

# Current issues in the LGPS

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The talk of the LGPS town remains fixed on the Government's Pensions Investment Review. With an ominous silence on any news about the subject in the Autumn Budget, attention turns to the Chancellor's Mansion House speech on 14 November. Please join our webinar on 15 November to hear the initial reactions!

## Autumn Budget – impact on the LGPS

Despite the frenzied speculation, the Budget was relatively light on direct pension related matters. Many in the LGPS community were awaiting news from the Pension Investment Review with bated breath but ended up breathing a sigh of relief on Wednesday afternoon. It now appears we will need to wait for more details on the government's plans on pooling, consolidation and UK investment from the initial report (which we understand will be released this month, perhaps on the back of the Chancellor's Mansion House speech on 14 November). We've produced two LGPS-specific briefing notes on the Budget – [one](#) about bringing unused pension benefits and death grants into scope for inheritance tax purposes, and the [other](#) about the switch in the measure of public debt for the Government's fiscal targets, which now includes the LGPS.

## Webinar - Unpacking the Mansion House speech and Autumn Budget – what does it mean for LGPS?

After reading the briefing notes above, you'll be keen to join us on Friday 15 November to hear some immediate thoughts from the Chancellor's Mansion House speech and delve into the key LGPS takeaways from the Budget. Please register [here](#). If you're unable to join us live, [sign up anyway](#) and you'll be able to watch the webinar on-demand at a time convenient to you.

## Preparing for the 2025 valuation:

### Cashflow and liquidity management

On 16th October the ONS [announced](#) headline CPI inflation for the year to September 2024 as 1.7%, which is likely to apply to the Pension Increase Order for 2025. Following the post-pandemic high levels of inflation this is a return to levels closer to the Bank of England target. However, the inflationary outlook remains uncertain – with plausible outlooks ranging from lower levels of inflation driven by weak demand to a structurally higher inflationary outlook. With the potential for contribution reductions at the 2025 valuations in England and Wales, the cashflow position of your fund remains an area for attention.

### Webinar: Employer Engagement

On 9 October we held the second instalment of our 2025 valuation webinar series which was on all things employer engagement. A couple of our LGPS actuaries, Steven Scott and Tom Hoare, discussed the value of engaging with your employers early, key funding strategy considerations for different employer groups, and what the current economic environment means for employer risk. If you missed this event, you can catch it on demand [here](#).

### Webinar: Considering Climate & Longevity risks

A triennial valuation is essentially a big risk management exercise. Join us on Wednesday 27 November for the third instalment of our 2025 LGPS valuation webinar series. Laura McInroy will be joined by Greer Flanagan and Reece Notman for a discussion on climate and longevity risks in the context of LGPS funding valuations. During this session, we'll focus on the evolving landscape of climate & longevity risks, and how to factor these into your funding strategy. Please register [here](#). If you're unable to join us live, sign up anyway and watch the webinar on-demand at a later date.

### McCloud and Scottish annual benefit statements

In late October we issued [our response](#) to [SPPA's consultation](#) on McCloud regulations for the LGPS in Scotland. The consultation sought views on Scottish funds having the flexibility to not reflect McCloud in 2024/25 ABSs, if the required information is not available. In addition, SPPA proposed a number of small technical changes to align the LGPS Scotland underpin regulations with their equivalent in England and Wales. Our response supports the ability for Scottish funds to determine which of their members should not have underpin information reflected in their 2024/25 statements, similar to the flexibility that exists in England and Wales.

### Chaos theory and forecasting

In his latest [blog](#), our Head of Digital, Chris Varley, considers chaos theory and its relevance to financial forecasting. He explains some of the history e.g. how a discovery by Edward Lorenz led to what we now know as the 'butterfly effect', and how modern computing power allows us to model outcomes on a non-linear basis. This has led to a revolution in forecasting, in areas such as the weather and financial markets, and something that the funds we advise will be familiar with via asset liability modelling and our 'risk based' approach to valuations.

### Webinar: Longevity and the ageing process

In addition to providing pension funds with longevity analysis, [Club Vita](#) regularly host webinars to explore emerging trends in longevity risk. In the most recent episode of their popular "Risk of Longer" webinar series, the panellists explore the root causes of ageing and gero-therapeutic interventions, which aim to prevent age-



related decline and age-related diseases. If you missed the episode, you can catch up [here](#). Register for upcoming webinars on behavioural change and preventing dementia [here](#).

### **LGPS policies – increasing stakeholder engagement**

This month saw the launch of our suite of interactive governance and administration policies, which take a step away from the traditional Word style document in favour of a more interactive and engaging format. Four policies are currently available, covering Outsourcing, Employer Responsibilities, Academy Conversions and Communications. We plan to release two more - Administration Strategy and a Conflicts of Interest policy - over the remainder of this calendar year. If you haven't already, please see our [video](#) for some additional information. To find out more please contact Claire McDines ([claire.mcdines@hymans.co.uk](mailto:claire.mcdines@hymans.co.uk)), Calum Robertson ([calum.robertson@hymans.co.uk](mailto:calum.robertson@hymans.co.uk)), or your usual Hymans consultant.

### **Dashboards – one year out**

Halloween marked 365 days until the Pension Dashboard connection date for all LGPS funds. In this [briefing note](#), we highlight the key check points on the journey to connection and becoming 'dashboard ready'. We also provide a summary of links to available guidance from PASA, the LGA, TPR and others. If you need support for your own fund, please contact Sarah Scott ([sarah.scott@hymans.co.uk](mailto:sarah.scott@hymans.co.uk)) or Con Hargrave ([con.hargrave@hymans.co.uk](mailto:con.hargrave@hymans.co.uk)).

### **Capital markets update – Autumn 2024**

On the economy, ongoing disinflation paved the way for interest-rate cuts from the major central banks in the third quarter (Q3). These buoyed hopes of a soft economic landing, against a backdrop of slowing, but still solid, global growth. Our latest [update](#) covers this and other trends in the market for Q3 of 2024.

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

#### **Pensions Managers Conference, 19 – 20 November**

We are excited to be attending and speaking at the Pensions Managers Conference at Torquay. Andrew McKerns, Ian Colvin, Kate Dickson, Con Hargrave, Mike Burton and Laura Guest will be in attendance with Rob Bilton sitting on the *Ask the Actuaries Panel Discussion*

#### **Recent past events – LGC Scotland**

The annual LGC Investment Seminar Scotland took place in Edinburgh, on the 31 October - 1 November. It was an interesting and informative couple of days, which was well attended and included topics such as the LGPS state of play, future investment strategies and the moral dilemmas of a MAC ESG manager. We've summarised the key points from each session in our [conference highlights](#).

#### **Webinar on-demand: 2024 LGPS academy accounting disclosures - the results**

Watch the second webinar in our two-part series, where we focus on the 2024 LGPS academy accounting disclosures. With most disclosures now issued, our experts covered the key themes emerging from the August 2024 results, using a worked example, and common topics coming through from audits. This webinar is aimed at academies with responsibilities for finance, HR and operations, and is available on demand [here](#).

#### **McCloud officer training**

There is still time to register for our series of LGPS Officer training sessions on the McCloud Remedy, designed to help officers navigate recent regulatory guidance. Our next session on Complex Cases will take place on 14

November and will provide practical insights on topics such as death cases and survivor benefits, revisiting retirement cases and transfers. Register your interest [here](#).

### **Welcome to our new colleagues**

We are excited to introduce Con Hargrave and Michael Burton, who have joined our team of Governance, Administration and Project Management Consultants! We had a chat with Michael and Con about their experiences at Hymans so far, the challenges they've faced, and what they're most excited about. Check out the [video](#) on LinkedIn to see what they shared.

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

#### **Lifetime allowance**

HM Treasury has laid [draft Regulations](#) designed to fix the lifetime-allowance-abolition legislation.

#### **Briefing papers**

The House of Commons library has issued a glut of research papers covering [pensions tax](#), the [old State Pension](#), the [reform of pensions tax relief](#) and [inheriting pension rights](#).

#### **Net zero**

IFM investors, in collaboration with Australian and UK pension funds or pools (including Border to Coast, LGPS Central and the North East Scotland Pension Fund), has published a [report](#) about the policy action needed to mobilise pension capital in the drive towards net zero.

#### **McCloud guide**

LGA has published the second instalment of its McCloud technical guide for administrators (version 2), available on the guides and documents pages of [www.lgpsregs.org](http://www.lgpsregs.org) and [www.scotlgpsregs.org](http://www.scotlgpsregs.org).

#### **New Investment Minister**

The Government has appointed [Poppy Gustafsson](#) as the new Investment Minister at its 'scaled up' Office for Investment. She will be a joint minister across the Department for Business and Trade, and the Treasury.

#### **National Wealth Fund**

The Government [announced](#) its formal launch, effectively re-labelling and extending the remit of the UK Infrastructure Bank, and supporting the delivery of the Government's Industrial Strategy. The NWF will receive an additional £5.8bn in funding during the current Parliament.

#### **British Infrastructure Taskforce**

Another Government [announcement](#) with aim of boosting investment in infrastructure and driving growth nationwide.

#### **Pensions Dashboards**

A [written statement](#) from Emma Reynolds, Pensions Minister, saying that she has told the PDP to focus on getting the MoneyHelper (MaPS) dashboard up and running, and to connect commercial dashboards thereafter. It also says that Government is committed to the existing published connection timetable.

**New TPR strategy**

The Pensions Regulator has [published](#) its digital, data and technology strategy about how the industry should adapt to, and embrace, changing technology to drive better saver outcomes.

**LGPS statistics release**

MHCLG has [released](#) 2023/24 statistics on expenditure, income, and membership of the LGPS in England and Wales.

**Counsel opinion**

The LGPS SAB for England and Wales has published [Counsel's opinion](#) on the implications of current events in Gaza. The opinion was sought in response to the suggestion that it's unlawful for funds to maintain investments in companies that are said to have a bearing on Israel's conduct in the region. In summary, it concludes that the suggestion is incorrect and successful prosecution is unlikely.

## Appendix

### Autumn Budget – impact on the LGPS

[https://www.hymans.co.uk/media/uploads/Autumn\\_Budget\\_2024\\_%E2%80%93\\_Implications\\_for\\_the\\_LGPS\\_from\\_inheritance\\_tax\\_changes.pdf](https://www.hymans.co.uk/media/uploads/Autumn_Budget_2024_%E2%80%93_Implications_for_the_LGPS_from_inheritance_tax_changes.pdf)

[https://www.hymans.co.uk/media/uploads/Autumn\\_Budget\\_2024\\_%E2%80%93\\_LGPS\\_inclusion\\_in\\_fiscal\\_targets\\_%E2%80%93\\_what\\_might\\_it\\_mean.pdf](https://www.hymans.co.uk/media/uploads/Autumn_Budget_2024_%E2%80%93_LGPS_inclusion_in_fiscal_targets_%E2%80%93_what_might_it_mean.pdf)

### Webinar - Unpacking the Mansion House speech and Autumn Budget – what does it mean for LGPS?

<https://www.hymans.co.uk/insights/webinars/unpacking-the-autumn-budget-what-does-it-mean-for-lgps/>

<https://event.on24.com/wcc/r/4766611/8A8666405DF9EE8EF6FF6D4551C4CE40>

### Preparing for the 2025 valuation

<https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/september2024>

<https://event.on24.com/wcc/r/4710421/3E8F096F5022E25FE26B0223DD805369>

<https://event.on24.com/wcc/r/4764307/B0804E5F9FE3DB6D724C02369B404D73>

### McCloud and Scottish annual benefit statements

<https://www.hymans.co.uk/insights/research-and-publications/publication/changes-to-the-local-government-pension-scheme-remediable-service-scotland-regulations-2023/>

<https://pensions.gov.scot/local-government/scheme-governance-and-legislation/consultations>

### Chaos theory and forecasting

<https://valuecreationsystems.substack.com/p/all-for-the-want-of-a-nail>

### Webinar: Longevity and the ageing process

<https://www.clubvita.net/uk/>

<https://www.clubvita.net/uk/events/the-risk-of-living-longer-s02-e02-modelling-gero-therapeutic-interventions>

<https://www.clubvita.net/uk/events>

### LGPS Fund policies – increasing stakeholder engagement

<https://vimeo.com/1021741435?share=copy>

### Dashboards - one year out

<https://www.hymans.co.uk/insights/research-and-publications/publication/one-year-out-connecting-lgps-funds-to-the-pensions-dashboards/>

### Capital markets update – Autumn 2024

<https://www.hymans.co.uk/insights/research-and-publications/publication/capital-markets-update-autumn-2024/>

### Events, webinars & training

[https://www.hymans.co.uk/media/uploads/241029\\_LGC\\_Investment\\_Seminar\\_Scotland\\_-\\_conference\\_highlights.pdf](https://www.hymans.co.uk/media/uploads/241029_LGC_Investment_Seminar_Scotland_-_conference_highlights.pdf)



<https://event.on24.com/wcc/r/4696734/EAF540DA531EE27AB55B6A8E21386AD8>

<https://analytics-eu.clickdimensions.com/hymanscouk-atwsv/pages/d4bn7haseemcqaismi1sw.html?PageId=ece78677ac76ef11a671002248c8b54b>

[https://www.linkedin.com/posts/hymans-robertson\\_we-welcome-our-new-starts-to-the-lgps-gap-activity-7254114741948755970-2Ks3?utm\\_source=share&utm\\_medium=member\\_desktop](https://www.linkedin.com/posts/hymans-robertson_we-welcome-our-new-starts-to-the-lgps-gap-activity-7254114741948755970-2Ks3?utm_source=share&utm_medium=member_desktop)

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

<https://www.legislation.gov.uk/ukdsi/2024/9780348263930>

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

<https://commonslibrary.parliament.uk/research-briefings/cbp-10114/>

<https://commonslibrary.parliament.uk/research-briefings/cbp-7505/>

<https://commonslibrary.parliament.uk/research-briefings/cbp-8635/>

<https://www.ifminvestors.com/siteassets/shared-media/media-release-pdfs/the-uk-blueprint-2024.pdf>

<http://www.lgpsregs.org/>

<http://www.scotlgpsregs.org/>

<https://www.gov.uk/government/people/poppy-gustafsson>

<https://www.gov.uk/government/publications/national-wealth-fund-mobilising-private-investment>

<https://www.gov.uk/government/news/government-launches-british-infrastructure-taskforce>

<https://questions-statements.parliament.uk/written-statements/detail/2024-10-22/hcws148>

<https://www.thepensionsregulator.gov.uk/en/media-hub/press-releases/2024-press-releases/pensions-industry-urged-to-unlock-power-of-digital-data-and-technology-for-savers#:~:text=Today%2C%20TPR%20published%20its%20digital,unnecessary%20burden%20on%20pension%20schemes>

<https://www.gov.uk/government/statistics/local-government-pension-scheme-funds-for-england-and-wales-2023-to-2024/local-government-pension-scheme-funds-for-england-and-wales-2023-to-2024>

[https://lgpsboard.org/images/LegalAdviceandSummaries/Oct2024\\_LGA\\_LGPSGazaeventsopinion\\_from\\_Nigel\\_Giffin\\_KC.pdf](https://lgpsboard.org/images/LegalAdviceandSummaries/Oct2024_LGA_LGPSGazaeventsopinion_from_Nigel_Giffin_KC.pdf)

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