

Pensions Bulletin

Member Voice in Pensions Governance

The TUC have recently issued a report emphasising the importance of member representation on Pension Committees

It looks at how members have a voice in decisions that affect their pension outcomes, the benefits this brings, and how that voice is changing as schemes become larger and more centralised.

Key findings

- Mandatory member representation is a key member protection.
- The presence of member representatives strengthens accountability, legitimacy, decision quality, engagement and diversity of trustee boards
- The role of member representatives is declining as schemes consolidate and governance shifts towards large multi-employer structures
- Current substitutes for representation are insufficient; scale and heterogeneity make representation harder, not less necessary.
- International evidence demonstrates that member representation works at scale and that it plays a vital role in the successful running of many of the largest schemes

The report recommends establishing minimum requirements for member representation including, amongst other things

1. Requiring all trustee boards to include at least one third member representation, regardless of scheme size or structure, including in multi-employer schemes
2. Recognising the role of unions and others, in supporting nomination processes, accountability and ongoing dialogue between member representatives and members
3. Set minimum standards for support, training and resourcing to ensure member representation is effective rather than symbolic

The full report can be found here [membervoicinpensionschemegovernance.pdf](#)

Amendments to the Local Government Pension Scheme

The government has confirmed that it will introduce changes proposed in the Access and Fairness consultation in two phases. The first phase of changes will come into force on 1 April 2026. These are:

Death grants and survivor benefits

- equalisation of survivor benefits
- removal of the upper age limit of 75 to qualify for a death grant
- removal of the requirement to pay a death grant to personal representatives if the administering authority has not paid it using their discretion within the 'two year period'
- removal of the requirement to have nominated a cohabiting partner for deaths between 1 April 2008 and 31 March 2014

Gender pension gap – buying back lost pension

- introduction of Qualifying Additional Pension Arrangements (QAPAs) which align the cost of buying back pension 'lost' during a period of authorised unpaid absence of more than 14 days with the member and employer's normal contribution rates
- the time limit to apply for a QAPA will be one year after returning to work. This is an increase from the current limit of 30 days, but will only be possible while the member is an active member in the same employment
- the pension bought through a QAPA will mirror normal pension built up: it will count towards the calculation of survivor pensions, and will not be reduced if the member retires on redundancy or efficiency grounds
- these new rules will only apply to a continuous period of authorised unpaid absence that started after 31 March 2026

Gender pensions gap – absences of less than 15 days

- compulsory pension contributions during authorised unpaid absences of 14 days or less, with contributions based on 'lost' pay and the member and employer's normal contribution rates. This applies to authorised absences that start after 31 March 2026.

Gender pensions gap – child related leave

- all adoption, maternity and shared parental leave will be pensionable whether is paid or unpaid. The employer will be required to pay contributions on the 'assumed pensionable pay' the member would have received had they been at work. The member will pay contributions on any pay they receive
- currently members have the option of buying back lost pension in respect of any unpaid additional maternity and adoption leave or unpaid shared parental leave if they return to work
- the new rules will apply if the unpaid period starts after 31 March 2026.

Abolition of the lifetime allowance

- introducing the long-term approach to the maximum pension commencement excess lump sum (PCELS). A PCELS is paid when a member has used up all of the lump sum allowance set by HMRC. The new maximum will be 25% of the capital value of the benefits being crystallised, subject to the contracting-out limits
- the new PCELS limit will apply to all PCELS paid after 31 March 2026.

Other changes

- various changes related to the McCloud remedy
- allowing a small pot payment to be paid to members who left before 1 April 2008.

Councillors and Mayors

The government will also proceed with plans to extend the LGPS to councillors and mayors in England. This change will give access to the LGPS to:

- all mayors and deputy mayors in England
- all councillors at principal authorities in England, and
- all London Assembly members.

The effective date of the change will be 11 May 2026, the first Monday after the local elections. Elected members who wish to join will be required to opt in to the Scheme.

Finally, the Government confirmed it will provide a response on the other policy areas covered in the Access and Protections consultation later this year. These are

- New Fair Deal
- Increases to the normal minimum pension age (NMPA)
- The consolidation of academies in the LGPS.

Reform UK attack Local Government Pension Scheme

In the March Pensions Bulletin I outlined Reform Uks plans in respect of the local government pension scheme. Given the forthcoming local elections I reprint it entirely below.

“Since 2010 Local Government workers have seen their pay cut by 26% on average in real terms; meanwhile they continue to deliver essential services in their communities with fewer resources and with ever-growing demand. Security in retirement is the bare minimum they deserve after a lifetime of service to their communities and the LGPS provides some of that security but only at an average of £5,416 p.a. for men and £3,198 p.a. for women.

Reform UK have previously expressed a desire to stop newly appointed Local Government workers joining the LGPS - something that will make people even poorer in retirement! They have now launched a further attack on the scheme by writing to councils under their control urging them to cut employer contributions to staff pensions down to zero.

They are doing so as many LGPS funds are currently in surplus and the 2025 valuations, effective from April 2026, are expected to reflect this position which may lead to reduced employer contributions for many councils. The GMB view is that surpluses in the fund should be shared equally, just as deficits are. Moreover, any decisions to reduce the contribution rate should be driven by professional actuarial advice and be actuarially certificated, not subject to political interference.

Encouraging employers to pay nothing into the scheme risks undermining stability, complicates long-term planning, increases reliance on future investment returns, creates reputational risk (with employers potentially contributing less than members) and could create intergenerational unfairness.

GMB members should be vigilant and take an active interest in their council's pension fund valuation and resist any attempts to lower contribution rates below the certified actuarial contribution rate. GMB members should also work closely with other Trade Unions to challenge any such attacks.

The Local Government Pension Scheme is part of your well-earned pay package, and it is more important than ever that union members are united in opposing any further attacks*.”

*Notes on the Local Government Pension Scheme

- The LGPS in England and Wales is split into 86 separate funds, which are run by the assigned council, known as the administering authority (AA). The Scheme has a total of 6.7 million members and total assets under management (as of 31 March 2024) of approximately £390 billion.
- All employees of local government service have a statutory right to join the LGPS (under regulation 3) and must be automatically enrolled.
- The LGPS was reformed from a final salary scheme to a Career Average (CARE) scheme in 2014/15 and employer contribution rates are set every three years by local fund valuations, with all the reports put in the public domain once the valuations are completed. In 2022 the funding level of the scheme was 107% and the average total contribution rates had fallen to 21.10%, this is lower than other public sector schemes. 2025 is a valuation year and the funding level is expected to stay above 100%.
- The LGPS delivers significant value, the typical member is a 47-year-old woman earning c.£18,000 a year, for whom the average pension is c. £5,000 a year. It is also incredibly efficient; it costs around half that of the unfunded public sector Defined Benefit (DB) schemes and lifts many recipients out of scope for means tested benefits. It delivers each £1 of retirement income 50% cheaper than Defined Contribution (DC) schemes.
- AAs have a duty to co-operate with strategic authorities to identify and develop appropriate investment opportunities to relation to local investments for the benefit of persons living or working in the scheme's area.
- In summary, the LGPS is one of the world's most successful pension schemes delivering pension payments to millions of workers across the country. It has consistently demonstrated financial resilience and operational stability. It provides pensions on behalf of 15,000 employers and close to 7 million workers in Local Government.
- It is an open, democratically run, accountable, value for money pension scheme that provides valuable benefits to some of the UKs lowest paid workers - women in particular – and invests monies in its local communities. Without it a lot more people would be worse off than they already are.
- Like all significant UK pension schemes, the LGPS takes responsible investment seriously and integrates climate considerations into overall risk management. It has a strong record of investing in local areas and the highest proportion of investments in domestic assets in the UK pension sector.

Please share this bulletin. Any member who wishes to receive it directly should email george.georgiou@gmb.org.uk and ask to be added to the distribution list. Likewise, if you wish to be removed.