

# Current issues in the LGPS



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Welcome to the latest edition of Current issues in the LGPS — **09 July 2026**

The long-awaited appearance of the Fit for the Future guidance dominated LGPS headlines late last month. On wider issues, there are articles about the impact of AI and how to close the gender pensions gap, and also a briefing about the lesser-known SCAPE rate!

### ➤ **Guiding us into a fitter future**

With the Fit for the Future reforms embedded within the Pension Schemes Act 2026, the government has now published statutory guidance to support implementation by LGPS funds in England and Wales. Please click on the links to read summaries of the three areas covered – [pooling](#), the [Investment Strategy Statement](#) and [fund governance](#).

### ➤ **Spotlight on valuations:**

#### **Public sector 2024 valuations**

The Government Actuary's Department (GAD) has completed its 2024 valuations of the [Teacher's](#)

[Pension Scheme \(E&W\)](#), the [Civil Service Pension Scheme](#) and the [NHS Pension Scheme \(E&W\)](#). The cost of each scheme has reduced with employer contributions now set at 17.6%, 22.1% and 15.5% of pay respectively. As part of these valuations, GAD also reviews the cost of the scheme under the cost control mechanism. In each case, the mechanism has not led to a breach and therefore no scheme changes are required. The [last LGPS \(E&W\) cost control check](#) was carried out at 31 March 2020, with the results of the next check at 2024 expected soon.

## 2026 Scottish valuations update

It's summertime in Scotland, and while the rain keeps pouring and the tartan army make their way home from America, the good news is that Scottish valuations are gathering momentum. Over the summer Scottish funds are continuing to build on these strong preparations with a review of assumptions, funding strategy and employer engagement plans to ensure they are in the best possible shape ahead of the first data submissions.

### ➤ No escape from the SCAPE rate!

On 19 May 2026, HM Treasury announced a change in the SCAPE discount rate to CPI + 2.0% pa (an increase from CPI + 1.7% pa). Whilst the SCAPE rate is primarily used to carry out the valuations of unfunded public service pension schemes – see article above - it also affects the administration factors used by LGPS funds. The SCAPE rate also feeds into the LGPS cost control mechanisms. Read our [60 second summary](#) for further details about the impact of this change.

### ➤ LGR and LGPS: What could devolution mean for the future?

It won't have escaped your notice that the PM has resigned. There is (at time of writing) just one candidate in the running to replace him. On 29 June Andy Burnham outlined the approach he would take to running the country. Nothing was said about pensions, but LGR took centre stage with a strong emphasis on a transfer of power to the regions and away from Westminster. There's plenty for the market to ponder and we've done just that - you can read our blog [here](#).

### ➤ Spotlight on investments:

#### 1. AI – three areas to focus on

The march of AI is daily news, with its potential to do good frequently weighed against concerns about the future. For asset owners, there are three contexts in which AI is relevant. The first is investment decision-making, the second is responsible investing and the last is longevity. Our [latest thought piece](#) explores each of these angles.

## 2. Capital markets update

Global markets fared well in the second quarter, buoyed by strong earnings growth, particularly among major technology companies. The FTSE All World Index rose 15.2%, and credit spreads tightened too. Our latest [update](#) reviews the big themes driving markets over Q2 and sets out our views for each asset class.

## 3. SpaceX: to infinity and beyond control

Our latest [Sustainability Snippets](#) delves into SpaceX's IPO. Listed on the Nasdaq stock exchange with a dual-class share structure, there are two headlines for investors: shareholder influence is limited, and it'll be entering the benchmark for some passive funds. We also explore The Pension Regulator's AI guidance (also covered on page 3 below) and consider 'social risk'.

### ➤ Academy accounting


To help LGPS academies better prepare for their 31 August 2026 accounts, our accounting experts hosted a webinar on 8 July. The session discussed movements in FRS102 positions from 2025 to 2026, with a particular focus on the impact of the 2025 funding valuation. Academies can listen to the webinar recording [here](#).

### ➤ Addressing the gap

Closing the gender pensions gap in the LGPS requires action well before retirement with actions such as improving engagement and increasing financial confidence being critical. Our [blog](#) recommends reframing pensions within wider financial wellbeing, using data to identify at-risk groups, targeting key life events, tailoring communications by life stage and getting employers on board to help with communication. The result? Practical, personalised support to help improve decisions and reduce long-term inequality.

### ➤ Learning from the wider pensions market

With the LGPS about to implement the 'good governance' proposals, two of our colleagues (who respectively advise public and private sector schemes) discussed insights from changes in the past 10 years in the private sector market. Their



[discussion](#) at our April conference covered conflicts of interest, knowledge and understanding and the inclusion of an independent person in a pension decision making group. All providing food for thought to LGPS funds enacting these changes at a local level.

### ➤ **New Vita mortality tables**

Club Vita's latest mortality tables have been released. The 2026 version of [VitaCurves](#) (otherwise known as CV26) is based on the longevity experience of pensioners in the UK between 2022 and 2024. For most LGPS funds, liabilities are expected to remain broadly unchanged when moving from CV25 to CV26 (after adjusting for COVID-19), although the exact impact will vary depending on the profile and mix of members within each fund.

### ➤ **Regulating AI**

The Pensions Regulator's new AI Plan sets a clear, pragmatic direction for responsible AI adoption across pensions. In his latest [blog](#), our Head of LGPS Digital considers what the plan means for funds and how they can move forward confidently while keeping accountability, transparency and member outcomes at the heart of their innovation. Look out for further blogs as we explore the benefits, or otherwise, of the AI revolution!

### ➤ **Events, webinars & training**

#### **Our LGPS conference, 3 June**

Last month, we welcomed LGPS officers from across the UK to Edinburgh for our annual conference. Explore the key insights from the day,

including funding, investment, stakeholder engagement, pensions policy, administration, the gender pensions gap and artificial intelligence (AI), in our [highlights publication](#) and [video](#).

#### **Our Pensions & Retirement Conference, 28 April**

We brought together professionals from across the private and public sector pensions market to explore the challenges and opportunities facing the sector. We heard diverse perspectives and practical insights; all linked to our theme of creating a legacy. You can view the key takeaways in our [Highlights](#).

#### **Pensions UK LA Conference, 15 – 17 June**

With the World Cup briefly relegated to the subs bench, Team LGPS gathered at Wyboston Lakes for a high-tempo exchange of ideas and challenges, with big tackles on governance, strategic play on investments, and a few VAR-worthy debates. Read more in our [Highlights](#) from the event.

#### **2026 UK Pensions Awards**

We're proud to share that we won four awards at the [Professional Pensions](#) UK Pensions Awards: Actuarial/Pensions Consultancy of the Year; DC Consultancy of the Year; Investment Consultancy of the Year; and Diversity and Inclusion Excellence Award. Winning across consultancy, investment and inclusion is something we're incredibly proud of and reflects the breadth of our work and the impact we're delivering for clients and members across the industry. A huge thank you to everyone involved in making this happen.

## In brief...

### Inflation figures

The latest [ONS release](#) recorded annual headline CPI for the year to May 2026 at 2.8%, unchanged since the prior month. Transport made the largest upward contribution whilst food and non-alcoholic beverages were the largest downward contributors.

### Overview of Parliamentary Q&A's:

- [LGR](#) – a question about the role of combined authorities in LGPS administration, where a fund is administered by a county council that is being abolished. The government's reply mentioned that the new administering authority will usually be one of the new unitary authorities, or it may be a new Single Purpose Pension Authority, with the decision made locally.
- [Exit payments](#) – a question about local authority expenditure on pension strains during 2024/25. The government stated that the data, based on returns submitted by local authorities in England, is available within its annual release [here](#).
- [LGPS access for elected members](#) – a question about the cost of providing access, split across the four categories. The government's reply mentioned that the estimated annual cost is £40 to £45m. No split is available.
- [LGPS contribution rates for elected members](#) – the government's reply said that employee rates are set in the same way as all other employees, based on a sliding scale that depends on pay. Employer rates are set locally through the triennial valuation process.
- [Fossil fuel investments](#) – the government stated that the DWP is developing guidance to clarify fiduciary duties and to consider systemic risks, including climate change, and will consult later this summer.

### "Access and Fairness" regulations

Various [corrections](#) have been made to the enabling Local Government Pension Scheme (Miscellaneous Amendments) (Member Benefits) Regulations 2026, effective from 1 April 2026.

### Investing in the UK economy

A [report](#) from the House of Commons Business and Trade Committee. Chapter 4 covers investments by pension funds, including recommendations around the Mansion House initiatives and the investment pipeline for local authorities (paragraphs 82 – 86). Treasury incentives (paragraphs 103 & 104) are recommended to stimulate pension fund investment in UK assets.

### Pensions Commission

An evidence pack has been [published](#) to support the conclusions in the Pensions Commission's recent interim report.

### CETV factors

The Government Actuary's Department (GAD) has [released](#) new Cash Equivalent Transfer Value (CETV) factors, covering the LGPS and other public service schemes, via its Hub. The associated HM Treasury guidance note is [here](#). The new factors reflect the recent change to the SCAPE discount rate (see article on page 2 above for more detail).

### Pension dashboards:

- Updated LGPS guides – the LGA has published versions 2.0 of its 'Before and After' Connection Guide and its AVCs and Pensions Dashboards Guide. Both guides are available [here](#) (for England and Wales) and [here](#) (for Scotland).
- [Reporting standards](#) – following a consultation, the PDP has concluded that it should proceed with its proposals but postpone the implementation deadline for automatic daily reporting until 1 March 2027 (with manual reporting by some organisations in the interim period, beginning in the autumn).

- [Lessons learned](#) – a PDP evaluation of practical experiences of the process of connecting to the dashboards system. Whilst initial stages tended to go well, the time and effort required for connections was, generally, significantly underestimated.

#### **Updates from the Scheme Advisory Board (England and Wales):**

- [Statement on Fit for the Future guidance](#) – a joint statement from the Board and LGA following the release of the statutory guidance.
- [Peer Support training](#) - a note about the first session in the programme that was held during May.

#### **Sustainable collaboration**

It's been [announced](#) that the Investment Consultants Sustainability Working Group (ICSWG) and the Trustee Sustainability Working Group (TSWG) have committed to closer collaboration to accelerate progress on sustainability across the UK pensions and investment ecosystem.

#### **LGPS toolkit for members**

The LGA has [launched](#) a new set of resources that are designed to help employers promote the value of the LGPS to members and prospective members.

#### **Addressing the 'net-pay anomaly'**

HM Treasury has laid [Regulations](#) that are designed to resolve the 'net-pay anomaly'. The accompanying Explanatory Notes say that the new legislation will address remaining disparities between the tax relief afforded via relief at source and that given under net pay arrangements.

#### **Pension Schemes Act 2026**

The Pension Regulator has created a [webpage](#), to help raise awareness of the Act's provisions. It plans to keep it up to date with developments (e.g. secondary legislation) as implementation progresses. There's a section covering the LGPS Fit for the Future reforms near the foot of the page.

#### **Consumer Duty**

The Financial Conduct Authority (FCA) has [proposed](#) changes to clarify the application of its Consumer Duty and remove some businesses from its ambit. Amongst the proposals are changes to its guidance on how the Duty applies to unregulated activities. The consultation closes on 18 September 2026.

#### **Lifetime Allowance**

HM Treasury has laid new [Regulations](#) making further changes to the tax rules connected with the abolition of the lifetime allowance.

#### **Pension benefits for the terminally ill**

The Treasury spokesperson in the House of Lords [said](#) that the government is to review rules on access to pension scheme benefits for the terminally ill.

# Article links

## Guiding us into a fitter future

<https://www.hymans.co.uk/media/4w2dhpc4/policy-briefing-note-asset-pooling.pdf>

<https://www.hymans.co.uk/media/lbjbf1dz/policy-briefing-note-iss.pdf>

<https://www.hymans.co.uk/media/kosfnksg/policy-briefing-note-fund-governance.pdf>

## Spotlight on valuations

<https://www.gov.uk/government/publications/2024-valuation-teachers-pension-scheme-england-and-wales>

<https://www.gov.uk/government/publications/2024-valuation-civil-service-pension-scheme>

<https://www.gov.uk/government/publications/2024-valuation-nhs-pension-scheme-england-and-wales>

[https://assets.publishing.service.gov.uk/media/660fe1989f92ac001a516d45/LGPS\\_England\\_and\\_Wales\\_2020\\_Valuation\\_Valuation\\_Report.pdf](https://assets.publishing.service.gov.uk/media/660fe1989f92ac001a516d45/LGPS_England_and_Wales_2020_Valuation_Valuation_Report.pdf)

## No escape from the SCAPE rate!

<https://www.hymans.co.uk/media/rbyebbqu/260708-60-second-summary-impact-of-the-change-in-scape-rate-on-the-lgps.pdf>

## LGR and LGPS: What could devolution mean for the future?

<https://www.hymans.co.uk/insights/devolution-july-2026>

## Spotlight on investments

<https://cms.hymans.co.uk/media/ik5pq3s/artificial-intelligence-real-risks.pdf>

[https://cms.hymans.co.uk/media/mknp1dv2/260807\\_inv\\_cmu\\_july2026.pdf](https://cms.hymans.co.uk/media/mknp1dv2/260807_inv_cmu_july2026.pdf)

<https://www.hymans.co.uk/insights/sustainability-snippets-may>

## Academy accounting

<https://event.on24.com/wcc/r/5393343/71715326607383369FBCF58209CD9B53>

## Addressing the gap

<https://www.hymans.co.uk/insights/the-gender-pensions-gap-in-the-lgps-start-earlier-engage-better>

## Learning from the wider pensions market

<https://www.hymans.co.uk/insights/what-the-lgps-can-learn-from-the-wider-pensions-market>

## New Vita mortality tables

<https://www.clubvita.net/glossary/vitacurves>

## Regulating AI

<https://www.hymans.co.uk/insights/part-1-the-pensions-regulator-s-ai-plan-responsible-innovation>

## Events, webinars & training

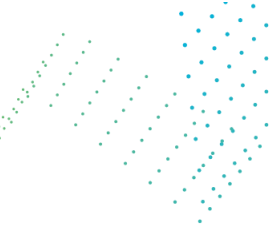
[https://www.hymans.co.uk/media/prdnqstu/2026-lgps-conference\\_highlights.pdf](https://www.hymans.co.uk/media/prdnqstu/2026-lgps-conference_highlights.pdf)

<https://www.hymans.co.uk/insights/conference-highlights-lgps-conference-2026>

<https://www.hymans.co.uk/media/czij4htm/pensions-and-retirement-conference-2026-conference-highlights.pdf>

<https://www.hymans.co.uk/media/pjcgkbgj/260619-pensions-uk-local-authority-conference-2026-conference-highlights-1.pdf>

<https://uk.linkedin.com/showcase/professional-pensions/>



## In brief

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<https://questions-statements.parliament.uk/written-questions/detail/2026-06-15/9577>

<https://questions-statements.parliament.uk/written-questions/detail/2026-06-02/5961>

<https://questions-statements.parliament.uk/written-questions/detail/2026-06-11/9192>

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[https://www.legislation.gov.uk/ukxi/2026/226/pdfs/uksics\\_20260226\\_en\\_001.pdf](https://www.legislation.gov.uk/ukxi/2026/226/pdfs/uksics_20260226_en_001.pdf)

<https://committees.parliament.uk/publications/53440/documents/298825/default/>

<https://assets.publishing.service.gov.uk/media/6a2bd5f61f6fa5c3377e5e51/second-pensions-commission-report-evidence-pack.pdf>

<https://www.gov.uk/government/news/public-service-pension-schemes-new-cetv-factors>

<https://www.gov.uk/government/publications/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes/basis-for-setting-the-discount-rates-for-calculating-cash-equivalent-transfer-values-payable-by-public-service-pension-schemes>

<https://www.lgpsregs.org/resources/guidesetc.php>

<https://www.scotlgpsregs.org/resources/guidesetc.php>

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

<https://www.pensionsdashboardsprogramme.org.uk/publications/blogs/evaluating-the-pensions-dashboards-connection-process-what-weve-learned>

<https://lgpsboard.org/update-item/further-board-statement-on-psc-letter-and-position-paper-3/>

<https://lgpsboard.org/lgps-peer-support-training/>

[https://e7a18d87-3bd6-4eca-8fcf-85395be1f363.filesusr.com/ugd/ba8aa0\\_4d660cc89fdb436a8ba391fb7a04e225.pdf](https://e7a18d87-3bd6-4eca-8fcf-85395be1f363.filesusr.com/ugd/ba8aa0_4d660cc89fdb436a8ba391fb7a04e225.pdf)

<https://lgpsregs.org/employer-resources/promotoolkit.php>

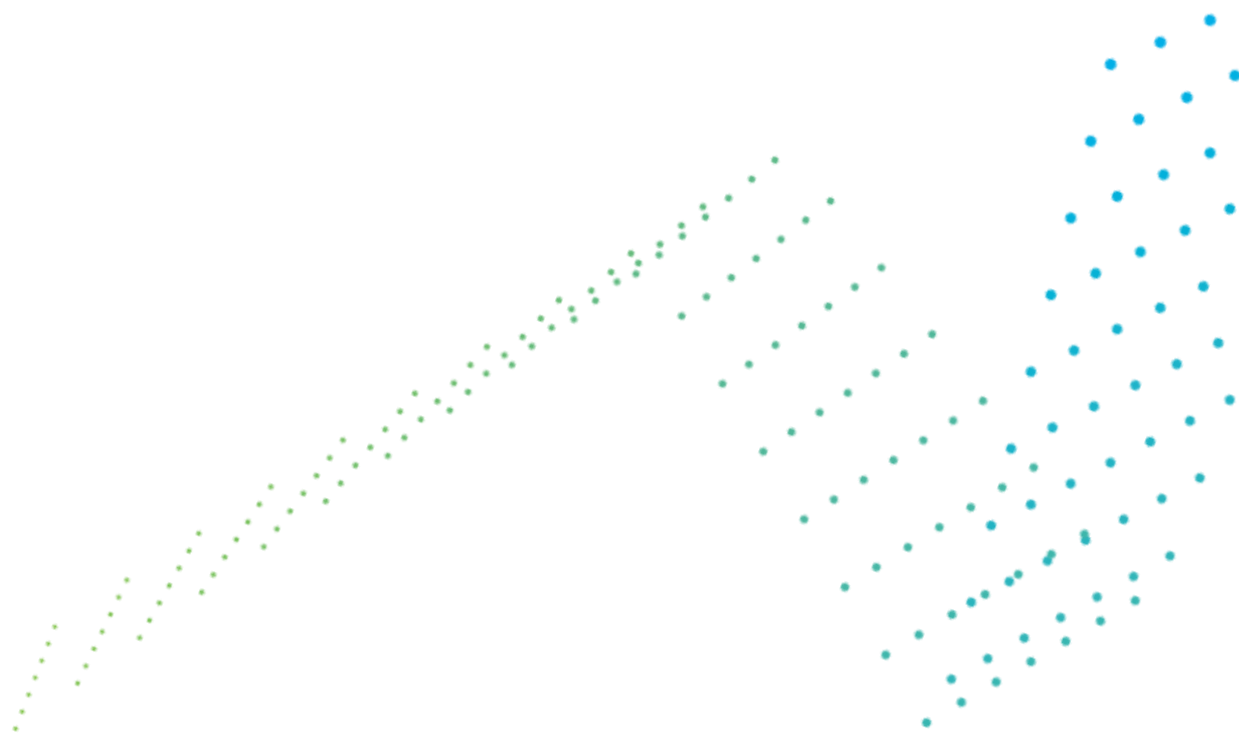
<https://www.legislation.gov.uk/ukxi/2026/671/made>

<https://www.thepensionsregulator.gov.uk/pension-schemes-act-2026>

<https://www.fca.org.uk/publication/consultation/cp26-23.pdf>

<https://www.legislation.gov.uk/ukxi/2026/698/part/1/made>

<https://hansard.parliament.uk/lords/2026-06-30/debates/B754D82C-B6E4-4704-8579-45DEDEF3F952/PensionAccessRulesImpactOnTerminallyIII>



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