Cost Management, Benefit Design and Administration (CMBDA) Committee
9 November 2026 11.00am
Jamieson Room, 18 Smith Square, London and Microsoft Teams

Paper B: LGPC Update

Key points to note

- The September 2026 CPI rate was 3.5 per cent. Subject to Government confirmation, this is expected to determine the increase to LGPS pensions in payment and deferred benefits, and the revaluation of active pension accounts, from April 2027.
- Inheritance tax changes from April 2027 will create new duties for LGPS administering authorities. We will publish a guide to support them with these new responsibilities.
- We have published legal advice on backdated payments relating to survivor equalisation and death grants and on cohabiting partner eligibility. Further advice is being prepared on unclaimed benefits and beneficiaries in prison.
- The pensions tax two-year rule has been removed for certain lump sum death benefits paid on or after 28 October 2026.
- We expect pensions dashboards to become available to members during 2027/28.
- A new website for LGPS administrators and employers has been launched.
- We are planning an annual conference for LGPS administrators, with the first event expected in May 2028.
- We plan to launch the 2027 training programme in December.

Recommendation

The Committee is asked to note the update.

Background

The Local Government Pension Committee (LGPC) is a committee of councillors constituted by the LGA. It represents local authority interests in dealing with the Government and others on local government pension issues. Its work is carried out by the LGPC secretariat at the LGA.

The LGPC also provides advisory and training services to LGPS administering authorities across the UK. The service is funded by subscriptions from LGPS

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authorities and training income.

September 2026 CPI rate

On 21 October 2026, the Office for National Statistics announced that the annual rate of Consumer Prices Index (CPI) inflation for September 2026 was 3.5 per cent.

In recent years, Government has used the September CPI rate to determine pension increases under the Pensions (Increase) Act 1971 and the revaluation of active pension accounts under the Public Service Pensions Act 2013. Subject to confirmation by Government, we expect the increase applied to active pension accounts, deferred pensions and pensions in payment from April 2027 to be 3.5 per cent.

Inheritance tax

From 6 April 2027, most unused pension funds and pension death benefits will form part of a deceased member's estate for inheritance tax purposes.

The changes will create new responsibilities for LGPS administering authorities. These include calculating the value of a deceased member's notional pension property and providing information to personal representatives and beneficiaries. In some cases, administering authorities may also be required to withhold part of a death benefit or pay inheritance tax to HMRC.

We will publish guidance to support administering authorities with these new responsibilities.

Legal advice

We commissioned legal advice in four areas where administering authorities have identified uncertainty or inconsistent approaches.

We have now published advice on:

Backdated payments relating to survivor equalisation and death grants

The advice considers the legal issues involved in making backdated payments to an estate or beneficiary following the Access and Fairness changes that equalised survivor benefits from April 2026.

Cohabiting partner eligibility

The advice covers assessing entitlement to a cohabiting partner's pension where the member or their partner spent an extended period in a care home or hospital during the two years before the member's death.

These are available on the legal opinions page of www.lgpsregs.org.

We are awaiting advice on:

Unclaimed benefits

Administering authorities are increasingly dealing with cases where benefits become payable but the member cannot be traced or refuses to engage. The advice will consider appropriate tracing activity, processes and record keeping, with a view to establishing a consistent approach across the LGPS.

Beneficiaries in prison

The advice will consider whether, and in what circumstances, imprisonment may be relevant when determining the recipient of a death grant. It will also consider practical issues relating to the payment of benefits where a beneficiary is serving a prison sentence.

Pensions dashboards

The legal deadline for pension schemes to connect to the pensions dashboards ecosystem was 31 October 2026.

We are not aware of any LGPS administering authorities that have not connected to the ecosystem.

We expect the Government to announce the dashboards available point (DAP) in the coming months. This is the point at which pensions dashboards become available for members to use. Pension schemes will receive at least six months' notice before the DAP and we currently expect it to fall during the 2027/28 financial year.

Two-year time limit for lump sum death benefits

As announced at Budget 2026, the pensions tax two-year rule has been removed.

For death grants paid on or after 28 October 2026 in respect of a member who died under age 75, the tax treatment will no longer depend on whether the payment is made within two years of the scheme administrator first becoming aware of the member's death.

New administrator and employer website

We recently launched a new website for LGPS administrators and employers in England and Wales.

The URL of the website remains the same: www.lgpsregs.org, but we have made changes to the design and structure of the site.

There are significant changes to the training and qualifications, employer guidance and administrator guidance pages. There are also changes to the way technical queries are submitted to us, administering authorities update their contact details and notify us of jobs they want to advertise on the site.

To help users navigate the site, we have published a short guide.

Annual administrator conference

We are planning to run an annual conference for LGPS administrators. The first conference is provisionally planned for May 2028 in York. Further details will be provided over the coming months.

2027 training programme

We plan to launch the 2027 training programme in December 2026.

The programme will set out what training will be offered in 2027 for employers, administrators, officers with governance responsibilities and pension committee and local pension board members.