedy for members who qualify for protection and have an underpin payable for McCloud.

The statutory guidance states that for members, the McCloud implementation period ends on 31 August 2025 and at the end of the implementation period:

- all retrospective amendments to members' pensions and other rights should be concluded, as a consequence of the regulation amendments from 1 October 2023 (LGPS (Amendment) (No. 3) Regulations 2023).
- records for members who qualify for the McCloud remedy but have not yet taken their pensions should be accurate.

Where are Avon Pension Fund with McCloud remedy?

APF have completed a significant number of retrospective calculations, and have finalised the following cohorts of membership:

- Pensioners – circa 400 including ill-health retirements
- Death cases and subsequent widow(s) pensions – 24 cases
- Trivial Commutation cases – 42 cases
- Non-Club Transfer out cases – 55 cases
- Club transfer out cases – 69 of which 7 need an additional payment to be made to the other remedy scheme.

Still outstanding are some of the club transfer cases. The calculations for these are more complex and for any transfers that have been received into the LGPS, we are awaiting additional details from the other remedy scheme to finalise these. This only affects deferred and active members and the number of cases outstanding are 33.

Also outstanding are the divorce debit cases, where regulation needs amendment and guidance is still awaited. In total we have 36 of these cases.

Where are Avon Pension Fund with issuing Annual Benefit Statements with McCloud?

APF have successfully incorporated the mandatory and some additional McCloud data into their annual benefit statements for 2025 for both deferred and active members.

The statements for 2025 will differ depending on a members McCloud protection.

Group 1 – These are members who are protected by McCloud and have an underpin value greater than £0.01.

Group 2 – These are members who are protected by McCloud but whose underpin value is equal to £0.00.

Group 3 – These are members that are protected by McCloud but for whom we cannot confirm the value of the underpin in 2025. These are our club transfer in members and divorce debit members.

Group 4 - These are members that are not protected by McCloud for they do not have qualifying service.

In terms of communication to members protected by McCloud, it is the Group 3 members that will not have an underpin value confirmed in the 2025 ABS.

The numbers impacted are 21 deferred members and 46 active members.

There are a further 62 deferred members whose statements were excluded as there was a query on the eligibility for McCloud. These members will all get a statement generated and sent in October 2025 confirming the correct protection.

Conclusion

As Avon Pension Fund have not been able to fully complete McCloud remedy or include an underpin value in all 2025 benefit statements where a member is protected, we are exercising our discretion before the 31 August 2025 as is detailed in Regulation 2(6) of The Local Government Pension Scheme (Information) Regulations 2024 (SI 2024/880).

Avon Pension Fund will report these as internal breaches and will monitor accordingly. The determination will be discussed with the Pension Board and Committee, and with a plan of action to fully complete McCloud remedy by 31 August 2026 to be compliant with regulation.