

Summary of Local Government Pension Scheme (LGPS)

LGPS Scheme Advisory Board

1 September 2025

1. The LGPS in England and Wales is split into 86 separate funds, which are run by the assigned council, known as the administering authority.
2. The Scheme has a total of 6.7 million members. Its total assets under management as of 31 March 2024 were valued at £390 billion. More detailed information about the Scheme as a whole is available through the Board's [Scheme Annual Report](#).
3. Employees of local government service are given a statutory right to join the LGPS under [regulation 3](#) and must be automatically enrolled.
4. The LGPS was reformed [from a final salary scheme to a Career Average \(CARE\)](#) along with all major public sector pension schemes in 2014/15, following the Hutton review, to be put on a more sustainable footing. The level of benefits offered via public sector pension schemes is a matter of central government policy, led by HM Treasury
5. Employer contribution rates in the LGPS are set every three years by local fund valuations, with all the reports put in the public domain once the valuations are completed. In 2022 the funding level of the scheme was 107% and the average total contribution rates had fallen to 21.10% this is lower than other public sector schemes¹. 2025 is a valuation year and the funding level is expected to stay above 100%.
6. The LGPS delivers significant value, the typical member is a 47-year-old woman earning c.£18,000 a year, for whom the average pension is c. £5,000 a year. It's also incredibly efficient, it costs around half that of the unfunded public sector Defined Benefit (DB) schemes and lifts many recipients out of scope for means tested benefits. It delivers each £1 of retirement income 50% cheaper than Defined Contribution (DC) schemes².

¹The unfunded public sector DB schemes rates vary from 23.7% (NHS), 28.6% (Teachers), 36.2% (Fire), and 38.7% (Police).

²[Better-Bang-for-the-Buck-3.0-F11.pdf](#)

Scheme Advisory Board Secretariat

7. The Scheme Advisory Board (SAB) is a statutory body with the dual purpose to advise the secretary of state on the desirability of making changes to the scheme and providing advice to administering authorities and local pension boards.

Notable work of the SAB in providing this advice includes;

- a. The LGPS code of transparency (The Code) was developed and launched by the board in May 2017 and now has c170 investment managers signed up to it.
- b. The Annual Report. In May 2025, the SAB published its twelfth annual report for the LGPS. The aim of this Annual Report is to provide a single source of information about the status of the LGPS for its members, employers, and other stakeholders. One of the top priorities of the Board is to continually improve key information about the Scheme as a whole.
- c. The Responsible Investment project. In 2019 the Board commenced a Responsible Investment Project with the aim of:
 - i. Producing guidance on the governance and regulatory framework within which decisions around RI are taken
 - ii. Establishing an RI forum to advise the IGE Committee and the Board
 - iii. Organising workshops and seminars for LGPS stakeholders
 - iv. Providing access to resources and case studies
- d. The Good governance project of which the recommendations have been accepted by MHCLG and will be made statutory by 31 March 2026.
- e. Gender Pension Gap project, Research commissioned by the LGPS Advisory Board showed that 74 per cent of active scheme members within the LGPS in England and Wales are women, with a mean actual pay of £18,807, and a mean total pension of £3,198. Whilst male members account for 26 per cent of active membership, with a mean actual pay of £27,532 and a mean total pension of £5,416.

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8. Administering authorities have statutory and fiduciary duties around the investment of pension funds. There are also existing statutory controls, the LGPS Investment Regulations 2016, that ensure that LGPS funds hold diversified portfolios, explain their approach to non-financial considerations and take professional advice in relation to their investment decisions.
9. In the LGPS, the administering authority normally delegates responsibility for managing the investments of the fund to a pensions or investment committee, where councillors take collective decisions on matters like setting their investment strategy, including a strategic asset allocation, their responsible investment policy and their choice of professional advisers.
10. The new [Pension Bill](#) going through parliament takes broad powers for the Secretary of State to direct LGPS funds and pool companies as to the development and implementation of their investment strategies.
11. The Bill places a duty, in Clause 2, for LGPS administering authorities to co-operate with “strategic authorities” (defined in the Bill) to identify and develop appropriate investment opportunities to relation to ‘local investments’. Local investments is defined in the bill as
“local investments”, in relation to a scheme manager, means investments in, or for the benefit of persons living or working in— (a) the scheme manager’s area, or (b) the areas of the other scheme managers participating in the same asset pool company as the scheme manager”

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