

# Current issues in the LGPS

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Get in touch



Welcome to the festive edition of Current issues in the LGPS — 10 December 2025

Another exceptionally busy LGPS year is almost over. We won't be producing a January edition of Current Issues but, instead, please look out for our 2026 LGPS priorities. We hope you have a great Christmas and Hogmanay and enjoy the downtime!

### > Festive LGPS crossword

Relax, grab a hot drink, pretend it's snowing outside and see if you can complete our [short crossword](#) in under 5 minutes. And in the unlikely event that you can't guess the answers, they're tucked away at the end of the 'In brief' section below. Good luck!

### > Spotlight on legislation & consultations

#### 1. Pension Schemes Bill

The [Bill](#) has successfully passed its report stage and third reading in the House of Commons. It has now moved to the House of Lords for consideration where the first reading took place on 5 December. The

second reading and general debate is scheduled on 18 December. If the Lords agree, the Bill can receive Royal Assent and become law. However, if there are disagreements or alternative proposals, it may 'ping-pong' between the Houses until an agreement is reached. Once agreement has been reached, the Bill receives Royal Assent, becoming law when both Houses have been notified that Royal Assent has been granted.

#### 2. Fit for the future – technical consultation

On 20 November, MHCLG published a technical consultation concerning two draft statutory instruments relating to Fit for the Future reforms for



the LGPS in England and Wales. These draft regulations very much confirm what was expected following the original Fit for the Future consultation in November 2024. In this [briefing note](#), we provide an overview of this latest consultation and break down the draft regulations. We expect to issue our draft response early in the w/c 15 December. The closing date for consultation responses is 2 January.

### 3. Fit for the Future - draft statutory guidance

At MHCLG's request, on 8 December 2025 the Board Secretariat distributed the accompanying draft statutory guidance to administering authorities in England and Wales only. The Board [commented](#) that "the guidance will have substantial operational and governance implications for administering authorities and the Board would have preferred a public consultation and did recommend to MHCLG that it take this course of action". They understand that the guidance will not be published or shared more widely but the Board's expectation is that the guidance will in practice need to be shared by funds with their advisers. As such, we are currently preparing our thoughts to support funds with their response. We expect to issue this early w/c 15 December. MHCLG's deadline for comments is 12 January.

### 4. Reorganise this!

Turning to the ongoing discussion of devolution and Local Government Reorganisation (LGR), we've seen consultations on the number and location of new unitary authorities in the priority areas. For many, the tone of the consultations may have come as a surprise – with each containing multiple proposals for comment. The final proposals from the remaining affected areas were due to be submitted on 28 November. For our latest thoughts on LGR, and comments about what officers are thinking about across England, check out our latest [blog](#).

### 5. LGPS (England and Wales) scheme improvements consultation

Later this month, the government's [access and protections consultation](#) closes. It's a topic that's elicited much debate in the LGPS – particularly the complex Fair Deal proposals. You can find our reflections on that topic in our [briefing note](#), including two potential alternative approaches to the proposed

'deemed employer' route. We'll be circulating our consultation response before the deadline of 22 December – just in time for Christmas.

### 6. LGPS (Scotland) benefits consultation

SPPA's recent [consultation](#) closed on 25 November, prior to which we submitted our [response](#). Earlier in the consultation period we had circulated a [briefing note](#) describing the proposals in detail and setting out some of the key things for funds to think about on the changes.

#### ➤ Autumn Budget 2025

The main pensions talking point from the Chancellor's Budget on 26 November was around salary-sacrifice arrangements. From 6 April 2029, any employee pension contributions above an annual amount of £2,000 will no longer be exempt from National Insurance Contributions (NICs). This may affect LGPS members who pay AVCs. The government is also planning to amend Stamp Duty Land Tax (SDLT) rules, so property transferred within LGPS funds are subject to SDLT relief. This will be legislated in the Finance Bill 2026/27. Our [60-second summary](#) covers all of the key pensions news (including policy around the application of inheritance tax).

#### ➤ English and Welsh 2025 valuations

A big thank you to the circa 70 LGPS officers who joined our client-only webinar on 4 December to discuss stakeholder engagement. The session was Chatham House only and was not recorded. However, we plan to follow up shortly with a communication that shares some of the analysis, such as peer comparisons, and insights from the polls that were run throughout the webinar.

#### ➤ Liquidity management

LGPS funds must now manage cashflows more carefully, with economic and demographic factors leading to many funds having negative cashflows. The reduced contribution rates arising from the 2025 actuarial valuations will intensify this challenge, especially as LGPS pensions are expected to rise by 3.8% in 2026. It's crucial for funds to take steps to ensure they that they have the cash available to meet future pension payments as they fall due. Our



[60-second summary](#) explores the key drivers and practical solutions that can be taken.

### ➤ **New Year, New Accounting**

As we approach the New Year, the last LGPS employers of 2025, with a financial year-end at 31 December, will hear soon from their LGPS contact about the options available for their FRS102 accounting. To help prepare for this, December employers are encouraged to re-watch our recent [accounting webinar](#), covering key topics for understanding pension disclosures – in particular, how to allow for asset ceilings. For any questions, please reach out to our accounting specialists at [LGPSCentralAccountingTeam@hymans.co.uk](mailto:LGPSCentralAccountingTeam@hymans.co.uk)

### ➤ **Design Thinking in practice: testing**

In the final [blog](#) in his series, our digital guru Chris Varley considers testing and how this can be applied within the LGPS. Traditionally, testing is seen as the final hurdle to be overcome prior to “going live”. But it’s worth considering its role more broadly - as an ongoing opportunity to learn, adapt, and improve solutions based on feedback. He concludes that early and honest feedback ultimately drives better outcomes.

### ➤ **Spotlight on Responsible Investment**

#### **1. Are nature markets just smoke and mirrors?**

Our biodiversity lead, André Ranchin, tackles this question in the latest edition of [The Actuary](#) magazine. He highlights the importance of recognising our impact and dependencies on nature in financial terms. Traditionally, environmental protection has relied on government funding and philanthropy. However, treating nature as an asset class (when managed carefully) can create a sustainable financial model, encourage environmental protection and lead to a healthier planet.

#### **2. COP 30: The heat is on for climate action**

Ten years on from the 2015 Paris agreement, COP30 was held in Belem, Brazil – a symbolic event at the gateway to the Amazon rainforest. Amid record global temperatures and growing climate risks, expectations were high. Progress was made in some areas, including agreement on tripling climate

adaptation finance by 2035 and the Tropical Forests Forever launch. However, COP30 fell short on implementation, with no formal agreement on phasing out fossil fuels or meeting the 2030 deforestation pledge. For asset owners, this reinforces the need for [Climate Transition Action Plans](#), to address climate and nature issues in an action-oriented way.

### **3. TCFD consultation**

The DWP launched a [review](#) of the Taskforce on Climate-related Financial Disclosure (TCFD) [framework](#) to understand whether the regulations are working effectively for pension schemes. TCFD regulations do not yet apply to the LGPS. We’ve submitted a response to the consultation’s survey, highlighting some of the challenges with TCFD. In summary, our view is that TCFD reporting helps schemes tackle climate issues but there is scope for streamlining and refining the framework. Climate Transition Action Plans – see prior article above - can also complement TCFD, helping schemes to take actions that align with driving real-world change.

### **Dashboards - making use of valuation data checks**

With all the change affecting the LGPS it would be easy to lose sight of Pension Dashboards coming over the hill. For funds in England and Wales (and Scotland next year), the outputs from the triennial valuation process can help officers to direct and prioritise work in readiness for the public to search for lost or forgotten pension pots. Our [blog](#) explains more.

### **LOLA 3.0 - future proofing your training**

With changes in legislation comes changes in training needs. We’ve listened to your feedback, carried out horizon scanning and delved ever deeper into the world of best practice. From this, the latest evolution of the LGPS Online Learning Academy is emerging. We are committed to providing the best possible training services to the LGPS and are looking forward to releasing the latest version in the new financial year. For more information about what we’ve been up to, check out our [blog](#).



### Capital Markets update

Global growth has proven resilient, despite rising US tariffs and uncertainty. We've seen high global equity valuations, largely driven by the tech-heavy US market. While strong tech earnings justify some premium, valuations assume sustained growth and leave the US exposed to AI disappointment. Even with a lasting premium, the US appears fully valued – supporting the case for regional diversification beyond that provided by US-dominated, global market-cap-weighted indices. Click [here](#) to read more from our Q3 review.

### Events, webinars & training

#### SW Councils Pension Managers' Conference

The LGPS descended on sunny Torquay in November for the annual Pensions Managers' Conference, organised by South West Councils. The

agenda focussed on some of the many and varied issues affecting pensions managers and administrators, including a look ahead to how funds can enhance their customer service through use of AI. Our [conference highlights](#) rounds up the key sessions from the event.

#### Access and protections in the LGPS: understanding the proposals

Recently, we hosted a webinar where our experts explored the recent access and protections government consultation (see earlier article above). During the session, they gave an overview of the key proposals, provided initial thoughts on what this means in practice and offered practical guidance on how to engage with the consultation. You can catch-up on this session [on-demand](#).

## In brief...

#### Investment adviser objectives

The time is nigh for investment advisers to undertake their annual performance reviews and compliance reporting. LGPS officers need to submit compliance statements to the CMA by 7 January 2026.

#### Inflation figures

The latest [ONS release](#) recorded annual headline CPI for the year to October 2025 at 3.6%, which is 0.2% lower than the prior month.

#### State Pension age (SPA)

The House of Commons Works and Pensions Committee has published [terms of reference](#) for an inquiry on the forthcoming increase in SPA to 67, and the implications for poverty levels. Responses should be submitted by 19 December 2025.

#### Police and crime commissioners (PCCs)

The government has [announced](#) that it intends to abolish PCCs in England and Wales by 2028, with their roles moving to an elected mayor or to council leaders.

#### Data quality

The Pensions Regulator (TPR) has issued updated [guidance](#) on data quality. Following this, PASA issued its own [report](#), alongside a template for Data Improvement Plans (which can be found [here](#)).

#### Parliamentary Q&A's

There continues to be a steady flow of questions and answers about the LGPS in Parliament. We've paraphrased some of the responses below from MHCLG:

- [Access and protections consultation](#) – there are no plans to publish the calculations provided by the Government Actuary's Department on the consultation's proposals. The policy is still being developed and is subject to public consultation.
- [Access to LGPS](#) - allowing mayors and councillors in England to have access to the LGPS is projected to increase employer contributions by an estimated £40-45 million per year.
- [Employer investment strategies](#) - relevant legislation, regulations and guidance does not



preclude a LGPS fund from setting different investment strategies for different employers.

### Salary sacrifice and pensions tax

- [Briefing paper](#) – an update from the House of Commons Library, following changes to taxes for pension contributions made under salary sacrifice arrangements (following the Autumn Budget).
- [National Insurance Contributions \(Employer Pensions Contributions\) Bill](#) – the legislation that will bring in the changes to salary sacrifice announced in the Budget.

### Pension scams

TPR has published a [blog](#) about its *Pledge to Combat Pension Scams* campaign.

### Data (Use and Access) Act 2025

The PASA has [published](#) a paper. It provides a practical breakdown of the above Act and accompanying Information Commissioner's Office (ICO) materials, highlighting the most relevant implications for schemes.

### Investing in growth assets

The Pensions Regulator has [begun](#) investigating approaches and barriers to investing in growth assets. It plans to publish a market-oversight report next year, to share its findings.

### UK investment culture

The Financial Conduct Authority (FCA) has [launched](#) 'a landmark package to boost UK investment culture'. It includes a [consultation paper](#) on plans to enable firms to advise more professional clients without meeting retail-protection requirements.

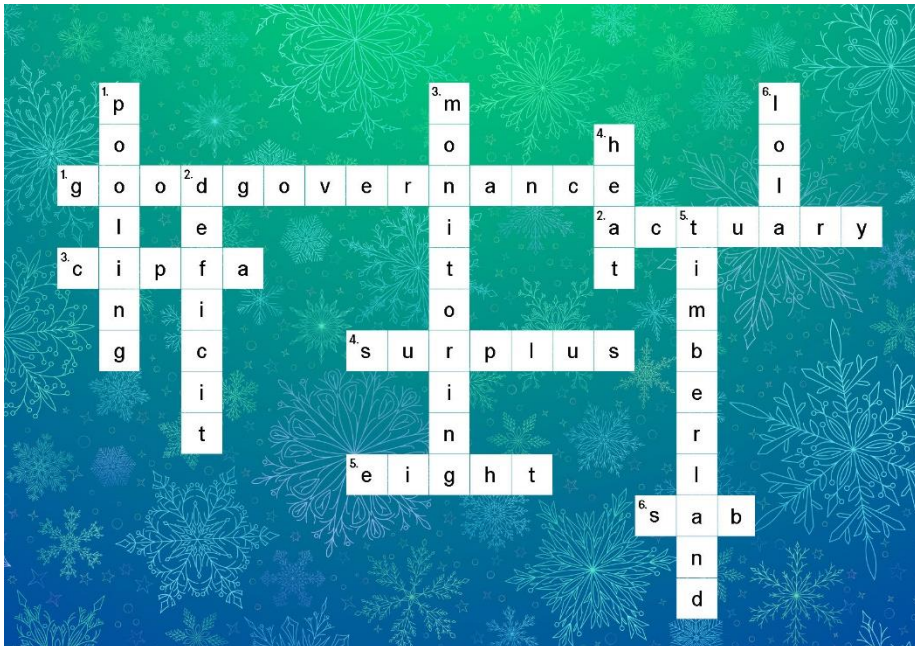
### Digital transformation

A [blog](#) from TPR about its drive to transform how the pensions industry uses data and digital technology to deliver improved outcomes for savers.

### Administration guidance

More from the TPR, with the publication of [revised guidance](#) on the steps that scheme governing bodies can take to meet the expectations set out in the administration module of the General Code of Practice.

## Crossword answers



**Across**

- \* 1. The set of principles that keep the sleigh on track and the scheme compliant (4, 10)
- \* 2. Santa's maths wizard who calculates if the sleigh can carry all the gifts (7)
- \* 3. Santa's favourite accountants – they check the naughty and nice lists for public finance (5)
- \* 4. When you make too much turkey for dinner, you end up with a.... (7)
- \* 5. A countdown of maids-a-milking, and the number of current LGPS pools in England and Wales (5)
- \* 6. The Board that checks your list twice... for governance compliance (3)

**Down**

- 1. Like elves sharing toys, funds sharing assets for efficiency (7)
- \* 2. The hole in the stocking no-one wants to find (7)
- \* 3. What Santa does all year round, and we do quarterly for your portfolio (10)
- \* 4. A tool to track employer assets... but you won't find it in the North Pole (4)
- \* 5. The source of your Christmas tree – and a 'solid' investment (10)
- \* 6. A name that's never on the naughty list, and your go-to training platform (4)

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# Appendix

## Spotlight on legislation & consultations

<https://bills.parliament.uk/bills/3982>

<https://www.hymans.co.uk/media/t21psgem/lgps-england-and-wales-fit-for-the-future-technical-consultation-1.pdf>

<https://www.gov.uk/government/consultations/local-government-pension-scheme-in-england-and-wales-fit-for-the-future-technical-consultation>

<https://www.hymans.co.uk/media/t21psgem/lgps-england-and-wales-fit-for-the-future-technical-consultation-1.pdf>

<https://lgpsboard.org/index.php/welcome>

<https://www.hymans.co.uk/insights/lgps-and-local-government-reorganisation-is-it-getting-any-clearer>

<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://pensions.gov.scot/sites/default/files/2025-09/LGPS Amendment Regulations 2026 Consultation.pdf>

<https://www.hymans.co.uk/media/oacgwirk/hymans-robertson-lgps-scotland-benefits-consultation-response-final.pdf>

<https://www.hymans.co.uk/media/i5sjtp01/lgps-scotland-consultation-changes-to-lgps-scoland-regs-2018-briefing-note.pdf>

## Autumn Budget 2025

<https://cms.hymans.co.uk/media/fqpmv2n3/budget-2025-60ss.pdf>

## Liquidity management

<https://www.hymans.co.uk/media/wjspt0j/managing-cashflows-in-the-lgps-60ss.pdf>

## New Year, New Accounting

<https://www.hymans.co.uk/insights/202425-lgps-accounting-disclosures-understanding-your-results>

[LGPSCentralAccountingTeam@hymans.co.uk](mailto:LGPSCentralAccountingTeam@hymans.co.uk)

## Design Thinking in practice: testing

<https://www.hymans.co.uk/insights/design-thinking-for-the-lgps-stage-five-testing>

## Spotlight on Responsible Investment

<https://www.theactuary.com/2025/11/05/big-question-are-nature-markets-just-smoke-and-mirrors>

<https://www.hymans.co.uk/media/uploads/Achieving Net Zero ->

[Five steps to building a net zero strategy and Climate Transition Action Plan.pdf](#)

[https://forms.office.com/pages/responsepage.aspx?id=6fbxlIcQF0GsKIDN\\_ob4w0CUDrnns8RNvgy82qbZkuZURDFWVU9aRzdFM01HTVRJUihMWktMWjFEMy4u&route=shorturl](https://forms.office.com/pages/responsepage.aspx?id=6fbxlIcQF0GsKIDN_ob4w0CUDrnns8RNvgy82qbZkuZURDFWVU9aRzdFM01HTVRJUihMWktMWjFEMy4u&route=shorturl)

<https://www.fsb-tcfd.org/>

## Dashboards – making use of valuation data checks

<https://www.hymans.co.uk/insights/pension-dashboards-valuation-data-and-the-dashboard>

<https://www.hymans.co.uk/insights/lgps-online-learning-academy-future-proofing-your-training>

## LOLA 3.0 – future proofing your training

<https://www.hymans.co.uk/insights/lgps-online-learning-academy-future-proofing-your-training>



### Capital Markets update

<https://hymans.co/investmentperspectivesoctober2025/capitalmarketsupdate/>

### Events, webinars & training

<https://cms.hymans.co.uk/media/ftgfchks/conference-highlights-sw-councils-pension-managers-conference-2025-2.pdf>

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## In brief...

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<https://committees.parliament.uk/work/9436/transition-to-state-pension-age/news/210150/inquiry-launched-on-prepension-income-gap-support/>

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<https://www.pasa-uk.com/wp-content/uploads/2025/11/Data-WG-6-Data-Quality-Dimensions-VFinal.pdf>

<https://www.pasa-uk.com/guidance/data/>

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<https://questions-statements.parliament.uk/written-questions/detail/2025-11-10/88642>

<https://questions-statements.parliament.uk/written-questions/detail/2025-11-12/HL11876>

<https://commonslibrary.parliament.uk/research-briefings/sn00625/>

<https://bills.parliament.uk/bills/4046>

<https://blog.thepensionsregulator.gov.uk/2025/11/27/as-bbc-scam-safe-week-shines-a-spotlight-on-fraud-trustees-are-urged-to-step-up-and-make-the-pledge/>

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<https://www.thepensionsregulator.gov.uk/media-hub/press-releases/2025-press-releases/tpr-probes-barriers-to-investment-in-private-markets>

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<https://www.thepensionsregulator.gov.uk/document-library/scheme-management-detailed-guidance/administration-detailed-guidance/administration-guide-for-pension-schemes>