

# TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 13

## TEESSIDE PENSION FUND COMMITTEE REPORT

3 FEBRUARY 2026

DIRECTOR OF FINANCE AND TRANSFORMATION – ANDREW HUMBLE

### Government Consultation - LGPS: Scheme improvements (access and protections)

#### 1 PURPOSE OF THE REPORT

- 1.1 To inform the Committee of the consultation issued by the Government the Local Government Pension Scheme (LGPS) in England and Wales: Scheme improvements (access and protections), outline some key points from that consultation and how the Teesside Fund could be impacted and the timetable and process for responding to the consultation, and
- 1.2 To inform Members of the consultation response made on behalf of the Fund by the Head of Pensions Governance and Investments (in consultation with the Chair and Vice Chair).

#### 2 RECOMMENDATION

- 2.1 That Members note this report.

#### 3 FINANCIAL IMPLICATIONS

- 3.1 The proposed changes to the scheme will potentially have a financial impact through changes in scheme membership and benefit entitlements. It is unclear what the impact on any individual Fund will be.

#### 4 BACKGROUND

- 4.1 The Ministry of Housing, Communities and Local Government (MHCLG) have consulted on restoring access to the Local Government Pension Scheme for councillors in England and extending it to mayors. The consultation comes off the back of the Access and Fairness consultation earlier this year and covers further administration and benefits related issues, some of which have long been in the offing (like Fair Deal) and some which are more recent proposals (like the re-admission of councillors into the scheme).
- 4.2 The proposed reforms would align England with Scotland, Wales and Northern Ireland where elected members already have access.  
MHCLG state “The proposals will show locally elected leaders the respect they deserve as dedicated public servants. This comes as local government reorganisation and devolution

continue to reshape councils across England, the responsibilities held by mayors and councillors are expanding significantly.”

- 4.3 Other measures being consulted on include:
- Making it simpler for Multi-Academy Trusts to apply for their staff from different schools to be in the same pension fund.
  - Implementing new Fair Deal protections ensuring workers outsourced from local government keep seamless access to the Local Government Pension Scheme.
- 4.4 The consultation follows earlier reforms announced by the government this year focusing on investment pooling and local investment, designed to unlock the scheme’s full investment potential as it approaches £1 trillion in assets by 2030.
- 4.3 There was a nine-week deadline for responses. The Head of Pensions Governance and Investments worked with colleagues in Border to Coast and its Partner Funds to produce a response.

## **5. GOVERNMENT CONSULTATION**

- 5.1 On 13 October 2025, MHCLG launched a consultation on changes to the LGPS in England and Wales. The proposals relate to access to the Scheme and its benefits and cover four main areas:
- normal minimum pension age (NMPA)
  - pension access for mayors and councillors
  - academies in the LGPS
  - new Fair Deal.

- 5.2 Links to all documents are on this page:

**[Local Government Pension Scheme in England and Wales: Scheme improvements \(access and protections\) - GOV.UK](#)**

- 5.3 The Government published draft regulations for comment covering new Fair Deal and pension access for mayors and councillors alongside the consultation.

Links to the separate documents are as follows:

**LGPS Consultation** – **[Local Government Pension Scheme in England and Wales: Scheme improvements \(access and protections\) - GOV.UK](#)**

**Mayors and Councillors** - **[The Local Government Pension Scheme \(Elected Member Pensions\) Regulations 2026](#)**

**New Fair Deal** – **[The Local Government Pension Scheme \(Fair Deal\) Regulations 2026](#)**

**Best Value Direction** - **[SI/SR Template](#)**

5.4 The consultation ran until 22 December 2025.

### **Normal minimum pension age**

5.5 Provisions of the Finance Act 2022 mean that some LGPS members have a protected pension age (PPA). The PPA rules do not give members an overriding right to take benefits from their PPA, they simply determine whether benefits paid under the pension scheme rules before the NMPA are authorised. Members can only take benefits from their PPA if the pension scheme rules allow it.

5.6 The Government is proposing changes that will allow certain members to continue to access their LGPS benefits before age 57 after the NMPA rises in April 2028. The Local Government Association understanding of the four categories of members is:

- Category 1: members immediately before 4 November 2021. These members have a protected pension age (PPA) and will continue to be able to take LGPS benefits from age 55.
- Category 2: members who joined the LGPS after 3 November 2021 and transferred in benefits with a PPA from a different scheme. These members do not have a PPA in respect of their LGPS pension and will not be able to access their transferred in pension from age 55. From April 2028, the earliest a Category 2 member will be able to access their LGPS pension, other than on ill health grounds, will be age 57. The transferred in benefits retain a PPA. If the member transfers out of the LGPS, the transfer value of their pension with a PPA must be identified separately.
- Category 3: members who join the LGPS after 3 November 2021 do not have a PPA in the LGPS. Their NMPA will increase to 57 in April 2028.
- Category 4: members with a PPA below age 55. No change – members who are already able to take benefits between age 50 and 55 will continue to be able to do so.

### **Access for councillors and mayors**

5.7 Mayors and deputy mayors of combined authorities and combined county authorities, and mayors of single authorities (in their capacity as councillors not their role as mayors) will have access to the LGPS

Councillors of county councils, district councils, London Boroughs, the Common Council of the City of London and the Council of the Isles of Scilly will have access to the LGPS

The Mayor of London, deputy mayors and London Assembly Members will have access to the LGPS

Mayors and councillors will be able to opt in to the 2014 Scheme, membership will not be automatic

5.8 Not all Scheme rules will apply to elected members in the same way that they apply to employees. There will be changes to the rules covering aggregation, redundancy, flexible retirement, shared cost additional contributions and awarding additional pension

- 5.9 It is the Local Government Association's understanding that a unitary council, depending on its structure, is either a county or district council. This means councillors of unitary councils will have access to the LGPS.

## **Academies**

- 5.10 The Government is proposing changes to the rules covering applications by academies for a direction to substitute a different administering authority:
- removing the requirement for Secretary of State consent where criteria set out in regulations are met
  - those criteria will include:
    - a value for money assessment in favour of the application
    - a pre-existing relationship between the multi academy trust and the administering authority it wishes to consolidate into
    - all administering authorities and employers involved agree to the change
    - the receiving authority is able to administer the transfer effectively
  - applications to the Secretary of State will still be required if the criteria are not met.

## **New Fair Deal**

- 5.11 Following consultations in 2016 and 2019, the Government is committed to extending protections set out in 2013 Fair Deal guidance to LGPS members and individuals eligible for LGPS membership who are transferred to a new employer when a local government contract is outsourced. The proposals are summarised below and would apply to all LGPS employers except admission bodies and higher education corporations:
- the removal of the option to offer transferred employees membership of a broadly comparable scheme, but allowing existing schemes to continue in exceptional circumstances
  - on re-tender, staff who were outsourced under existing rules and are in a broadly comparable scheme will rejoin the LGPS. Transfers of benefits from the broadly comparable scheme to the LGPS for this group will operate under preferential terms
  - the option to give access to the LGPS to staff hired after the initial outsourcing
  - the removal of the admission body option when a contract is outsourced, replacing it with the deemed employer route
  - the organisation that has outsourced the service would be the 'deemed employer' and have continued pension responsibilities relating to the transferred staff
  - the service provider or 'relevant contractor' would have some responsibilities as an LGPS Scheme employer, such as dealing with applications to join or leave the Scheme, automatic enrolment duties, ill health retirement decisions and payment of any strain cost related to early retirements or award of additional pension
  - employer contribution rates would be based on the primary contribution rate of the deemed employer. This would either be fixed for the term of the contract or subject to change in line when the rate changes following the triennial valuation

- protection for members with an ongoing shared cost additional pension contribution or shared cost additional voluntary contribution contract when they are compulsorily transferred to a new employer. The Government is seeking views on different options
- a six-month transitional period during which contracts could be agreed under the existing rules rather than the new ones.

## **6. CONSULTATION RESPONSE**

- 6.1 The Fund's response to the consultation is attached as an Appendix.

## **7. NEXT STEPS**

- 7.1 MHCLG will produce a consultation response which will be reported back to Committee.

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