



Michelle Warbis, Deputy Director for
the Local Government Pension
Scheme
Ministry of Housing, Communities
and Local Government
2 Marsham Street
London
SW1P 4DF

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The Administering Authorities of the
Local Government Pension Scheme in
England and Wales

To the LGPS Administering Authorities,

Regulation 64A of the LGPS Regulations 2013 sets out a process under which an administering authority may, on its own initiative or following a request from a scheme employer, obtain a revision of its rates and adjustments certificate (subject to conditions). As stewards of the LGPS, MHCLG monitors use of the Regulations and provides comment when it deems necessary.

The use of 64A as a tool for scheme employers to request a review of contribution rates (whether local authority or non-local authority employer) in the context of a fund surplus, is not in line with the original context and intention. Scheme Advisory Board (SAB)-issued [guidance](#) on 64A sets out the intended principles and best practice when applying the powers provided. 64A was intended to allow flexibility for administering authorities in managing employer contribution rates in response to changes in employers' liabilities (except those relating to changes in market conditions) or a change in the ability of the employer to meet its obligations (which typically does not apply to local authorities and other tax-backed employers – see relevant [Scheme Advisory Board Statement](#) from December 2023). It was not intended to allow administering authorities to modify contribution rates for scheme employers as a way to manage pension fund surpluses or deficits outside of the triennial valuation cycle.

At the 2025 triennial valuation (and at all triennial valuations), we expect actuaries to set funding strategies which reflect employers' funding positions. The Government Actuary's Department conducts analysis of the actuarial valuations of funds in line with Section 13 of the Public Service Pensions Act 2013. This review considers the process and outcomes when setting contribution rates, including whether rates are appropriate to deliver long term cost efficiency and solvency, which includes the utilisation of surpluses. MHCLG considers that revised contribution rates should not be applied to local authority employers in order to manage surpluses or deficits that have not yet been confirmed as part of the valuation process.

As it is clear that the intended and actual usage of 64A are not aligned, the Government intends to consult on changes to the Regulations as they apply to revision of contribution rates (including on the role of the Fund Actuary).

Yours sincerely,

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end.

Michelle Warbis
Deputy Director, Local Taxation and Local Government Pensions
Ministry of Housing, Communities and Local Government