

Current issues in the LGPS

October 2024



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September was a strange month for UK weather – dryish in Scotland, but sodden further south. And perhaps that’s an analogy for what happened in the LGPS as the Pensions Investment Review took centre stage. This month’s round-up also looks ahead to the 2025 valuations and adds abbreviations such as WACI and LARRIG to my personal lexicology!

Pensions Investment Review: call for evidence

After the new Government announced its Pensions Review on 20 July, they quickly launched a short turnaround [call for evidence](#) to all interested parties. Read [our full LGPS response](#). In summary, we fully support the government’s ambitions for the UK economy and the recognition that increased investment can catalyse growth. As long-term investors, the LGPS can make appropriate investments to support the UK economy, building on what it has achieved already. However, this must be done without losing sight of the core purpose of the LGPS of paying members’ benefits when they fall due. Investments in the UK should be driven primarily by the quality and suitability of the available investment opportunities. We trust the Government will consider how it can make available such opportunities and increase their attractiveness as investments for the LGPS. As part of this process, we believe the best outcome will be achieved with the Government and LGPS community working together to identify solutions.

Shining a light on productive finance

Productive finance is fast becoming a central part of discussions of how we might grow the UK economy. Within this, the heavy focus from the new Government is for more pensions capital to support these growth ambitions. To help you navigate this topic, we’re launching a new series of articles that will explore what productive finance can achieve and in which sectors of the economy, who the key stakeholders are and what it means for all of us. [In the first publication](#) of the series, we set out our view on what productive finance is and the conditions needed for it to work well.

Fiduciary duty and lobbyists

The Scheme Advisory Board (SAB) for England & Wales has published useful [guidance](#) for administering authorities (AAs) around balancing fiduciary duty with demands from lobbyists, as well as highlighting expected behaviours at official meetings. Scheme members and the public have a right to lobby an AA and peacefully protest, but crossing the line into abuse isn’t acceptable. The guidance also notes that the Supreme Court held,



in its [judgment](#) on the Palestine Solidarity Campaign case, that it is not appropriate for political preferences, whether local or national, to take precedence over what's required under the fiduciary duty.

FRM looks even better...

In response to client feedback, we continue to improve our funding & risk monitoring (FRM) tool. The latest update includes a revamped whole fund report that is now available to download on demand via the FRM dashboard. Keep your eyes and ears open for more upgrades in the future and please continue to provide feedback to your Hymans contacts.

Don't miss your next train(ing assessment)

Our latest National Knowledge Assessment has now kicked off, with over 20 funds having signed up to take part. This will give provide a comprehensive data set to compare the results of your own Fund against other funds nationally. The multiple-choice assessment helps satisfy the requirement to assess and report on the knowledge and skills levels of your Board and Committee members. You will receive Fund-specific results as well as benchmarking against the results of all other participating funds, allowing officers to identify any specific gaps in knowledge, and helping to develop targeted training plans for the next 12-18 months. More information can be seen in this short [video](#). Please contact alan.johnson@hymans.co.uk if you wish to sign up.

Sharpening up funding policies at the 2025 valuation

New guidance on preparing a Funding Strategy Statement is expected soon. A key theme will be for the document to better articulate funding strategy to employers. Funds advised by Hymans at the 2022 valuation will be relieved to hear that only small updates will be needed to comply with the new guidance, which provides an opportunity for funds to focus on reviewing and updating their funding policies, including those relating to cessations, exit credits, and academy admissions. To hear more on this, please join our employer engagement [webinar](#) – further details below - on 9 October.

Net zero – how WACI is your fund?

The journey to net zero starts with education, to solidify decision-makers' knowledge and understanding of climate risks. Education and training on climate risk, net zero and the options available to support your scheme's net zero alignment should be ongoing throughout the process towards developing and maintaining a Climate Transition Action Plan (CTAP). [Our article](#) explores this area in more detail and of course explains what WACI means!

Accounting update

To support the reset and recovery of local audit in England, the NAO have published additional guidance (via a LARRIG [here](#)) which aims to help authorities meet the first 'backstop' date of 13 December 2024 for publishing audited annual accounts for all years up to 2022/23. In other news, there has been welcome clarity recently from practitioners about recognising an IFRIC 14 additional onerous liability and therefore we are seeing a flurry of activity as employers and auditors look to close off accounts before impending deadlines. Please continue to contact our accounting specialists LGPSCentralAccountingTeam@hymans.co.uk for any assistance. Lastly, as noted below, our next accounting webinar on 16 October considers the 31 August 2024 FRS102 results. Academies can sign up [here](#).

Events, webinars & training

Conference highlights - LGC Investment & Pensions Summit, 12-13 September 2024

Against the backdrop of the Pensions Investment Review's call for evidence, this Summit focused on the Government's ambitions for UK growth and its expectations for the LGPS. We've produced a [conference highlights document](#), summarising the sessions across the two-day event.

Webinar: TPR – General Code of Practice – 6 months on in the LGPS

Watch our latest webinar on-demand, where Andrew McKerns was joined by colleagues Alan Johnson, Claire McDines and Mike Burton for a look back at what's happened in the last 6 months since the General Code of Practice came into force. Key themes and learnings from working with funds, as well as TPR's expectations from the pensions industry, were discussed. Mike, an ex-LGPS officer who has also worked for the Pensions Regulator, recently joined our Governance team and provided his views on the General Code and advice for LGPS funds to consider. Catch up [here](#).

SAB webinar: LGPS live!

And if the above has whetted your appetite for the General Code, you can [listen](#) to a panel of experts, including our own Ian Colvin, discuss how GCOP has been received by the LGPS.

Webinar: Employer engagement through the 2025 LGPS valuation

[Join us on 9 October](#) for the second instalment in our LGPS 2025 Valuation webinar series. Laura McInroy will be joined by colleagues Steven Scott and Tom Hoare for a discussion on all things employer engagement to help you effectively prepare for the year ahead. We'll also focus on the value of engaging with your employers early in the valuation process, key funding strategy considerations for different employer groups heading into 2025 and what the current economic environment means for employer risk, and why it remains important to monitor this. Register [here](#).

Webinar: 2024 LGPS academy accounting disclosures – the results

The next webinar in our two-part accounting series is taking place on 16 October, and we're focusing on the 2024 LGPS academy accounting disclosures. Craig Alexander will be joined by Jamie Baxter and Ciaran Henry to explore the key themes emerging from the August 2024 results, using a worked example and common topics coming through from audits. This webinar is suitable for academies within the LGPS with responsibilities for finance, HR and operations. Please do share with any of your colleagues who would be interested in attending, you can register [here](#).

LGPS Officer training on McCloud

We're pleased to announce a series of training sessions on the McCloud Remedy, aimed at helping Officers make practical sense of recent regulatory guidance. The three online Officer training sessions will cover:

- **31 October: Qualifying Criteria** (categorisation of qualifying members and the complexities that can arise, with examples)
- **7 November: Underpin Calculations** (provision and final underpin benefits with worked examples of complex calculations)
- **14 November: Complex cases** (death cases and survivor benefits, revisiting retirement cases and revisiting transfers out)



If you would like to sign up to these training sessions, you can register your interest [here](#). The option to have a session run individually for your Fund is also available. Please contact laura.guest@hymans.co.uk directly for more information.

LGC Investment Seminar, Scotland, 31 October - 1 November, Edinburgh

We're delighted to be sponsoring this year's [LGC Investment Seminar](#) in Scotland. Our very own Ben Farmer will be chairing the conference, and Richard Warden will be discussing 'LGPS state of play – where are we now and where are we heading?'. We're looking forward to seeing everyone for what should be an insightful conference!

In brief...

Inflation figures

The latest [ONS figures](#) recorded annual CPI for the year to August 2024 at 2.2%, which was unchanged relative to the prior month. RPI for the same period was 3.5%.

Pensions advice

The Government's Money and Pensions Service (MaPS) has launched [Pension Wise Digital](#), as a web-chat alternative to face-to-face and telephone guidance sessions.

Pensions tax

HMRC has been busy, producing [Newsletter 162](#) confirming that regulations to fix problems with the lifetime allowance abolition legislation will be introduced 'as soon as Parliamentary time allows', and a [September edition](#) (and accompanying [appendix](#)) of its occasional newsletter about the public service pensions remedy (aka McCloud).

Procurement

The launch of the Procurement Act 2023 has been [delayed](#) by Cabinet Office for 4 months, with the go-live date now on 24 February 2025.

Annual Benefit Statements

The LGA has published an updated [technical guide](#) for Scottish funds about what must be included in ABS's. It now covers the McCloud remedy and the introduction of pensions dashboards from 2025.

Pension engagement

The FCA has published some behavioural-insights [research](#) about email design, such as the relative effectiveness of different subject lines, and of sending messages at specific times (e.g. birthdays).

Educational oversight

The Government has [announced](#) that the Education and Skills Funding Agency (ESFA) is set to close in March 2025, with its functions moving to the Department for Education (DfE).

Work and Pensions Committee

[Debbie Abrahams](#) MP has been elected as the new Chair of the House of Commons WPC.

TPR engagement

The Pensions Regulator (TPR) [plans](#) to engage with 10-to-15 of the biggest pension scheme administrators to discuss financial sustainability, risk and change-management practices, cyber resilience, and technology and innovation.

Pensions Dashboards Programme – the PDP has [announced](#) that identity verification will be provided by GOV.UK One Login.

Autumn Budget

The new UK Government's first Budget will be delivered on Wednesday 30 October. It may well contain measures that affect the LGPS. Further details of any measures will be covered within the accompanying Office for Budget Responsibility (OBR) report.

Pensions Ombudsman

The PO has [blogged](#) about his plans for '*expedited determinations*', as one way to make greater inroads into the growing list of complaints. It appears to be a case-management process designed to identify and deal with applications that have no chance of success.

Death grants

The LGA has issued a [legal opinion](#) to LGPS funds in England and Wales about the payment of death grants to genealogy companies.

Appendix

Pensions Investment Review: call for evidence

<https://www.gov.uk/government/calls-for-evidence/pensions-investment-review-call-for-evidence>

[https://www.hymans.co.uk/media/uploads/Hymans_Robertson_LL_P_response_-_Pensions_Investment_Review_Call_for_Evidence_\(LGPS\).pdf](https://www.hymans.co.uk/media/uploads/Hymans_Robertson_LL_P_response_-_Pensions_Investment_Review_Call_for_Evidence_(LGPS).pdf)

Shining a light on productive finance

https://www.hymans.co.uk/media/uploads/Unwrapping_productive_finance_-_what_is_productive_finance_and_why_should_you_care_about_it.pdf

Fiduciary duty and lobbyists

https://lgpsboard.org/images/Other/SAB_Statement_Fiduciary_Duty_Lobbying_Sept2024.pdf

https://lgpsboard.org/images/Guidance/SAB_SCSN062020.pdf

Don't miss your next train(ing session)

<https://vimeo.com/1003723295?share=copy>

<mailto:alan.johnson@hymans.co.uk>

Sharpening up funding policies at the 2025 valuation

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

Net zero – how WACI is your fund?

https://www.hymans.co.uk/media/uploads/Journey_to_Net_Zero_-_Build_your_knowledge_-_education_and_metrics.pdf

Accounting update

<https://www.nao.org.uk/wp-content/uploads/2024/09/larrig-01.pdf>

<mailto:LGPSCentralAccountingTeam@hymans.co.uk>

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

Events, webinars & training

https://www.hymans.co.uk/media/uploads/Conference_Highlights_-_LGC_Investment_Pensions_Summit_%E2%80%93_12_13_September_2024.pdf

<https://event.on24.com/wcc/r/4695693/024515965E95190DD0B5F77091D6EF32>

<https://lgps-live.com/nextwebinar/>

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

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

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

<mailto:laura.guest@hymans.co.uk>

In brief...

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

<https://maps.org.uk/en/media-centre/press-releases/2024/maps-launches-pension-wise-digital>



<https://www.gov.uk/government/publications/pensions-schemes-newsletter-162-september-2024/bc51d503-bcc5-4fcb-ba66-1b39d2570f0a>

<https://www.gov.uk/government/publications/public-service-pensions-remedy-newsletter-september-2024/713f810f-6bfa-463e-b0e7-eedae6b51c16>

<https://www.gov.uk/government/publications/public-service-pensions-remedy-newsletter-september-2024/5f1e138d-e1d3-467e-a7bf-e63fe29827e3>

<https://www.local.gov.uk/our-support/procurement-hub/transforming-public-procurement>

<https://lgpslibrary.org/assets/gas/scot/ABS%20Scotland%20v2.0.pdf>

<https://www.fca.org.uk/publications/occasional-papers/op-65-timing-essence-testing-when-engage-uk-pension-customers>

<https://www.gov.uk/government/news/esfa-functions-to-move-to-the-department-for-education>

<https://committees.parliament.uk/committee/164/work-and-pensions-committee/news/202849/debbie-abrahams-elected-chair-of-the-work-and-pensions-committee/>

<https://blog.thepensionsregulator.gov.uk/2024/09/12/why-expanding-our-engagement-with-administrators-will-help-drive-better-saver-outcomes/>

<https://www.pensionsdashboardsprogramme.org.uk/publications/news/pdp-confirms-identity-service-provider>

<https://www.pensions-ombudsman.org.uk/news-item/operating-model-review-blog-expedited-decision-making-dominic-harris>

https://lgpslibrary.org/assets/opinions/202408Death%20grants_genealogy.pdf

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