

APPENDIX 1 – REGULATORY UPDATE

Item	Latest Position	Relevant Links	Action by Fund / Next Steps
Pensions Review	<p>Consultation Response On 29 May 2025 government issued its response to the “Fit for the Future” consultation alongside a final report on the Pensions Investment Review – the reforms will be legislated for in the forthcoming Pension Schemes Bill and supporting legislation.</p> <p>The response confirmed the government’s intentions to take the core proposals around pooling and governance from the consultation forward (including confirmation to not reduce the number of pools below six). In addition, backstop powers will be introduced that provides government with the ability to direct funds to participate in a particular pool, or perhaps, depending on concerns around governance, enforce a compulsory merger.</p> <p>Alongside confirming requirements around pooling, local investment and pool governance, in relation to fund governance, the response confirms that funds will be required to</p> <ul style="list-style-type: none"> • appoint a senior LGPS officer, • prepare strategies on governance, knowledge and training (to include a conflicts of interest policy), and administration, • undertake a triennial independent governance review, • ensure pension committee members meet new knowledge and understanding standards, • appoint an independent advisor (non-voting) to the pension committee. <p>The SAB issued its own statement following the Government response.</p> <p>Pensions Commission & State Pension Age Review On 21 July 2025 government revived the Pensions Commission (originally established in 2002) to build on work carried out previously to review the UK pension system as a whole. The revised Commission will focus on:</p> <ul style="list-style-type: none"> • Outcomes and risks for future cohorts of pensioners • How to improve retirement outcomes • Role of private pension provision and wider savings • Long-term challenges of an ageing population • Proposals for change beyond the current parliament. <p>At the same time the third review of the State Pension Age was also launched by government, followed by a call for evidence on 18 August 2025.</p>	<p>https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/outcome/local-government-pension-scheme-england-and-wales-fit-for-the-future-government-response#pooling-1</p> <p>https://www.gov.uk/government/publications/pensions-investment-review-final-report</p> <p>https://lgpsboard.org/index.php/welcome</p> <p>https://www.gov.uk/government/news/government-revives-landmark-pensions-commission-to-confront-retirement-crisis-that-risks-tomorrows-pensioners-being-poorer-than-todays</p> <p>https://www.gov.uk/government/collections/third-state-pension-age-review</p> <p>https://www.gov.uk/government/calls-for-evidence/third-state-pension-age-review-independent-report-call-for-evidence?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=8a5f2848-b1c1-4238-969f-5c765c275234&utm_content=daily</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> <p>Any further changes to the State Pension Age will need to be considered in terms of the impact on the administration team through member communications, benefit calculations and the impact on employer contribution rates and cost. Developments in the review will be monitored.</p>
Pension Schemes Bill	<p>On 5 June 2025, government introduced the Pension Schemes Bill 2025 in the House of Commons and published a roadmap for the implementation of the various reforms. The introduction of the Bill is the Government’s first step towards implementing many of these announcements from the Fit for the Future consultation and the full Bill can be found here alongside supporting explanatory notes.</p>	<p>https://www.gov.uk/government/news/20-million-workers-set-to-benefit-from-new-pension-schemes-bill?utm_medium=email&utm_campaign=govuk-notifications-topic&utm_source=a04c99aa-7d07-4daa-ab9d-32e844b88ad9&utm_content=immediately</p>	<p>The Bill will have implications for how the outcomes of the Fit for the Future consultation are implemented and so will impact the investment and governance teams, in particular. Developments will be monitored by these teams and the impact considered further should any changes be made and/or further details are released.</p>

	<p>Chapter 1 of the Bill relates to the LGPS specifically and includes provisions relating to:</p> <ul style="list-style-type: none"> • The use of “asset pool companies” • FCA authorisation • Asset management in the LGPS • Local investments • Governance <p>The Bill also refers to amendments to:</p> <ul style="list-style-type: none"> • The Procurement Act 2023 with regard to investment management activities undertaken by the pools, and • The Public Service Pensions Act 2013 to extend the Secretary of State’s powers to include the power to make regulations about the merger of two or more LGPS funds, including compulsory merger <p>The Bill is now at Committee stage in the House of Commons and a call for evidence has been published.</p>	<p>https://assets.publishing.service.gov.uk/media/68960008e7be62b4f06431bf/workplace-pensions-roadmap.pdf</p> <p>https://publications.parliament.uk/pa/bills/cbill/59-01/0255/240255.pdf</p> <p>https://publications.parliament.uk/pa/bills/cbill/59-01/0255/en/240255en.pdf#:~:text=The%20Bill%20provides%20for%20consolidation%20in%20the%20pensions,Government%20Pension%20Scheme%20%28LGPS%29%20in%20England%20and%20Wales.</p> <p>https://bills.parliament.uk/bills/3982</p>	
McCloud Judgment	<p>For the August 2025 ABS exercise, the team have only had to use the discretion available to them to issue statements without quoting the protection for 46 active members, and 21 deferred members. Verbal approval to the use of this discretion was provided by the Board. A statement was issued by TPR on 19 June 2025 setting out their expectations in this area.</p> <p>Administering authorities have also received reassurance recently around the sharing of member data with other schemes (without member consent) for the purpose of implementing the remedy, and also member contact details where necessary through the NI database.</p> <p>The Access and Fairness consultation above also included proposals linked to the implementation of the remedy.</p>	<p>https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/remediable-service-statements-delivery-lgps</p>	<p>The team is continuing to work towards implementing the remedy in full, and now that a determination has been made exercising the Funds discretion, the deadline date has been put back to 31 August 2026.</p> <p>Aside from the position on annual benefit statements, the remaining areas of the remedy that need to be considered and implemented include: Divorce debits and credits, club transfer in’s and the Teachers excess service.</p> <p>The number of cases to be actioned are small and the Fund do not see any issues with the completion of these before 31 August 2026, providing guidance is provided imminently.</p>
Access and Fairness Consultation	<p>On 15 May 2025, MHCLG launched its “Access and Fairness” consultation for the LGPS. The proposed changes are intended to improve fairness and access to the LGPS and include proposals relating to:</p> <ul style="list-style-type: none"> • Survivor benefits and death grants • Gender pensions gap benefits and reporting • Opt-outs • Forfeiture • McCloud remedy • Abolition of LTA changes • Other miscellaneous changes <p>The consultation closed on 7 August 2025. The LGA, SAB and Avon Pension Fund have issued responses to this consultation.</p>	<p>https://lgpsboard.org/images/Consultations/Access%20and%20Fairness%20SAB%20response%20final.pdf</p> <p>https://lgpslibrary.org/assets/cons/lgpsew/2025%20Access%20and%20Fairness%20response%20final.pdf</p>	<p>Whilst supportive of many of the proposals outlined in the consultation, concerns have been raised in relation to the potential implications on administration teams around rectification of survivor benefits.</p> <p>Avon Pension Fund have a large membership and changes to survivor benefit regulations will be retrospective. This will create yet another administrative burden to identify and remedy these cases.</p> <p>Government have been urged to seriously consider timescales for implementation, and ensure there is clear guidance upfront.</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>The Fund are still working to comply with the timelines for Dashboard connection.</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. 		A separate update will be provided on this item in the administration report in relation to what actions have/are being taken by the Fund.
Pension Taxation	<p>On 21 July 2025, HMT published a response its consultation on proposed changes to Inheritance Tax from October 2024 alongside draft clauses that will be included in the Finance Bill 2025-26. A consultation on the draft clauses will run to 15 September 2025. A draft explanatory memorandum and policy paper were also published. A further consultation will take place on the new reporting processes that are required.</p> <p>The key changes to emerge from the original consultation proposals, based on the feedback submitted by many across the industry were:</p> <ul style="list-style-type: none"> • All death-in-service benefits from registered pension schemes, including the LGPS, will be excluded from the value of an individual's estate for IHT purposes, regardless of whether scheme discretionary or non-discretionary. • Pension Scheme Administrators (PSAs) will not be responsible for reporting and paying any IHT due on pension benefits. Instead, personal representatives (PRs) will have this responsibility. PSAs will have a duty to support PRs in this process. • Support for PRs and beneficiaries who may struggle to pay IHT on pensions. <p>Tools and guidance will be published by Government to support PRs, PSAs and beneficiaries ahead of implementation in April 2027.</p>	<p>https://www.gov.uk/government/consultations/inheritance-tax-on-pensions-liability-reporting-and-payment/outcome/inheritance-tax-on-pensions-liability-reporting-and-payment-summary-of-responses</p> <p>https://www.gov.uk/government/publications/reforming-inheritance-tax-unused-pension-funds-and-death-benefits/draft-legislation-accessible-version</p> <p>https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Fassets.publishing.service.gov.uk%2Fmedia%2F687dfb06312ee8a5f0806be2%2FM6002_explanatory_note.odt&wdOrigin=BROWSLINK</p> <p>https://www.gov.uk/government/publications/reforming-inheritance-tax-unused-pension-funds-and-death-benefits/inheritance-tax-on-unused-pension-funds-and-death-benefits</p>	<p>The response to the consultation is welcomed, in particular the exclusion of death in service benefits from registered pension schemes and the requirement for PRs to be responsible for the reporting and payment of IHT, not PSAs given the additional burden this would have placed on the administration team when dealing with death cases.</p> <p>The Fund await further updates in relation to the current/further consultations that will take place to consider the potential impact of the new legislation and reporting processes.</p>
Annual Report and Accounts	<p>Linked to the reporting of investment management fees and costs on 14 July 2025 a consultation was launched by SAB on proposed changes to the LGPS Code of Transparency. The Code requires signatories to provide consistent data to LGPS funds and pools on investment management fees and costs, which will then be used in reporting by funds where necessary.</p> <p>The consultation closed on 15 August 2025.</p>	<p>https://lgpsboard.org/index.php/board-publications/board-consultations</p>	<p>The Fund will monitor the progress of this consultation and the implications this may have on the reporting of investment management fees and costs in the annual report and accounts.</p>