

60-second summary

Reflections on the 2025 LGPS Funding Strategy Statement consultations



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Background

LGPS funds have concluded their consultations on the Funding Strategy Statements (FSSs) as part of the 2025 valuation. The FSS is the primary means by which a fund communicates funding strategy to employers, explaining how employer contribution rates have been determined for the period from 1 April 2026 to 31 March 2029.

The latest versions of the FSSs were prepared in line with [fresh guidance](#) issued in early 2025. A key element of this guidance was an expectation of enhanced consultation with employers, with a stronger emphasis on engagement, transparency and demonstrable consideration of employer feedback. Against this background, the 2025 consultation cycle provides a valuable opportunity to reflect on how funds have responded to these requirements, and on how employers have engaged with the process.

A step-change in the quality of consultation and engagement

Funds have taken a more proactive consultation approach at this valuation.

They increasingly used employer surveys to assess how effectively the FSS:

1. Communicates funding strategy,
2. Gathers employers' views on the time available to consider the document,
3. Explains how the link between funding strategy, valuation results and contribution rates was explained
4. Achieves readability and clarity of language.

Funds strengthened governance around the consultation, with more detailed reporting to pension committees and local pension boards. This included transparent summaries of employer feedback, issues raised during the consultation period, and disclosure of any changes made to the FSS following consultation.

This increased effort by funds has been reciprocated by employers. Employer response rates and the quality of feedback have improved relative to previous valuations, with over 75% of survey respondents agreeing that the FSS is clear and concise. While individual concerns remain in some cases, the evidence suggests that the revised guidance is achieving its objective of making funding strategy clearer and more accessible for employers.

Consultation used effectively by employers to enhance outcomes

Employers have used the consultation process to engage constructively on funding strategy, particularly in relation to affordability pressures. Representations have been made on how funding strategy might be refined to better reflect employer circumstances, especially where there are known short-term financial constraints.

Where employers engaged early and constructively during the consultation period, funds were able to respond positively, using the flexibilities within the funding strategy to make adjustments that better aligned contribution outcomes with affordability constraints. The consultation has, in most cases, functioned as intended: as a genuine dialogue between funds and employers, with tangible impacts on funding outcomes.

Positive outcomes for academies

In line with the guidance, LGPS funds shared draft FSS documents with the Department for Education (DfE). The DfE engaged actively, raising fund-specific issues and challenging assumptions where appropriate. Funds, in turn, responded constructively and promptly to these challenges.

Academies have also engaged effectively with funds. Some funds produced academy-specific funding policies and hosted academy meetings to explain the nuances of their funding approach. This allowed academies to engage directly with funds, helping to inform and refine funding strategy at the 2025 valuation.

Academy contribution rates are generally being reduced at the 2025 valuation. Positive and constructive engagement from academies has contributed to refinements in the rate-setting process that better balance short-term affordability with longer-term contribution stability. There is market commentary around coordinated challenges by academies, however collaborative engagement has already delivered sensible and sustainable outcomes.

Forward-looking summary and next steps

Despite the positive feedback, consultations have also highlighted areas where further progress can be made. Employers have raised suggestions relating to the format, readability and accessibility of FSS documents. These include clearer structuring and stronger links to related funding policy documents. These points underline that, while the overall direction of travel is positive, there remains scope to further refine how funding strategy is communicated to employers in future valuation cycles.

The FSS guidance notes that FSS documents may be reviewed more frequently going forward, potentially through a light-touch annual check. The first of these reviews is likely to take place in spring 2026. Such reviews may be triggered by changes in investment strategy, funding policy or other relevant developments since the valuation (for example, specific funding issues created as a result of providing [councillor access to the LGPS](#)).

For funds and employers alike, the key message from the 2025 experience is that **early, proactive and constructive engagement** works. Building on the lessons from this consultation cycle will be critical in sustaining confidence in funding strategy, supporting contribution stability, and ensuring that future valuations continue to balance affordability with long-term funding objectives.

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