

# Current issues in the LGPS

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The summer holidays don't mean a rest for national level changes which will likely affect LGPS funds. And there's no rest for those involved with the valuation or accounting exercises!

## Access and fairness consultation – our response

We have [published](#) our draft response ahead of the closure of MHCLG's 'Access and fairness' consultation on 7 August. This sets out our thoughts on the proposals and highlights some of the practical issues which we believe will need to be considered. As many of the amendments would require retrospective changes, we believe clear and practical implementation expectations would need to be set out by the government so that LGPS funds can deliver the changes in an efficient and effective way. Our prior Briefing Note, providing a detailed overview of the proposals, can be read [here](#).

## A tool to tackle English devolution

The deadlines for councils in the priority devolution areas to submit final proposals to the government will soon be here, with submissions due by 26 September. For those not in priority areas, it will soon be your turn, with submissions due by 28 November. To help funds navigate through this significant exercise, we're developing a Devolution Toolkit. As well as identifying all the activities you'll need to keep an eye on, it will help to structure workloads and pick out times when your fund's resources may become stretched. Our dedicated Project Manager team can help you through the changes, no matter what form devolution takes in your local area. Please speak to your usual Hymans contact for further details.

## Inheritance tax on pensions

In some rare welcome news for busy LGPS administrators, the government has [announced](#) a new approach to the inheritance tax (IHT) charge on death benefits that is due to take effect from 6 April 2027. It has decided to switch tack and make personal representatives (not scheme administrators) liable for reporting and paying any IHT due. Our [blog](#) provides an overview of the key changes that were contained in the announcement.

## LGPS benchmarking salary survey

We have recently launched our salary and benefits benchmarking survey. Our aim is to build a comprehensive and LGPS-specific data set to ensure that LGPS funds have the evidence and data they need when undertaking workforce planning. Alongside salaries for around 20 roles across the breadth of LGPS pensions teams, we will also be asking for information relating to other benefits offered (e.g. cycle to work scheme), training or additional qualifications and working from home policy. All funds who take part will receive a free summary report, detailing

salary benchmarks for a few of the roles. There will also be the opportunity to receive a more detailed report which covers all of the roles and additional information collected in the survey. The survey will remain open until the end of August. Funds can sign up now, by registering an interest [here](#).

### **Pensions adequacy: the Gender Pensions Gap in the LGPS**

Awareness and discussion of the Gender Pensions Gap (GPG) in the LGPS space has been picking up at pace. With the Access and Fairness Consultation being followed by the UK Government announcing a new Pensions Commission to improve future pension outcomes, GPG and pensions adequacy are now rightly receiving the attention they deserve. Our first [briefing note](#) in our Pensions Adequacy series explores the results from analysis we have carried out into the GPG for a number of LGPS funds.

### **Spotlight on Responsible Investment:**

#### **CTAP-ping into the desire for climate resilience**

The UK government is [consulting](#) on making 'Climate Transition Plans' mandatory for UK financial firms, including providers/asset managers and pension funds. The idea is to improve the availability of decision-useful information to help asset owners and companies decarbonise and improve climate resilience. There are no timescales outlined in this first consultation phase, but if you'd like to take action, you might consider developing your own climate transition action plan (CTAP) ahead of the regulatory requirement. Our recent [webinar](#) has some practical guidance. And of course, you can engage with asset managers on their climate risk plans.

#### **What does effective engagement look like?**

In a landscape where asset manager activity is changing, it's vital to ensure investors' expectations and long-term interests are met – and now is an important time to refocus those efforts. Investor resource is finite, so engagement should be focused to best fulfil responsibilities. We encourage investors to focus on building and implementing an effective stewardship framework. What does that framework look like? Some ideas are [here](#).

#### **Fuelling the debate on fossil fuels**

Investment in fossil-fuel companies is an issue that often attracts ire from activists, and funds are under pressure to respond. Many want to see capital withdrawn from fossil-fuel companies and redirected to more sustainable investments. To get a better handle on this issue, we recently undertook a project with an LGPS fund to explore the implications of creating exclusionary policies based on varying definitions of a fossil-fuel company. We started with different definitions of energy companies, including the type of reserves owned and exploited, and the nature of the underlying activity. The full case study is [here](#).

#### **Fiduciary duty and sustainability – what do you need to know?**

When it comes to making decisions relating to climate change, local investment and sustainability, the question of fiduciary duty often comes up. We know that funds should take account of financial factors, but to what extent do ESG considerations count as such? To start with, many issues that initially seem non-financial are, on closer examination, in fact financial. There's also an emerging view that pension schemes can (but are not required to) take account of issues such as member standards of living, broader best interests and the impacts of firms in which schemes invest. We explore this issue in more depth [here](#).

### **Spotlight on the actuarial valuations:**

#### **2025 valuations (England & Wales)**

It's all systems go for English & Welsh valuations with funds submitting data throughout July. We have our first cab off the rank with initial fund results being issued and we expect many more to follow in the coming weeks.

2025 promises to be an interesting valuation year and we will be discussing initial results, early insights and the big themes from our view across the LGPS in our upcoming webinar on 2<sup>nd</sup> September. Look out for the invites coming soon.

Consulting on the updated Funding Strategy Statement (FSS) is an important part of the valuation exercise. As well as communicating this to employers in the fund, the recent [LGPC bulletin](#) reminded funds to consider whether the Department for Education (DfE), as guarantor for Academies and Further Education bodies, should be included in the consultation exercise. The DfE has set up a specific email address for this purpose: [LGPS.WORKINGGROUP4@education.gov.uk](mailto:LGPS.WORKINGGROUP4@education.gov.uk).

### **2026 valuations (Scotland)**

It's now only 8 months until the Scottish 2026 valuations officially kick off and preparations are ramping up. As funds finalise year end processes, now is the perfect time to turn attention to the upcoming valuation to get all your ducks in a row. We will be working closely with our funds to cleanse data and put plans together for a successful valuation. Look out for more information coming soon or speak to your Hymans contact for further information on what to expect and when.

### **Accounting surpluses on the horizon**

Having just passed the 31 July FRS102 reporting date for colleges and universities, early indications suggest that net asset (surplus) positions will be even more common at 2025 than 2024. The biggest driver of this is the increase in the corporate bond yield, which is used to determine the discount rate for financial reporting. This higher discount rate means that obligations (liabilities) at this year-end will likely be lower than last year. However, the overall net position will depend on individual pension fund (and individual investment strategy) performance over the year. To speak to our accounting experts about dealing with net asset (surplus) positions, please reach out to [LGPSCentralAccountingTeam@hymans.co.uk](mailto:LGPSCentralAccountingTeam@hymans.co.uk).

### **And now for something completely different...Design Thinking**

In the next [blog](#) in his series about Design Thinking, our LGPS digital expert Chris shows how defining the right problem to solve is the most critical – but often most overlooked – step in the design process. Moving beyond empathy, he explores the 'Define' stage, and how we can turn user insights into clear, actionable problem statements that align teams, focus decisions, and prevent wasted effort.

### **Events, webinars & training**

#### **Reset Connect, London Climate Action Week 2025**

As London Climate Action Week got underway, we joined the [Reset Connect](#) conference, which brought together sustainability leaders, innovators and decision-makers to address climate change and drive impactful transformation. We have collated some of the [key highlights](#) we took from the day. Our Biodiversity Lead, André Ranchin, also contributed his views in two insightful talks on issues impacting the ocean and marine biodiversity.

### **In brief...**

#### **Inflation figures**

The latest [ONS release](#) recorded annual headline CPI for the year to June 2025 at 3.6%, slightly higher than the 3.4% recorded in the prior month. RPI for the same period was 4.4%.

### Code of transparency

The English & Welsh Scheme Advisory Board (SAB) is [consulting](#) LGPS funds and asset pools about proposed changes to its Code of [Cost] Transparency. The consultation period ends on 15 August 2025.

### Ombudsman determination

The Deputy Pension Ombudsman (DPO) has issued a further [determination](#) on a complaint about trustees' attempts to recoup mistaken overpayments from future instalments of pension, that may be of wider interest.

### Pension reform

Mansion House: the Chancellor didn't focus on pensions in this year's [speech](#), and made only passing references to previously announced initiatives (the Pension Schemes Bill and the creation of LGPS 'megafunds').

Pension Schemes Bill: the House of Commons Public Bill Committee has launched a [call for evidence](#) on the Bill. The Committee is meeting on 2 September to scrutinise the Bill and is due to report its findings by 23 October.

### Office for Budget Responsibility

Chapter 2 of the OBR's '*Fiscal risks and sustainability*' [report](#) covers UK pensions, including implications on the demand for gilts of the DB-to-DC trend.

### Pensions Dashboards

The PDP has [announced](#) that the State Pension has completed technical connection to the dashboards ecosystem. Meanwhile, PASA has updated its '*Data Matching Convention*' [guidance](#), to help administrators connect (or not) the information provided via pensions dashboards 'find requests' to member records.

### Employment Rights Bill

The Government has tabled some [amendments](#) to a clause in the Bill that aims to constrain the use of 'fire and re-hire' as a method of achieving contractual variations. After the amendments, automatic unfair dismissal would only apply to 'restricted variations', which would include 'a variation of any term or condition relating to pensions or pension schemes'.

### Targeted Support Regime

The FCA has published [proposals](#) for 'targeted support', which would sit somewhere between (unregulated) guidance and (regulated) advice, and allow advisory firms to tell customers that a particular solution or product has been designed to meet the needs of those in similar circumstances. It's accompanied by a Treasury [policy note](#) and a draft version of the required [statutory instrument](#).

### Finance Bill 2025/26

Draft clauses for next year's Finance Bill have been [published](#). They only cover already-announced policy changes so there's still an opportunity for the Chancellor to add further content before 6 April.

### The Pensions Regulator

TPR has published its Annual Report and Accounts for 2024/25, and an [update](#) on its current three-year corporate plan. Focal points this year include good governance, productive investment, and making best use of technology. It has also published a [blog](#) about the need for high quality data.

**State Pension age**

The Government has [launched](#) its third review of the SPA. The review will consider evidence from two sources: an independent report covering specified factors and a report by GAD on the latest life expectancy projections. Click [here](#) and [here](#) to see the respective terms of reference for the reports. Any changes to the SPA following the review will affect the cost of CARE benefits in the LGPS.

## Appendix

### LGPS Access & fairness

<https://www.hymans.co.uk/media/hgbfomqo/access-and-fairness-consultation-response-formatted.pdf>

<https://www.hymans.co.uk/insights/lgps-england-wales-consultation-access-and-fairness> Fairness | Hymans Robertson

### Inheritance tax on pensions

<https://www.gov.uk/government/consultations/inheritance-tax-on-pensions-liability-reporting-and-payment/outcome/inheritance-tax-on-pensions-liability-reporting-and-payment-summary-of-responses#conclusion-and-next-steps>

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### LGPS benchmarking salary survey

<https://web.hymans.co.uk/P.aspx?accountKey=atwSVXDcwWkWEka4P6Rymr&PageId=679597e9585ef011bec2002248c68e0b>

### Pensions adequacy: the Gender Pensions Gap in the LGPS

<https://www.hymans.co.uk/media/h5vcnsrg/pensions-adequacy-in-the-lgps-briefing-note.pdf>

### Spotlight on Responsible Investment

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<https://www.hymans.co.uk/insights/net-zero-in-lgps-articulating-ambition-and-navigating-the-journey>

<https://www.hymans.co.uk/media/qh5lkwre/hymans-lgps-fund-investment-case-study.pdf> investment-case-study.pdf

<https://hymans.co/investmentperspectivesjuly2025/fiduciarydutyinachangingclimate/>

### Spotlight on the actuarial valuations

<https://lgpslibrary.org/assets/bulletins/2025/266.pdf>

### Design Thinking

<https://www.hymans.co.uk/insights/design-thinking-for-the-lgps-stage-two-define-the-problem>

### Events, webinars & training

<https://www.reset-connect.com/>

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### In brief...

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