HYMANS ROBERTSON

Current issues in the LGPS



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Welcome to the new edition of Current issues in the LGPS — **10 November 2026**

Be prepared is this month's motto! For example, LGR is back on the agenda, regulations are due soon on academy consolidation and the first round of IGR's is creeping closer. In Scotland, valuation results are emerging, with the overall position looking strong. And we cover plenty of investment subjects, amidst volatile markets and US mid-term election results.

Autumn Budget 2026

At a busy time, with plenty of legislation under implementation, those working in the LGPS will have breathed a collective sigh of relief at the Budget announcements. The only one aimed specifically at the LGPS (in England and Wales) had already been announced, relating to stamp duty land tax relief on asset transfers until 31 March 2032 from funds to pools. Ten new devolution agreements were also announced (see LGR blog below). All the key pensions measures covered by the Budget are in our 60 Second Summary.

LGR – it's back and it's busy

Local Government Reorganisation in England is 'unpaused', with five county areas receiving a "minded to proceed" decision and a further 15 remaining under review, with decisions expected by early 2027. Surrey remains on its existing timetable, while for other affected areas vesting day has moved to 2029. LGPS funds now have additional time to revisit project plans, assess the potential impact on employers, membership and assets, and consider what good governance will look like following reorganisation. Our blog explores the detail.

PHP - a race across the world

A hidden flaw in the software that runs 70% of the world's websites, found with the help of AI, caused global disruption almost overnight. Why does this matter to LGPS funds? Our digital lead explains why this kind of incident is now the "new normal", and why that changes what committees need to know. Read more about the incident here.

MATs on the move: is your fund ready?

Academy consolidation is on the way. Proposed regulatory changes could make it easier for multi-academy trusts (MATs) in England to consolidate their LGPS participation, in order to focus on administrative simplicity, cost and contribution stability. For funds, this creates both risks and opportunities across cashflows, funding strategy, administration and employer relationships. Our briefing explores what may drive academy decision-making, the support MATs are likely to need, and why funds should act now. Having a clear, evidence-based position will help funds respond consistently and shape outcomes, rather than simply react to them.

CPI has landed. What happens next?

With September's CPI announced, LGPS pensions are expected to rise by 3.5% in April 2027. That increase will flow directly into benefit payments, adding pressure as many funds learn to deal with being in a cashflow-negative position. Now is a good time to understand what this means for future benefit outgo, liquidity needs and investment strategy. Our cashflow modelling can incorporate the 2027 increase and stress-test different inflation scenarios, giving funds a clearer view of emerging pressures to plan ahead with confidence.

LGPS survivor benefits handbook – now available!

Our handbook is now ready and available to LGPS funds in England and Wales. Breaking down the implementation requirements for the Access and Fairness changes, it's also a general guide to this complex subject and goes back as far as the 1995 Scheme. Funds who purchase the handbook will be sent a personalised PDF that can be shared around their teams and used for hopefully many years to come. If you have any questions, or wish to arrange a demo, please get in touch with Con Hargrave or Laura Guest.

Independent Governance Reviews – be prepared!

As noted in the '*In brief…*' section below, multiple LGPS officers attended a SAB workshop about IGR's last month. We understand that key themes such as consistency, capacity and costs were discussed. If you need a hand to prepare for your first IGR, we have three avenues of support – 1) a pre-IGR checklist for officers to complete their own assessment, 2) a desktop review undertaken by a Hymans consultant, or 3) a full IGR assessment (where we are not the actuary or ongoing adviser). Please get in touch if you wish to book in or explore any of these options for your fund.

2026 Scottish valuations – strength, strategy, and upcoming roundtable

Initial results are in for Scottish Funds, and the position remains positive – with an aggregate past service funding level of around 150% (and an improvement from ~140% reported in 2023). Funding strength is important, but long-term strategy is more so. Funds are now considering contribution strategy for employers, aiming to balance affordability today with sustainability for tomorrow. We are hosting a roundtable for fund officers on 17 November to share thoughts and views on this funding success and the next steps in the process.

Spotlight on investments:

1. Fidiciary duty consultation

The Department for Work and Pensions (DWP) has launched a consultation on fiduciary duty, exploring how the duties of pension trustees should be understood and applied in investment decision-making. While the consultation relates to trust-based pension schemes and does not directly apply to the LGPS, its conclusions are likely to be relevant to the wider debate around how fiduciary duties interact with government policy objectives. This could have implications for ongoing discussions within the LGPS, including local investment and other policy-led investment priorities. Funds should therefore be aware of developments as the consultation progresses, with a deadline to respond of 28 January 2027.

2. Are devolution and local investment a silver bullet for the UK's growth problem?

Can local investment help unlock UK growth while delivering for pension scheme members? Housing, infrastructure and growing businesses offer opportunities to put capital to work, but there's no silver bullet. We explore how investors can support regional economies without losing sight of their primary responsibility: securing good retirement outcomes. We consider the opportunities, the trade-offs between risk, return and liquidity, and why local knowledge, strong governance and relationships matter.

3. Private debt: outlook, risks and contagion

Private debt is entering a more testing phase. AI disruption, weaker lender protections and liquidity pressures in US retail vehicles are sharpening scrutiny of direct lending, while reported defaults may understate underlying borrower stress. But higher base rates continue to support yields, and reduced competition could improve lending terms. We discuss why a cautiously positive outlook calls for greater selectivity, with opportunities in Europe, smaller corporate borrowers and strategies beyond direct lending.

4. Is it time to allocate to infrastructure debt?

Infrastructure needs capital. Could investors help bridge the gap? Our briefing offers an in-depth evaluation of this asset class. As banks pull back, we explore how infrastructure debt could offer resilient income, stronger structural protection than equity and opportunities to support the energy transition. We examine the relative value of sub-investment-grade strategies for non-insurance investors, weigh risks including default, illiquidity and regulatory change, and consider where the asset class could complement infrastructure equity and private debt allocations.

5. Dual-class share structures: what pension schemes should know

These structures allow company insiders to retain voting power beyond their economic ownership, raising questions about accountability and shareholder influence. This is particularly relevant today: as tech companies become more prominent across indices, pension schemes might find themselves with significant exposure, despite not making explicit governance choices. Please click here for further details.

6. Capital Markets Update

Resilient growth, sticky inflation, rising energy prices and interest-rate hikes. There's been plenty for investors to digest over the last quarter. Our Autumn update takes stock of where markets stand, exploring how higher interest rates are affecting bonds, the drivers of equities and the opportunities and risks across credit and property markets.

Latest LGPS statistics

MHCLG's latest statistics, covering English and Welsh funds over 2025/26, highlight the ongoing sustainability, importance and success of the LGPS. Assets to pay members' future benefits have continued to perform well,

increasing in value by more than 8%, and benefit payments continue to be more than covered by contributions and investment income. The scheme now provides benefits for nearly 7 million people across more than 20,000 UK employers. And, despite unprecedented levels of policy driven administration, governance and investment changes, LGPS running costs have fallen in real terms over the year. The perhaps surprising increase in employer contribution rates is due to annual pay awards increasing employer payrolls rather than rising employer contribution rates.

More people than ever are reaching their 90s

There are now an estimated 645,000 people aged 90 and over in the UK, an increase of more than 55% over the past 20 years. New figures from the Office for National Statistics (ONS) also show that 16,400 people are aged 100 or over, almost 90% more than in 2005. While women still dominate at the oldest ages, the gap is narrowing with the number of men aged 90+ more than doubling over the same period. You can explore the full bulletin from the ONS here.

Looking back on the 2025/26 accounting season

With most LGPS employers having received their 2025/26 accounting results, we are now seeing questions from employers and their auditors seeking to further understand the movement in their balance sheet from one year to the next. To help employers digest their results and give context to the current accounting landscape, we are running a 2026 accounting "wrap-up" webinar on 11 November – please register here. This is aimed at all types of LGPS employers and other stakeholders who are looking to increase their knowledge of pension accounting. And if you have any other accounting questions please contact our specialists at LGPSCentralAccountingTeam@hymans.co.uk.

Client communications survey

Many thanks to the 69 people who responded to our recent survey about the communications that we issue and often publish on our website. The feedback is very useful for shaping our future content to make it as helpful as possible to your roles. We'll be sharing a short summary of the feedback with respondees soon.

Events, webinars & training

Past events

LGC Investment Seminar Scotland, 29-30 October: A fruitful couple of days in Edinburgh, chaired by our own Ben Farmer and including a session from our valuation guru, Tom Hoare, about the Scottish 2026 results. The highlights from the event are here, summarising each session and the key takeaways.

Upcoming events

LGPS Pension Managers' Conference, 17-18 November: We'll be heading to Torquay again for South West Councils' popular annual event. We hope to see you there.

Awards

LGC Investment Awards 2026: We're proud to be shortlisted in 4 categories: Consultant/Actuary of the Year; Local Investment - Service Provider; Rising Star (Laura Guest); Outstanding Individual Contribution – Service Provider (Michael Burton & Robbie McInroy). Congratulations to all other finalists and we look forward to the ceremony on 27th November.

In brief…

Updates from the Scheme Advisory Board (England and Wales):
Independent Governance Reviews – feedback from an inaugural IGR workshop held on 1 October involving LGPS officers. It includes a briefing note providing a high-level summary of the key themes and issues raised during the session.
Local authority accounting – a response to questions 39 to 50 in CIPFA's consultation on the 2027/28 Code of Practice. Its views have been endorsed by the LGA.
Annual Assembly – notes from SAB's second Assembly, held on 22 October and attended by Committee or Board Chairs from 37 LGPS funds. Topics included effective governance, the roles and responsibilities of those involved in scheme management, constructive challenge and the practical realities of chairing.
Chair Update – in accordance with SAB's Terms of Reference, the tenure of current Chair, Councillor Roger Phillips OBE, draws to a close in March 2027. The article includes a list of significant initiatives that he has overseen and invites applications for the new Chair.

Scottish Scheme Advisory Board
Its latest bulletin includes updates on a 2026 Good Governance survey, local investing and guidance on resolving disputes between a Board and Committee.

Adult Social Care
As part of a written statement, the government has said that it will '*develop a national collective pension scheme to improve care workers' retirement outcomes'*. It's unclear what this might mean for local authorities who are heavily involved in the provision and oversight of adult social care, with pension benefits for staff currently provided via the LGPS.

Updates from Pensions UK:
LGPS framework – a paper offering an evidence-led framework for considering LGPS governance, capacity, delivery, and structural issues through an outcome-based lens. The annex contains a worksheet that's intended to act as a practical starting point for stakeholders to apply the outcome tests to a specific proposal or decision.
AI adoption – a report covering the practical decisions that pension schemes need to make around AI to help people have a better income at retirement.

Updates from The Pensions Regulator on AI:
Concentration risk - guidance including steps that funds can take to understand their aggregate AI exposure and test whether diversification will remain effective under stressed market conditions.
Embracing opportunities responsibly – more guidance, urging pension schemes to explore how AI could deliver better member outcomes while understanding and managing risks.

Updates on pensions dashboards:
Reporting standards - another update (v2.3) from the Pensions Dashboards Programme (PDP). This one incorporates requirements for routine daily submission of data to the Money and Pensions Service (MaPS), effective from 1 March 2027.
Possible Matches – guidance from the Pensions Administration Standards Association (PASA) to help resolve 'Possible Matches'. These can arise where the information supplied through a dashboard indicates a potential link to a pension record, but further checks are needed to establish whether the pension belongs to the user.

State Pension deferral

The DWP has launched a call for evidence. It's gathering evidence on why people defer their state pension, how well they understand their options, what influences when they claim, their experiences and the outcomes of their decisions, and finally any barriers or difficulties they encounter. Responses are due by 1 December.

Parliamentary Q&A's (paraphrased):

Normal Minimum Pension Age – a question about the steps that are being taken to help LGPS funds give members certainty about their retirement age before the increase in the NMPA from April 2028. The government says that it aims to publish the proposed arrangements by the end of this year.

Defence industry investments – a question about divestment trends by LGPS funds and pools. The government's response, whilst recognising pressure from campaign groups, refers to the statutory guidance on Investment Strategy Statements. This mentions that strategies should not set exclusions for investments in individual countries, investment styles or companies.

Mansion House Accord

Pensions UK and the ABI, in partnership with the Accord signatories and the City of London Corporation, have produced the first progress update. As at 31 December 2025, 6.6% of assets were allocated to private markets with half (i.e. 3.3%) being UK-based.

Age discrimination claim

An Employment Tribunal has rejected a claim based on the timing and other elements of a local authority redundancy decision. The claimant's employment was terminated 2 days before his 55th birthday, preventing access to significant unreduced LGPS early retirement benefits. His allegation of procedural corner-cutting was dismissed.

Cohabiting partner definition

The LGA has obtained and published legal advice on the above LGPS definition, with a particular focus on cases in which one or other partner has had a lengthy stay in a care home or hospital at the time of the member's death (so they weren't quite 'living together').

ESG ratings

The Financial Conduct Authority (FCA) has finalised its rules and guidance for the regulation of ESG-ratings providers. The new rules are designed to raise standards in the market, helping investors to make better informed decisions.

Local Audit Office

New amendment regulations add the above entity to the list of LGPS employers and designate Wolverhampton City Council as the relevant LGPS administering authority.

Conditions for Transfers Regulations

The DWP has announced the outcome of its consultation exercise on amendments to the above regulations. It plans to push ahead with a number of measures that aim to tackle scams or fraudulent misuse of pensions.

LGPS investments

The House of Commons Library has published a research briefing covering changes under the Pension Schemes Act 2026 and their effect on how the LGPS in England and Wales makes investments.

McCloud remedy

The Government Actuary's Department (GAD) has released guidance setting out how the retrospective McCloud remedy should be applied to eligible LGPS members in England and Wales who had a relevant benefit event before 1 October 2023.

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