

Current issues in the LGPS

Richard Warden

Partner – Actuarial Public

richard.warden@hymans.co.uk

0141 566 7877

Get in touch



Welcome to the latest edition of Current issues in the LGPS — **10 February 2026**

Plenty going on in the LGPS, with consultations, valuations and pooling activity keeping funds busy. Resource planning for a year of change ahead should be time well spent.

➤ **LGPS 2026 priorities**

The LGPS enters the new year from a position of real strength. Funding health, governance standards and broader societal impact all continue to advance meaningfully. However, this success lays bare the risks around the broad and significant reforms which must be implemented in 2026. Against this backdrop we've outlined our [thoughts](#) on what funds may prioritise this year across investment, actuarial and governance, administration and projects.

➤ **Spotlight on investments:**

1. LGPS outlook for the year ahead

2025 was a year of significant change for the LGPS, marked by major reforms, challenging

implementation timescales, and the need for funds to adapt quickly to new governance and investment requirements. The ongoing changes to legislation, as well as the push towards diversification and local investing mean that 2026 will be just as demanding. [Our LGPS outlook](#) provides analysis, practical guidance, and expert commentary to help funds and pools navigate this evolving investment landscape.

2. What is asset-backed lending?

In our latest [60-second summary](#), we shine a light on a popular asset type. As a private version of publicly traded asset-backed securities (ABS), it's a cornerstone of many clients' private debt portfolios. Our researchers consider how it works, the return drivers, the risks and the market opportunity. In our

view, the most compelling reason to consider asset-backed lending is to diversify the risk of a private debt allocation, which is significantly exposed to corporate credit risk via direct lending. Read [this](#) to find out more.

3. Local impact investing

In recent years, we've actively supported a Welsh LGPS fund to [deliver](#) a positive local impact. Following extensive engagement with asset managers, the fund committed around £50m to a bespoke strategy targeting social impact in the local area across housing, childcare, education and healthcare. This sits within a broader local impact strategy, supporting tangible community change and serving as a model for regional growth with positive stakeholder alignment. Others can learn from this and replicate a similar approach across the wider LGPS.

➤ Scheme improvements in E&W:

1. Access and protections consultation

In December, we published our [response](#) to the above [consultation](#) for LGPS England and Wales. This includes concerns about the government's 'deemed employer' proposals for implementing Fair Deal (further thoughts [here](#)). We understand the introduction of councillors' pensions remains a priority and the government intends to proceed with this change in the first half of 2026.

2. Access and fairness – response published!

The government has now published its [response](#) to last year's [consultation](#). In short, the government plan to proceed with most of the changes and, in general, much of the detail will remain the same as that consulted on. However, for administration ease, changes will be in two phases. The first phase takes effect from 2026/27 and covers changes related to survivor benefits, the gender pensions gap, the McCloud remedy and the abolition of the lifetime allowance. The second phase is expected later in 2026, and will cover other topics from the consultation, principally opt-outs and forfeiture.

➤ Salary Sacrifice – an explainer

The 2025 Autumn Budget announced that, from 6 April 2029, any 'salary sacrificed' employee pension contribution above £2,000 annually will no longer be exempt from National Insurance Contributions (NICs). This will impact those LGPS members who pay AVCs using this approach. Our [Briefing Note](#), in the form of Q&A's, explains more.

➤ Spotlight on actuarial valuations:

1. 2025 English & Welsh valuations

The end is now in sight! However, the champagne remains on ice with funds working hard on putting the finishing touches to another busy and successful valuation year. Funds have responses to employer consultations to wrap up within their final funding strategy statements. And actuaries at Hymans are preparing final valuation reports which now include gender pension gap analysis (see article below) and governance audit trails to satisfy growing expectations for full transparency. Lots to do, and everything needs to be completed by 31 March 2025.

2. 2026 Scottish valuations

With 31 March just around the corner (!), it's likely that Scottish funds will again be in relatively uncharted waters – a successive valuation of strong funding levels and continuing uncertainty in geo-politics and financial markets. We're hosting an officers-only virtual roundtable for our Scottish clients on **Thursday 26 February (11:00 to 12:30)**. The aim is to share ideas and views on topics such as setting contribution rates within a surplus environment, managing external scrutiny from oversight bodies and handling challenges from employer advisors.

3. Mind the gap: Gender pension gap reporting

As noted above, the GPG for each English and Welsh Fund is to be reported in the 2025 valuation report. The Government Actuary's Department (GAD) has released [guidance](#) around the information that should be included. Fund level reporting on the GPG for active and pensioner members must be provided (as well as supporting statistics). GPG reporting is also required at

employer level (albeit with the employers being split into categories).

➤ **Managing actuarial change in 2026**

As we conclude the 2025 actuarial valuations in England and Wales, we are preparing for another important year ahead. 2026 looks likely to bring significant regulatory change across the LGPS. Our actuarial team is focused on ensuring you receive clear, timely and practical advice throughout this period. Key areas of support include the Scottish 2026 valuations, cashflow monitoring, academy consolidation, employer investment strategies, and contribution reviews (e.g. where nil rates have set for employers). We will also continue to advise on employer risk, climate risk analysis, gender pensions gap reporting and longevity analysis.

➤ **New National Framework**

We're delighted to be named as a provider across all five lots of the [latest iteration](#) of the National LGPS Framework for actuarial, governance and benefit consultancy services. The framework was launched on 8 January 2026 and will be open for 8 years. Contracts awarded under it can have a term of up to 10 years.

➤ **Pension Schemes Bill: LGPS Provisions**

The Lords continue its detailed examination through the committee-stage of the Pension Schemes Bill, including LGPS reforms. Debate centred on the lack of detail in the Bill and Peers questioned the breadth of new fund merger powers, with government stressing there are no current plans for compulsory mergers. Informed by early 2025 valuation results, probing amendments were introduced and debated on the funding issues and employer contribution reviews. However, all clauses were agreed without amendment, and all tabled amendments were withdrawn or not moved. The LGPS measures progress unchanged as the Bill works towards Report stage.

➤ **Spotlight on English devolution and LGR:**

1. Delivery models

With attention increasingly turning toward the impact of Local Government Reorganisation (LGR),

funds are starting to review their overall structure and considering if it's right for them to make a change. We discussed possible options in our [webinar](#) last month.

2. Don't forget the members

Of course, LGR is not just about the impact on funds. The changes being made will affect peoples' livelihoods. As our latest [blog](#) suggests, it's vital to keep the members at the heart of everything you do.

➤ **Navigating the 2026 LGPS accounting disclosures**

Market conditions continue to be favourable, and therefore another year of accounting surpluses appears likely. Asset ceilings will again be a hot topic for stakeholders to navigate successfully. Also, with the 2025 triennial valuation coming to a close in England and Wales, auditors may require additional information from actuaries to compare employers' 2024/25 accounting figures against the finalised valuation results. Please get in touch with our accounting specialists at LGPSCentralAccounting@hymans.co.uk for any assistance or questions about your options for reporting in 2026

➤ **Spotlight on longevity:**

1. Unpacking longevity in 2025

Latest data from the Office for National Statistics (ONS), [analysed](#) by the Continuous Mortality Investigation (CMI), shows that mortality in England & Wales hit another record low in 2025. The data shows that death rates for 2025 were nearly 2% lower than 2024, the previous record low. This is almost 7% lower than the ten-year (2015-2024) average. However, this varies significantly by age and sex. For example, deaths rates for men aged 45-64 remain higher than pre-pandemic levels.

2. What's influencing future longevity?

As well as providing pension funds with longevity analysis, Club Vita's experts regularly provide thought leadership to the pensions industry. In a Pensions Age [article](#), called "Longevity in flux – a new world" (pages 92 & 93), they explored how the

potential influence of anti-obesity drugs, AI, [senolytics](#) and climate change may shape longevity trends.

➤ Events, webinars & training

Conference highlights: LGA Governance Conference 2026 (29 – 30 January)

The event descended on Cardiff this year, with much discussion of the range of challenges and opportunities facing the LGPS. As well as hearing from the Minister on her hopes and aims for the scheme, delegates heard the latest on LGR, peer support, investment pooling and more. You can catch up on the full highlights [here](#).

Good governance: requirements & implementation – 17 February

Register [here](#) for our webinar that will take a practical look at the Good Governance framework and what it means for your fund. We'll cover the key

elements of the framework, practical results-focused solutions to help you meet the requirements, and how it fits in the broader landscape of changes that are due to come into effect on 1 April 2026.

LGC Investment seminar – 18-20 March

This year's [seminar](#) at Carden Park will provide a forum for open discussion, strategic thinking and collaboration around the most pressing issues facing funds today, from the progress of the Pensions Bill to the impact of market volatility on your investment strategy. The event is primarily aimed at LGPS pool and fund officers and provides a high level of investment debate with knowledge sharing, practical advice and innovative ideas. Our own Rob Bilton is delivering a session on valuation and funding strategy alongside Melanie Stokes from Staffordshire Pension Fund.

In brief...

New Year Honours List 2026

Many congratulations to Councillor Roger Phillips, Chair of the Scheme Advisory Board in England & Wales, and to Teresa Clay, Head of Local Government and Fire Pensions at MHCLG. Both were awarded an OBE.

Inflation figures

The latest [ONS release](#) recorded annual headline CPI for the year to December 2025 at 3.4%, which is 0.2% higher than the prior month.

Updates from SAB (England and Wales)

- [Code of Transparency](#) – following a 2025 consultation, a revised [Code](#) has been published alongside updated [FAQs](#).
- Consultations – responses have been published to the Fit for the Future technical regulations ([here](#)), the Access and Protections

improvements ([here](#)) and the draft statutory guidance on investments, pooling and governance ([here](#)).

- [Refreshed website](#) – this is now live and uses the same website address as the prior version.

Spring Forecast

The Office for Budget Responsibility (OBR) [plans](#) to publish its latest economic and fiscal forecast on 3 March 2026. The Chancellor of the Exchequer will respond via a statement to Parliament.

Update from Scottish SAB

The SSAB's latest [bulletin](#) covers statutory valuations, the Pension Schemes Bill/Fit for the Future, flexible retirements, updates from working groups, its response to the latest SPPA consultation and the Gender Pension Gap.

Climate investing framework

The UK Investment Consultants Sustainability Working Group (ICSWG) has created a new [framework](#) to help investors think about how to evolve their climate strategies from portfolio decarbonisation towards real world outcomes.

Digital administration

The Pensions Administration Standards Association (PASA) has published [Part 2](#) of its three-part series of guidance to support pension schemes and administrators to deliver meaningful digital transformation.

Updates from the Pensions Dashboards Programme (PDP)

- [Data preparation](#) – a blog about how funds can get ready for dashboards, alongside some [FAQ's](#).
- [Reporting standards](#) – a consultation has been launched on a new version of the PDP's draft reporting standards. It's open to comments until 25 March 2026. An accompanying [blog](#) suggests that the main change is to the method by which data are supplied to the Money and Pensions Service.

Audit reform

The Government has [confirmed](#) that it will now not be consulting on audit reform legislation.

Local government reorganisation (LGR) in England

- [Local elections](#) – a MHCLG blog stating that elections in 29 areas are being postponed following evidence from the councils involved that postponement would help them deliver LGR. Once reorganisation is agreed, the affected residents will vote for new councils in May 2027.
- [Consultations on local proposals](#) – following on from the release of consultations on the 'priority areas' in November 2025, the Government has now published a further batch of consultations asking for views on LGR proposals across a

host of other regions. The consultation closing date for the latest batch is 26 March 2026.

Guaranteed Minimum Pensions

The [draft GMP Increase Order 2026](#) has been laid before Parliament for approval. It has been set at 3.0% (i.e. the cap bites).

Pensions taxation

HMRC has [launched](#) the facility to check lifetime-allowance protections and enhancements within the Managing Pension Schemes service.

Parliamentary Q&A's

More questions and answers in Government on areas that affect the LGPS. We've paraphrased some of the responses below:

- [Contribution holidays for local authorities](#) – contribution rates are set every 3 years, with LGPS funds working with actuaries and employers to determine sustainable rates that will allow funds to meet future benefits.
- [Pensions taxation](#) - Further Pensions (Abolition of Lifetime Allowance Charge etc) Regulations will be made in Spring 2026 and will include updates to the treatment of scheme-specific lump sums for individuals with Enhanced Protection.
- [Use of surplus in the Scottish LGPS](#) – the Scottish Government response includes the suggestion that the strong funding position might provide a good opportunity to support the growth of Scotland's economy.
- [LGPS access for mayors and councillors](#) – as per the consultation, the Government Actuary's Department has estimated the cost at £40-45 million per year.

Pension transfers

The Government's [response](#) to a petition about pensions transfers says that it's planning to consult on the outcome of a review of the Conditions for Transfers Regulations *'in the coming months'*.

**Fiduciary duty**

Pensions UK have hosted a roundtable about the Government's plans for guidance on fiduciary duty and wider investment considerations. The Pensions Minister is quoted as having said that he'll establish a technical working group, and that there'll be a consultation draft of the guidance available in the spring

London | Birmingham | Glasgow | Edinburgh

T 020 7082 6000 | www.hymans.co.uk

This communication has been compiled by Hymans Robertson LLP® (HR) as a general information summary and is based on its understanding of events as at the date of publication, which may be subject to change. It is not to be relied upon for investment or financial decisions and is not a substitute for professional advice (including for legal, investment or tax advice) on specific circumstances. HR accepts no liability for errors or omissions or reliance on any statement or opinion. Where we have relied upon data provided by third parties, reasonable care has been taken to assess its accuracy however we provide no guarantee and accept no liability in respect of any errors made by any third party.

Hymans Robertson LLP is a limited liability partnership registered in England and Wales with registered number OC310282. Authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

© Hymans Robertson LLP 2026. All rights reserved.

Appendix

LGPS 2026 priorities

<https://www.hymans.co.uk/media/bc2g1wqm/lgps-priorities-2026.pdf>

Spotlight on investments

<https://www.hymans.co.uk/insights/lgps-investment-outlook-2026>

<https://www.hymans.co.uk/media/5rrhn5r0/60-second-summary-abl.pdf>

<https://www.hymans.co.uk/insights/local-investment-creating-positive-local-impact-in-swanea>

Scheme improvements in E&W:

<https://www.hymans.co.uk/media/bu0lwkd0/access-and-protections-consultation-response.pdf>

<https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-scheme-improvements-access-and-protections/local-government-pension-scheme-in-england-and-wales-scheme-improvements-access-and-protections>

<https://www.hymans.co.uk/media/2sljuqjz/hymans-robertson-access-and-protections-bn.pdf>

<https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-access-and-fairness/outcome/local-government-pension-scheme-in-england-and-wales-access-and-fairness-government-response>

<https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-access-and-fairness>

Salary sacrifice – an explainer

<https://www.hymans.co.uk/media/mplnwxgh/260205-avc-salary-sacrifice-bn.pdf>

Spotlight on actuarial valuations

https://lgpslibrary.org/assets/actgui/ew/GPG_reporti ng_20260202.pdf

New National Framework

<https://www.nationallgpsframeworks.org/live-frameworks/actuarial-benefits-and-governance-consultancy-2026>

Spotlight on English devolution & LGR

<https://www.hymans.co.uk/insights/local-government-devolution-and-reorganisation>

<https://www.hymans.co.uk/insights/local-government-reorganisation-don-t-forget-lgps-members>

Navigating the 2026 LGPS accounting disclosures

LGPSCentralAccounting@hymans.co.uk

Spotlight on longevity

<https://www.actuaries.org.uk/system/files/field/document/Mortality%20monitor%20Q4%202025%20v01%202026-01-14.pdf>

https://www.pensionsage.com/pages/DigitalEditions/padigital-january2026/pa_jan2026_digital-edition.pdf

<https://biologyinsights.com/what-are-senolytics-and-how-do-they-target-aging/>

Events, webinars & training

<https://www.hymans.co.uk/media/jklp0fa/260203-lgps-governance-conference-highlights.pdf>

<https://event.on24.com/wcc/r/5219938/162C62682798D40FADB2C2ADB4388884>

<https://investmentseminar.lgcplus.com/LGIS26/en/page/home>

In brief...

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

<https://lgpsboard.org/revised-code-of-transparency-now-published/>

<https://lgpsboard.org/our-work/project/code-of-transparency/the-code/>

<https://lgpsboard.org/our-work/project/code-of-transparency/the-faqs/>

<https://lgpsboard.org/wp-content/uploads/2026/01/Fit-for-the-Future-technical-consultation-SAB-response-FINAL-1.pdf>

<https://lgpsboard.org/wp-content/uploads/2026/01/Access-and-Protections-SAB-response-FINAL-1.pdf>

<https://lgpsboard.org/wp-content/uploads/2026/01/SAB-response-to-MHCLG-FFF-guidance-closed-consultation-FINAL-1.pdf>

<https://lgpsboard.org/>

<https://www.gov.uk/government/news/chancellor-announces-date-of-spring-forecast>

<https://view.officeapps.live.com/op/view.aspx?src=https%3A%2F%2Flgpsab.scot%2Fwp-content%2Fuploads%2F2025%2F12%2FDecember-2025-SAB-Bulletin-v2-1.docx>

<https://www.icswg-uk.org/resources>

<https://www.pasa-uk.com/wp-content/uploads/2026/01/Digital-Admin-Delivering-Effective-Digital-Transformation-Part-2-FINAL-V3.pdf>

<https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/preparing-data-for-dashboards-what-you-need-to-do>

<https://mailchi.mp/maps/faqs-data-preparation-for-pensions-dashboards>

<https://www.pensionsdashboardsprogramme.org.uk/publications/news/reporting-standards-version-2-1-consultation>

<https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/reporting-standards-latest-update-and-consultation>

<https://www.gov.uk/government/news/update-on-the-governments-plans-for-audit-reform-legislation>

<https://mhclgmedia.blog.gov.uk/2026/01/22/misleading-reporting-on-election-postponement/>

<https://www.gov.uk/search/policy-papers-and-consultations?parent=%2Fregional-and-local-government%2Fdevolution&topic=f2c9ec1e-bbdd-45b8-afd7-fab0c9371d4b>

<https://www.legislation.gov.uk/ukdsi/2026/9780348278354>

<https://www.gov.uk/guidance/pension-administrators-check-your-members-protection-status#full-publication-update-history>

<https://questions-statements.parliament.uk/written-questions/detail/2025-12-15/HL12953>

<https://questions-statements.parliament.uk/written-questions/detail/2026-01-02/101828>

https://www.parliament.scot/chamber-and-committees/official-report/search-what-was-said-in-parliament/meeting-of-parliament-14-01-2026?meeting=16792&iob=143392#orscontributions_C2761996

<https://questions-statements.parliament.uk/written-questions/detail/2026-01-02/102038>

<https://petition.parliament.uk/petitions/731994>

<https://x.com/PensionsUK/status/2018355652809412939?s=20>

<https://hansard.parliament.uk/lords/2026-02-03/debates/08627D19-2BF1-4237-AB51-8AA07330959A/PensionSchemesBill#contribution-B8ED857F-D6BC-4A88-98F5-F35FAA5FA46F>