

Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: LGPS McCloud Determination

Report authorised by: Taryn Eves, Director of Finance and Resources (Section 151 Officer)

Lead Officers: Jamie Abbott, Head of Pensions
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Not applicable

1. Describe the issue under consideration

- 1.1. Provides background to the McCloud case, the implementation timings, and the determination decision that authorities can take.
- 1.2. Contains a draft determination to extend the McCloud implementation for certain qualifying members and sets out the steps that will be taken following a determination.

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. Agree that the McCloud remedy should not be reflected in qualifying members' annual benefit statements for 2024/25 (where applicable) and that the McCloud implementation phase to be extended to 31st August 2026 for all qualifying members.
- 3.2. Agree that, where a determination is made for a member and they receive an Annual Benefits Statement (ABS) for 2024/25, they be informed of the determination and the reasons for it in the ABS.
- 3.3. Agree that, where a determination is made for a member and they do not receive an ABS for 2024/25, the website be updated so that members in this category are informed of the determination.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. Not applicable.

6. Background information

McCloud Discrimination

- 6.1. In 2014 and 2015, the Government introduced reforms to public service pension schemes, like the LGPS, to make them more sustainable and affordable. This included a range of changes, such as the move to a career average benefit structure (from the prior final salary structure) and changes in the normal pension age. Older members of these schemes who met certain qualifying criteria were protected from the impacts of the changes.
- 6.2. Following legal challenges, in December 2018, the Court of Appeal found (in the case known as ‘McCloud’) that the protections given to older members of public service pension schemes earlier in the decade constituted ‘unlawful discrimination’ against younger members of the schemes. In July 2018, the Government confirmed that it would take steps to resolve the discrimination.

- 6.3. The Pension Fund has commissioned an independent report to assess the progress of the McCloud Project to date, including a comprehensive analysis of the implications of making a determination. The full report is provided in Appendix 6

LGPS Remedy

- 6.4. In September 2023, the UK Government amended LGPS regulations to extend the McCloud remedy, applying the ‘underpin’ protection to younger members who were previously excluded, ensuring they receive the better of career average or final salary benefits for service between 1 April 2014 and 31 March 2022.
- 6.5. Implementing the remedy has been a complex and large-scale task due to the retrospective nature of the changes, the intricacy of comparing benefit schemes, and the vast number of affected members.

Implementation and ‘determination’ power

- 6.6. Due to the complexity of implementing the McCloud remedy, the Government has defined a ‘McCloud Implementation Phase’ (MIP), which is set to end on 31 August 2025, but can be extended to 31 August 2026 through a local ‘determination’.
- 6.7. A determination can be made for individual or groups of members if deemed reasonable in all the circumstances, allowing more time for remedy work where necessary.
- 6.8. While extensions may help with implementation, authorities must balance this with the fact that affected members have experienced unlawful discrimination and the Government expects most remedy work to be completed by 31 August 2025.
- 6.9. Haringey Pension Fund is not able to meet the 31 August 2025 deadline for the reasons set out in the report below and is now working towards the August 2026

deadline. Officer consider this to be a material breach in the law that will need to be reported to the Pensions Regulator. The statement issued by the Pensions Regulator on 18 June 2025 was considered when making this decision.

Challenges

6.10. Table 1 outlines the key challenges the Pension Fund has faced when implementing the McCloud Remedy.

Table 1 – Implementation Challenges

Issue	Description of impact
Scale and complexity	<p>The McCloud remedy is a major project, with the Government estimating 1.8 million LGPS (E&W) members are affected. Final regulations were only implemented in the month before the remedy became effective.</p> <p>The calculations are highly complex and affect most LGPS benefits. The retrospective nature of the remedy means a large number of calculations have to be revisited to determine where additional benefits are due.</p> <p>The fund has limited experience at the level required to understand and process these calculations manually, as set out in the 'resource' section below.</p>
Resourcing	<p>The ongoing governance and administration duties of the pension fund remain substantial, limiting the capacity to focus on major one-off projects like McCloud, especially alongside other initiatives such as the Dashboard and TPR's general code.</p> <p>Staff turnover has created significant resourcing challenges, including hard-to-fill vacancies at leadership levels, impacting the Fund's ability to allocate skilled personnel to the McCloud project.</p> <p>An apprenticeship program has helped fill some gaps, but it has required substantial senior staff</p>

	<p>involvement for setup and training, further straining the availability of experienced resources for McCloud implementation.</p> <p>The Pension fund will be recruiting a Governance Manager, which is a new role within the team, by August 2025. The Governance Manager will be wholly responsible for project management and the wider governance of the fund to ensure the new deadline is met.</p>
Administration software	<p>The complexity and volume of McCloud remedy calculations make reliable, up-to-date software essential for implementation.</p> <p>Delays in finalising the remedy regulations led to late and staggered software releases, some of which have been unreliable.</p> <p>As a result, many calculations still require manual spreadsheet workarounds, with full automation not expected for some time.</p> <p>The Pension team are working closely with the system provider to resolve the outstanding issues to ensure a swift resolution and completion by the extended deadline.</p>
Data Issues	<p>Implementing the McCloud remedy requires historical data (e.g. hours and service breaks) from employers, which has been resource-intensive for both employers and the fund, especially in verifying and uploading the data.</p> <p>Where data is missing, the fund has had to make assumptions within set parameters, a time-consuming process that has contributed to project delays.</p> <p>The fund is using the LGPS NI database to identify qualifying members and plans to issue bulk</p>

	communications by 30 July 2025 to collect data on other public pension service, allowing time for member responses before finalising records
Other national developments	<p>The McCloud remedy is being implemented alongside major national LGPS developments, including the Pension Dashboard and TPR's General Code of Practice, which have stretched fund resources.</p> <p>The 2025 valuation, a statutory and resource-intensive process with tight deadlines, is currently underway and demands significant input from both administrators and fund management.</p> <p>Additional technical changes, such as the abolition of the lifetime allowance and adjustments to the normal minimum pension age, have required updates to workflows and software, further impacting capacity.</p>
Local and other factors	<p>The Fund completed several major projects alongside business-as-usual tasks, including implementing automated mortality screening (March–September 2023), transitioning employers to monthly data collection, and launching a proof of life project with biometric ID for overseas members in January 2024.</p> <p>Various communications initiatives were also undertaken, such as redesigning the annual report, pensioner newsletter, member forms, and updating the website for accessibility compliance.</p> <p>These additional projects have significantly strained the Fund's capacity, limiting its ability to deliver large-scale initiatives like the McCloud remedy.</p> <p>Now that the above projects have been finalised this will leave further</p>

	resource to apply to the McCloud remedy new deadline of August 2026
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Next Steps

- 6.11. Inform members a determination has been made in their 2024/25 ABS, if they are due to receive one, and explain that this means for their 2024/25 ABS it will not contain any information on McCloud. However, their 2025/26 ABS will contain McCloud information and increase to their pension as a result of the Remedy (if applicable).
- 6.12. Update the fund website to include a message that a determination has been made for some members, which will mean McCloud implementation work will continue up to 31st August 2026.
- 6.13. Progress the remainder of the McCloud remedy work for members where a determination has been made so that this can be concluded by 31st August 2026. All McCloud work is expected to be 'business as usual' by 1st September 2026.
- 6.14. Prepare and present a McCloud project timetable to the PCB at the September meeting and make this a standing paper at every subsequent meeting, ensuring project deadlines are met and the conclusion of the project is reached by the new deadline of 31st August 2026.

7. Contribution to Strategic Outcomes

7.1 Not applicable

8. Carbon and Climate Change

8.1. Not applicable

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

9.1. Not applicable.

Director for Legal and Governance [Fiona Alderman]

9.2. Director for Legal and Governance (Monitoring Officer) has been consulted on the content of this report and there are no legal implications.

Equalities

9.3. The Local Government Pension Scheme is a defined benefit open scheme enabling all employees of the Council to participate. The report's content has no direct impact on equality issues.

10. Use of Appendices

10.1. Appendix 6 – McCloud Determination paper

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.