

Current issues in the LGPS

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Welcome to the latest edition of Current issues in the LGPS — **14 April 2026**

Plenty on the go as we enter a new LGPS year, including the closure of the 2025 valuations, the impact of the Middle East conflict and the first wave of LGR decisions in England

➤ **Fit for the Future reforms**

The Pension Schemes Bill recently concluded its passage through the House of Lords. Along the way, the Lords made a few amendments to the LGPS sections of the Bill, despite government opposition. Our [blog](#) explores what the developments may mean for the final version of the Bill, and when we may see final regulations on Fit for the Future emerge.

➤ **Impact of the Middle East conflict**

The escalating conflict in the Middle East continues to weigh on markets, due to the spectre of higher inflation and weaker global growth. Against this backdrop, our capital markets team [reviews](#) the

performance of key markets over Q1 and sets out their views for the months ahead.

➤ **Spotlight on valuations:**

1. Finishing the 2025 valuations on a high

The 2025 valuations in England & Wales are officially finished! These valuations have been some of the most complex and scrutinised in living memory. But, as covered in our recent [briefing note](#), the outcomes are strong and another success story for the LGPS. Over the coming weeks we'll be sharing further thoughts on the 2025 valuation outcomes, including scheme wide analysis – keep an eye out for the details.

2. 2026 Scottish valuations kick off!

We're up and running with the 2026 valuations and the year ahead promises to be an engaging one. The Scottish LGPS remains in a strong position, and we have already begun funding strategy discussions with funds on how to manage this continued success for all stakeholders. We'll be arranging a series of online events throughout the year to support funds in sharing ideas and experiences on strategy, results and engagement. More details to follow.

➤ Decisions, decisions....

Local Government Reorganisation (LGR) in England is picking up pace, with MHCLG providing updates on decisions made to leaders in priority areas. Whilst the new information (once again) doesn't mention pensions, it does give us some knowledge about how existing county boundaries are reshaped. There are also useful insights on the Government's thinking when it comes to the expansion of major cities and tackling the covenant of the most debt-strapped authorities. Our [blog](#) explores the recent developments.

➤ Spotlight on accounting:

1. Closing the year with confidence

Our accounting experts recently held a webinar – available on-demand [here](#) - targeted at LGPS employers with 31 March 2026 accounting year-ends. With new valuation results coming into force and ongoing market uncertainty, there's lots to unpack for the upcoming March accounting exercise:

2. Lower employer obligations...

Market conditions look more positive overall than last year. Corporate bond yields (which impact accounting discount rates) are on the rise again, which will reduce the value of employer obligations at 31 March 2026. However, this will be slightly dampened by rising inflation expectations. There is likely to be an overall reduction in the value of obligations this year – but other employer-specific factors will also be at play.

3. ... and more volatile employer assets

With ongoing geo-political issues, markets have been volatile in the run-up to the 31 March year-end. Whilst investment returns to end February 2026 were strong – our sample of LGPS funds suggests returns in excess of 10% - unrest in the Middle East during March has led to negative returns. Employers who need draft accounting results in early April may require revised figures to be prepared once actual investment returns for the final period of the accounting year have been signed off.

4. Positive (?) longevity news

As noted on the next page, the results of the actuarial profession's [Continuous Mortality Investigation \(CMI\) for 2025](#) look positive (depending on how you view such news!), suggesting life expectancy will continue to increase. Its adoption will increase obligations on employer balance sheets. LGPS auditors will expect employers to capture these updated longevity forecasts within their 31 March 2026 accounting disclosures, with the usual caveat that employers should consider if they are appropriate for their own circumstances.

5. When one valuation closes, another opens

The “hot off the press” results of the English and Wales valuations will be captured within employer balance sheets at 31 March 2026. When a new valuation kicks in, a range of different types of actual experience over the triennial period bites, relative to estimates used in prior accounting disclosures e.g. in relation to cashflows, asset values, investment returns or membership experience. In addition, all new actuarial assumptions used at the funding valuation are captured. These changes will show as remeasurements on employer balance sheets. Scottish employers will have another year to wait until this affects their accounting numbers.

5. Net asset restrictions

With many LGPS employers expected to be in strong surplus (with a ‘net asset’ position), asset ceilings will continue to be of interest to LGPS



auditors. English and Welsh employers will also see their newly certified contribution rates used within asset ceiling calculations at 31 March 2026. As a result, asset ceilings could look quite different. To find out more about any of the above topics, please reach out to our accounting specialists at LGPSCentralAccountingTeam@hymans.co.uk.

➤ Living longer

The latest mortality improvements projection model, CMI_2025, was [released](#) on 10 March. Many LGPS funds use the CMI model when setting assumptions about how life expectancy is expected to change in the future. CMI_2025 uses the same methodology as the previous version of the model, CMI_2024, but has been updated to reflect the most recent data. Overall, the new model produces [cohort life expectancies](#) at age 65 that are about eight weeks higher for males and about six weeks higher for females compared with CMI_2024.

➤ Fishing for answers

Overfishing is no longer just an environmental concern – it's a material financial risk. Marine ecosystems face unprecedented pressure, with a chain of consequences spanning seafood production and global supply chains to tourism and insurance. What does that mean for investors, and how can you account for these risks in your portfolio? Our biodiversity lead André Ranchin [tackles these questions](#) alongside François Mosnier from Planet Tracker.

➤ Events, webinars & training

Webinar: turning your LGPS training strategy into action, 22 April

Knowledge and skills requirements for LGPS committees and local pension boards are greater

than ever before, particularly for English and Welsh funds. [Join our webinar](#) to learn how LGPS administering authorities can move from an appropriately considered training strategy to a practical, workable training plan. We'll explore what good looks like now, where common gaps appear, and how funds can take a more joined-up, confident approach to learning.

Training webinars: Elected members' pensions, 27 April & 4 June

We're running two upcoming training sessions on the re-introduction of elected members into the LGPS in England. The first session on 27 April is aimed at Fund Officers, covering all the necessary considerations ahead of the regulations coming into force on 11 May. The second session on 4 June is for any elected members who wish to understand more about the benefits now available to them through the LGPS. [Register your interest here](#) and we'll be in touch to confirm pricing and number of spaces available per fund.

The LGPS Ahead: You're ready, 3 June

Our 2026 LGPS Conference, designed exclusively for Officers, will give you the clarity, insight and confidence you need to navigate upcoming pressures, set priorities and make well-informed decisions. Taking place in The Kimpton Charlotte Square Hotel in Edinburgh, we'll explore the themes shaping the future of the LGPS and help you feel ready to take decisive steps forward. You can [download our agenda](#) and [register here](#).

In brief...

Inflation figures

The latest [ONS release](#) recorded annual headline CPI for the year to February 2026 at 3.0%, which is unchanged since the prior month.

Pension increase

The [Public Service Pensions Revaluation Order 2026](#) confirms that the annual increase to LGPS pensions from April 2026 will be 3.8%.

LGPS access for English mayors and councillors

The [Local Government Pension Scheme \(Amendment\) \(Elected Member Pensions\) Regulations 2026](#) will come into force on 11 May 2026. Our [Briefing Note](#) provides further detail.

Survivor benefits in England and Wales

MHCLG has published [statutory guidance](#) on LGPS survivors' benefits, to assist funds in the implementation of [changes](#) to the Regulations that came into force on 1 April 2026.

Updates from The Pensions Regulator (TPR):

- [Impersonation fraud](#) – a warning about an increasing incidence of criminals impersonating members to access their funds. It recommends that funds pay some attention to their ID-verification and data-security measures.
- [Market innovation](#) – a speech about the push to modernise the pension system, with comments about the regulatory approach being increasingly focused on governance, administration and data standards. An AI action plan is expected to be published in May.
- ['Whistleblowing' guidance](#) – this includes two new examples of 'green' (not-reportable) breaches, both connected with the obligation to provide value data to pensions dashboards.

Updates from the Financial Conduct Authority (FCA):

- [Resolving complaints](#) – guidance highlighting good and poor practice by financial-services firms on identifying and rectifying problems. A [consultation](#) has also been launched, in conjunction with the Financial Ombudsman Service, on proposed changes to the system for resolving consumer complaints about regulated financial services. The consultation closes on 11 May.
- [Simplified advice](#) – a consultation, closing on 22 May, is proposing changes to make it easier for advisers to offer simplified forms of advice, in uncomplicated cases where a comprehensive assessment of clients' circumstances is unnecessary. In addition, [guidance](#) has been released to help advisers define consumer segments for the purposes of the new 'targeted support' option.
- [Annual work programme](#) – what it plans to deliver in 2026/27 across its 4 strategic priorities.

Oversight of administration


The Pensions Administration Standards Association (PASA) has [published](#) a scorecard to help those involved in the oversight of a pension scheme to support more informed discussions with administrators. Links are also available to the remaining parts of their 'Trustee-Administrator Lifecycle Series'.

Annual update

LGA has published its annual [bulletin](#) setting out the rates and bands that apply from April 2026 for various purposes in the LGPS.

Inheritance tax (IHT) on pensions

The [Finance Act 2026](#) has received Royal Assent. It notably gives effect to the Government's proposals around IHT on unused pension benefits, for deaths



occurring on or after 6 April 2027. The Government's [response](#) to Select Committee recommendations on the subject gave no major concessions e.g. around timescales.

Salary sacrifice cap

The House of Commons has [overturned](#) a House of Lords amendment that would have raised the Government's proposed cap on salary sacrifice pension contributions to £5,000 pa, from the £2,000 pa proposed in the Autumn Budget 2025.

Parliamentary Q&A's:

- [LGPS asset pooling](#) – a question about its impact on administrative costs and fund performance. The Government's response mentions that, since the inception of pooling, total costs have been £792 million, with net savings of £1.17 billion delivered.
- [LGPS redundancy rights](#) – a question about the circumstances under which staff can receive their full pension after the age of 55. The Government's response refers to LGPS Regulations and need for an active member to have at least 2 years of service.

Actuarial guidance (England and Wales)

The Government Actuary's Department (GAD) has issued two sets of guidance effective from 1 April 2026, covering 1) the [calculation of the scheme pays offset](#) for annual allowance purposes, and 2) the [limit on additional cash commutation](#)

Article links

Fit for the Future reforms

<https://www.hymans.co.uk/insights/pension-schemes-bill-lgps-amendments>

Impact of the Middle East conflict

<https://cms.hymans.co.uk/media/4qcn3fyo/capital-markets-update-april-26.pdf>

Spotlight on valuations

<https://www.hymans.co.uk/media/bdrjklbb/lgps-2025-valuations-a-strong-outcome-in-a-complex-environment-briefing-note-5.pdf>

Decisions, decisions...

<https://www.hymans.co.uk/insights/lgr-what-does-the-first-wave-of-decisions-tell-us-about-the-lgps-impact>

Spotlight on accounting

<https://event.on24.com/wcc/r/5261471/E7100C4CE69E5BB0BB29D6CBEEA456CA>

<https://actuaries.org.uk/news-and-media-releases/news-articles/2026/mar/10-mar-26-cmi-model-shows-further-rise-in-cohort-life-expectancy/>

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Living longer

<https://actuaries.org.uk/news-and-media-releases/news-articles/2026/mar/10-mar-26-cmi-model-shows-further-rise-in-cohort-life-expectancy/>

<https://www.clubvita.net/glossary/cohort-life-expectancy>

Fishing for answers

https://www.hymans.co.uk/media/uvnktiw2/262403_ri_overfishing_article.pdf

Events, webinars & training

<https://www.hymans.co.uk/insights/webinar-turning-your-lgps-training-strategy-into-action>

<https://analytics-eu.clickdimensions.com/hymanscouk-atwsv/pages/elxabzmefgithweumtn7a.html?PageId=6f5abc103e33f11188b47c1e5264cdec>

<https://www.hymans.co.uk/media/3qggdq1j/2026-lgps-conference-agenda.pdf>

<https://web.hymans.co.uk/P.aspx?accountKey=atwSVXDcwWkWEka4P6Rymr&PageId=ff603a55fdd4f01185446045bdd0bbc5>

In brief...

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/february2026>

<https://www.legislation.gov.uk/uksi/2026/254/made>

<https://www.legislation.gov.uk/uksi/2026/346/made>

<https://www.hymans.co.uk/insights/extension-of-lgps-access-to-councillors-and-mayors-in-england>

https://assets.publishing.service.gov.uk/media/69ca813d95a323ea3496ed2f/Local_government_pension_scheme_-_survivor_benefits_guidance.pdf

<https://www.legislation.gov.uk/uksi/2026/226/made>

<https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2026-press-releases/tpr-urges-vigilance-after-rise-in-impersonation-fraud-against-pension-savers>

<https://www.thepensionsregulator.gov.uk/media-hub/speeches-and-speakers/2026/innovation-in-the-new-pensions-era>

<https://www.thepensionsregulator.gov.uk/document-library/scheme-management-detailed-guidance/communications-and-reporting-detailed-guidance/complying-with-the-duty-to-report-breaches-of-the-law#green>

<https://www.fca.org.uk/publication/finalised-guidance/fg26-2.pdf>

<https://www.fca.org.uk/publication/consultation/cp26-9.pdf>

<https://www.fca.org.uk/publication/consultation/cp26-10.pdf>

<https://www.fca.org.uk/publications/good-poor-practice/targeted-support-firm-considerations-designing-consumer-segments>

<https://www.fca.org.uk/publications/annual-work-programmes/2026-27>

<https://www.pasa-uk.com/the-trustee-administrator-lifecycle-series-trustee-administrator-oversight-scorecard/>

<https://lgpslibrary.org/assets/bulletins/2026/274.pdf>

<https://www.legislation.gov.uk/ukpga/2026/11/enacted>

<https://committees.parliament.uk/publications/52446/documents/291079/default/>

[https://hansard.parliament.uk/commons/2026-03-23/debates/B75CD49A-373E-4215-ADE1-1D5418E66055/NationalInsuranceContributions\(EmployerPensionsContributions\)Bill](https://hansard.parliament.uk/commons/2026-03-23/debates/B75CD49A-373E-4215-ADE1-1D5418E66055/NationalInsuranceContributions(EmployerPensionsContributions)Bill)

<https://questions-statements.parliament.uk/written-questions/detail/2026-03-12/120478>

<https://questions-statements.parliament.uk/written-questions/detail/2026-03-19/122203>

<https://lgpslibrary.org/assets/actqui/ew/AA20260401.pdf>

<https://www.lgpslibrary.org/assets/actqui/ew/Comm20260401.pdf>

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