

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



Ministry of Housing,
Communities &
Local Government

Consultation outcome

Technical consultation summary of responses and government response

Updated 21 May 2026

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Introduction

The ‘fit for the future’ reforms to the Local Government Pension Scheme (LGPS) are designed to unlock the investment potential of the scheme through further consolidation, build on the scheme’s successes as a local investor, and improve the governance of local pension funds to ensure stronger oversight, capability and accountability. The policy intent was set out in a [consultation](#) launched in November 2024 and confirmed in the [government’s subsequent response](#), published in May 2025.

On 20 November 2025 the government launched a [technical consultation](#) on two sets of regulations to implement the reforms. The first of these, the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 will replace the existing Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (the ‘2016 Regulations’) and provide the statutory underpinning for the government’s minimum standards for pooling and its local investment proposals. The second set of regulations, the Local Government Pension Scheme (Amendment) (Governance) Regulations

2026 will introduce measures to strengthen the governance of LGPS administering authorities.

The technical consultation ran for 6 weeks, closing on 2 January 2026, and received 90 responses. Of these, 64 were from LGPS administering authorities, eight from the LGPS asset pools, eight from consultancy or advisory firms, five from industry bodies or LGPS specialists, three from LGPS employers, one from the LGPS scheme advisory board, and one from a mayoral combined authority. The government is grateful for all the responses received.

This government response summarises the comments received from those who responded to the consultation and sets out government's decisions on the final form of the regulations.

Implementation and next steps

Both Statutory Instruments are to be laid in parliament on the day of publication of this response, and will come into force on 30 June 2026. Accompanying guidance on pooling, the investment strategy statement, and fund governance will be published in time for the regulations coming into force.

The government asked administering authorities and asset pool companies to comply with the minimum standards for asset pooling from 1 April, with a minimum expectation that new shareholder agreements would be signed by this date. The government is grateful for the progress that has been made towards this milestone, and is continuing to work with the sector to ensure that these standards are met across all pools.

The following key milestones will be set out in the final regulations:

- a fund's assets must be under pool management within three months of their first participation in the pool, subject to such further transitional periods as the asset pool company may agree on a case-by-case basis where it is not reasonably practicable to have assets under pool management within the three month deadline
- where an administering authority is moving asset pools, they will be exempt from the requirement to only participate in one pool for a period of three months
- further to the above, where an administering authority is participating in their old pool solely for the purpose of winding-

down that pool, they will be exempt from the requirement to only participate in one pool until the wind-down process is complete

- administering authorities must appoint an LGPS senior officer and Independent Person within 6 months from the date of the regulations coming into force
- the publication of the first investment strategy will be required by 31 March 2027

LGPS (Pooling, management and investment of funds) Regulations

These regulations will replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 and give legal effect to the proposals set out in the Pooling and Local Investment chapters of the 'Fit for the Future' consultation.

They will:

- require administering authorities to delegate the implementation of their investment strategy to their asset pool
- require administering authorities to take principal investment advice from their pool
- require all assets to be controlled and managed by the relevant asset pool
- provide backstop powers for the Secretary of State to direct administering authorities to participate in specific pools, and for specific pools to facilitate participation
- establish minimum standards for pools, including Financial Conduct Authority (FCA) authorisation and capacity to manage local investments

The numbering of the revised regulations is expected to differ from the draft of the regulations as consulted on. For ease, all references to regulation numbers below are consistent with the consultation draft.

Part 1 – Introductory (Regulations 1 and 2)

Part 1 of the regulations set out citation and commencement details for the regulations (Regulation 1) and definitions of how terms used in the regulations should be understood (Regulation 2).

Question 1

Do you have any comments on the drafting of Regulations 1 and 2?

Summary of responses

Of the 74 responses that commented on this question, 49 were content with the drafting of the proposed regulation, and 24 had comments.

The 16 comments received on Regulation 1 were in relation to the timing of the regulations coming into force, and how this would be impacted if the Pension Schemes Bill did not receive Royal Assent ahead of 1 April 2026. Four respondents also called for a phased implementation.

The consultation draft of the regulations included two potential options for the definition of 'relevant strategic authority' in Regulation 2, one directly defining the term in the regulations and the other referring to a definition in guidance. Three respondents commented on this, with all suggesting that defining the term in guidance would be preferable to defining these in the regulation. Three respondents also felt the definition of 'strategic authorities' needed to refer to the Corporate Joint Committees in Wales.

Our response

Regulation 1 will remain unchanged except for the date of the regulations coming into force, which has been updated to 30 June 2026.

In Regulation 2, the term 'relevant strategic authority' will be defined in guidance released from time to time by the Secretary of State, rather than being directly defined in the regulation. The guidance will state that the relevant strategic authority is the strategic authority for the area within which that administering authority is situated.

The government will not be changing the definition of "strategic authority" in this regulation. This is because strategic authority is defined for the purpose of these regulations in Section 2 of the Pension Schemes Act 2026, where the definition encompasses the Welsh Corporate Joint Committees as well as those authorities in England that will be 'strategic authorities' for the purpose of the English Devolution and Community Engagement Act 2026. The definition of 'strategic authority' in this regulation simply expands on what is meant by 'any other local authority in England of a description prescribed for the purposes of this paragraph in scheme regulations' in the definition of strategic authorities in the Act.

Part 2 – Investments, funds and borrowing (Regulations 3-6)

Regulations 3-6 deal with the definition of investment, amounts that should be credited to LGPS funds, circumstances in which borrowing is allowed by

the fund, and the requirement for fund money to be held in a separate bank account.

Question 2

Are there any further types of investment that should be included in Regulation 3, or any that are no longer considered relevant?

Summary of responses

43 responses were content with the drafting of the proposed regulation, and 19 expressed concern with the drafting.

Several noted that the list seems to focus on potentially ambiguous cases and does not include a basic definition of the more obvious investments such as directly held assets. As such, they argued that some assets potentially may not meet the definition of an investment, such as direct holdings, stocks and equities.

Our response

The government notes that this regulation is intended to clarify cases where it could otherwise be ambiguous whether they are permitted as investment for the purposes of the scheme, rather than to be an exhaustive list of everything that is allowable as investment in the LGPS.

The government has considered further items suggested for inclusion in the list, and decided that it is not necessary to include them in the regulation because it would generally not be considered ambiguous whether they are allowable as investments in the scheme.

Question 3: Is there any scenario where an authority would still need to borrow to meet the type of commitment outlined in Regulation 5(2)(b) once all assets are pooled?

Summary of responses

35 responses said there could be circumstances in which authorities would still need to borrow. Eighteen respondents cited unspecified exceptional circumstances, and nine respondents said that an authority might need to borrow in order to delay asset sales without delaying the purchasing of assets, perhaps due to specific market events. Two respondents suggested that borrowing could be needed if a pool fails to transfer cash, and two respondents suggested that borrowing could be needed if exit credits are payable under Regulation 64. One respondent said that an authority may need to borrow where a fund is cashflow negative because its liabilities exceed contributions, and one respondent said an authority may need to

borrow in cases where timing mismatches mean that the fund is still the legal owner of the asset.

29 respondents said there were no circumstances where an authority would still need to borrow to meet the type of commitment outlined in Regulation 5(2)(b) once all assets are pooled.

Our response

Asset pools will generally be able to manage liabilities arising as a result of a change in an authority's investment strategy directly, without an authority needing to borrow to fund these in the short term. However, the government recognises that there may be exceptional circumstances where it is necessary or desirable for authorities to borrow to meet these liabilities in the short-term, and so intends to retain the exemption in Regulation 5(2)(b) in the final regulations.

Question 4

Do you have any other comments on Regulations 3 to 6?

Summary of responses

67 responses were content with the drafting of the proposed regulation, and 13 raised issues.

Three responses requested additional guidance regarding liquidity management. Four responses requested that Regulation 5 be expanded to address leverage related to the use of derivatives.

One response suggested that Regulation 4, which lists the money that an administering authority must pay to its fund, should include money received from the Ministry of Defence in respect of contributions for a member on reserve forces service leave.

Our response

The government agrees that Regulation 4 should refer to money received from the Ministry of Defence in respect of contributions for a member on reserve forces service leave, and the regulations will be amended to reflect this.

On the issue of liquidity management, Regulation 5 is already clear that administering authorities can borrow for the purposes of paying benefits due under the scheme where the principal and interest can both be repaid within 90 days. The Investment Strategy Statement guidance is also expected to set out that administering authorities must include a cash flow objective in their Investment Strategy to be implemented by their asset

pool, which will set the income or liquidity required to pay benefits in the short term as they fall due.

Leverage related to the use of derivatives is not covered by Regulation 5, which only places a prohibition on cash borrowing. The government does not consider it appropriate to clarify the position in regulation, but will do so in guidance.

Part 3 – Asset pool companies (Regulations 7 to 9)

Part 3 of the regulations covers the requirement for administering authorities to participate in an asset pool company, the requirement for asset pool companies to be FCA regulated, and powers for the Secretary of State to direct administering authorities to join a particular asset pool and for that asset pool to accept them.

Question 5

Are the activities listed in the schedule ones that all LGPS asset pools would reasonably be expected to need in order to carry out the activities expected of them?

Summary of responses

63 respondents addressed this question, of which 32 were content with the current list of activities in the schedule, and 24 suggested drafting changes.

Five respondents felt that an additional permission for the arranging, safeguarding and administration of assets (Article 40(a) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (RAO 2001)) would be needed by all asset pools and should be included in the schedule.

Fifteen respondents argued that some of the authorisations in the list were not necessary to achieve the government's aims for pooling, with some noting cost and proportionality concerns and others highlighting that the FCA were opposed to firms holding authorisations they do not intend to use. Where respondents named the specific authorisations that they felt were unnecessary, all included being authorised to manage an authorised Alternative Investment Fund (AIF). Some respondents also named the requirement to be authorised to deal in investments as an agent, while others named the requirement to be authorised to establish, operate and wind-up a collective investment vehicle and to manage an unauthorised AIF.

Five respondents felt that it was unnecessary to list out specific permissions in the schedule, with concerns raised including the risk that future changes in financial services regulation could render the list obsolete, and that it does not allow flexibility for asset pools to meet the government's objectives in the way they see fit. Alternatively, other respondents felt that it could be helpful to add a provision requiring asset pools to hold any other authorisations required to deliver the activities expected of them.

Our response

The government notes the responses to this question and in response to Question 6, and has decided to take a different approach to implementing the policy objective of ensuring that all asset pools are established as investment management companies authorised and regulated by the FCA. This is expanded on in the response to Question 6 below. The regulations will no longer include a list of specific authorisations that asset pool companies need to hold.

Question 6

Do you have any other comments on Regulations 7 to 9?

Summary of responses

73 respondents addressed this question, of which 64 felt the current drafting needed to be changed.

23 respondents felt changes were needed to Regulation 7, primarily on the grounds that the timescales for an administering authority to transition between pools in Regulation 22 were too short. This is addressed in the response to question 20. Other respondents raised queries about whether this regulation could prevent pools from investing in each others' products, such as the GLIL infrastructure joint venture between the LPPI and Northern pools.

40 respondents commented on the drafting of Regulation 8. Concerns raised included that the requirement for administering authorities to ensure their asset pools held the relevant FCA regulations were too onerous, and could potentially blur responsibility between the roles of the FCA and the Administering Authority. Some respondents suggested that "appropriate steps" be defined in this regulation, or the wording replaced with a requirement to be informed about their asset pool's FCA status.

Some respondents raised concerns about what the consequences would be if an asset pool lost its FCA regulated status, and suggested the regulations needed refining to be sufficient in such a scenario.

49 respondents commented on Regulation 9. Many were concerned that such a direction from the Secretary of State could cut across existing shareholder agreements. Some felt that such a direction should only be made with the consent of an asset pool's existing shareholders. Others wanted the government to be required to allow a minimum timeframe for consultation, to take the findings from consultation into account before making a direction, to explain the rationale for the direction and what other options had been considered, and/or to conduct proportionality tests prior to making a direction. Some also wanted a right of appeal for those directed.

It was also noted that the direction power was very broad and could potentially be used to make changes that would affect all administering authorities, instead of on an ad hoc basis to deal with specific issues affect one or a small number of administering authorities. Some respondents wanted the situations in which the power could be used to be clarified in regulations.

Our response

The government does not intend to make any changes to the drafting of Regulation 7. For the avoidance of doubt, the prohibition on administering authorities participating in more than one asset pool company does not prevent asset pool companies from investing in the investment vehicles of another pool, where in their opinion that is the best way of implementing the investment strategies of their participating funds. The government supports collaboration across the scheme and the Pension Schemes Act 2026 includes provision to enable asset pool companies to invest in the vehicles of other pools in the scheme without limit.

With regard to Regulation 8 and the accompanying schedule, the government appreciates the concerns raised around the compatibility of this regulation with financial services legislation. The government also acknowledges the concerns raised in response to question 5 above that requiring asset pools to comply with a specific list of authorisations goes further than the government's policy aim of requiring that asset pool companies are investment management companies authorised by the FCA and potentially limits flexibility to respond.

The government has therefore decided to reframe the way the regulations meet its policy objective. Asset pool companies will now be required to be established as a full scope UK Alternative Investment Fund Manager (AIFM) or an investment firm as defined by Markets in Financial Instruments Regulation (a MiFID investment firm) prior to managing LGPS assets.

It has always been government intent that asset pool companies will ultimately be AIFMs, but it is recognised that the different starting positions of the asset pools means this is not an achievable first step for all pools. The government therefore intends to also require that all asset pools are established as full scope UK AIFMs by 30 September 2027.

The government no longer intends to include requirements in regulations for administering authorities to take appropriate steps to ensure their asset pool is authorised. This was never intended to be an onerous requirement or to replicate FCA oversight, but a duty to be kept informed of a pool's authorisations and any risks to them. This point, and the steps that should be taken if a pool is no longer compliant with the requirements of Regulation 8, will be covered in guidance.

The government has noted the comments on the direction power in Regulation 9 and intends to introduce some additional safeguards in the final version of the regulations. The new drafting will set out that the power may be used where the Secretary of State is satisfied that to do so is in the interest of the members and employers of the authority being directed, other authorities in the asset pool company they are being directed to leave or to join, or in the interest of the scheme as a whole. The final drafting will also give the Secretary of State power to carry out such enquiries as they consider necessary in order to determine whether a direction is appropriate, and will require authorities to comply with any such request for information from the Secretary of State.

Part 4 – Investment Strategy (Regulations 10 to 15)

Part 4 of the regulations deals with the requirement for administering authorities to formulate and publish an investment strategy in line with guidance. The regulations set out what the strategy should cover, the requirements to take advice and to consult on the proposed contents of the strategy, and requirements to review, revise and republish the strategy. This part also requires asset pool companies to take all reasonable steps to implement the investment strategies of their partner funds, and to consider local investment opportunities put to them by their participating funds. It also provides the Secretary of State with powers to direct changes to an investment strategy if guidance has not been complied with.

Question 7

Do you agree that the requirements in Regulation 11(2), for the financial objectives in the investment strategy statement to be consistent with the funding strategy statement and to have regard to the requirement to maintain consistent primary employer contribution rates, are helpful?

Summary of responses

41 responses broadly agreed that these requirements are beneficial, and 3 responses disagreed.

Nine respondents noted that this requirement largely reflects existing practice. Some, including the LGPS Advisory Board, stated that specifying a duty to have regard to the desirability of stable primary contribution rates is unnecessary, as this consideration is already embedded within the funding strategy which is covered in Regulation 11(2)(a). Several respondents also suggested that, if funds are required to consider the desirability of stable primary contribution rates, they should likewise be required to consider long term cost efficiency and the solvency of the fund.

Four responses raised concerns that these requirements could conflict with other obligations relating to local investment. Three responses also questioned whether stable primary contribution rates should be viewed as inherently desirable and whether there is a direct link between contribution rates and investment strategies.

One respondent commented that requiring the strategy to 'be consistent' with the funding strategy was too strong. They proposed that a requirement to 'have regard to' the funding strategy would be more appropriate, noting that funding strategies are already required to 'have regard to' investment strategies. They argued that the stronger wording could unduly restrict the pool's flexibility when providing advice on investment strategies.

Our response

The government has considered the responses and will be making the changes set out below.

Firstly, the government agrees with the LGPS Advisory Board's position on the reference to the stability of employer contributions. Given that the regulation already refers to the funding strategy statement, in which this issue is already covered, the reference is not necessary. The government also agrees that it is important for investment strategies to consider long term cost efficiency and the solvency of the fund, and will be amending the regulation to reflect this. While long-term cost efficiency and solvency are also covered in the funding strategy statement, their central importance to the investment strategy means that it is nevertheless important to include a requirement to consider them in regulations.

Question 8: In relation to regulation 12, does a deadline of 30 September 2026 allow sufficient time to allow administering authorities to publish an investment strategy in line with the new requirements?

Summary of responses

76 respondents addressed this question, of which the overwhelming majority felt it would be beneficial to extend, or otherwise provide flexibility on, the deadline for administering authorities to publish an investment strategy in line with the new requirements. Reasons why the existing deadline was considered to be challenging included that:

- pools are still setting up advisory capacity, which all funds in the pool would be competing for
- it would be challenging to receive advice, revise, and consult on a new strategy in the timeframe given
- it would be difficult for those authorities with elections, who would need to train up new pension committee members
- it was unfair on those authorities moving pool, who felt it would be beneficial to have additional time to consider where there were opportunities for alignment in strategies with other funds in their new pool
- authorities would also be recruiting to the roles of Independent Person and Senior Officer, both of whom are required to be involved in the preparation of the new investment strategy

Some respondents noted that requiring compliance by 30 September could result in suboptimal outcomes and in administering authorities relying on reframing their existing strategies to achieve compliance, undermining the purpose of the requirement.

Where respondents suggested an alternative date for compliance with the requirement, the significant majority called for the deadline to be extended to 31 March 2027.

Our response

The government has noted the responses on this question and is sympathetic towards many of the reasons given as to why 30 September 2026 is not an appropriate deadline. The government therefore intends to include a revised deadline of 31 March 2027 in the final version of the regulations.

As outlined in the response to question 12 below, there will be no change to the requirement in Regulation 14 for administering authorities to subsequently publish a revised strategy within 18 months of the valuation date.

Question 9

Are there any other persons (including organisations) in addition to those currently listed in Regulation 12(3) that all administering authorities should always be required to consult on the contents of their investment strategy?

Summary of responses

The majority of respondents to this question were content with the list of consultees. Where additional consultees were proposed, these included fund actuaries, Local Pension Boards, asset pools and bodies deemed to be scheme employers by the 2013 Regulations. In contrast 13 respondents wanted to retain the wording on consultation requirements in Regulation 7(5) of the 2016 Regulations, which only requires administering authorities to consult such persons as they consider appropriate.

Some respondents also suggested that the wording of the consultation requirement and its inclusion in a regulation about publication of the investment strategy risked suggesting that consultation was a ‘window-dressing’ exercise once key decisions have already been taken.

Our response

The government has considered the organisations that respondents proposed for inclusion in the required list of consultees, and has decided not to include any additional persons. An explicit requirement to consult scheme members and employers (or their representatives) and relevant strategic authorities will be retained in the final version of regulations. Administering authorities owe fiduciary duties both to scheme employers and to scheme members, and the government therefore considers it essential that member and employer representatives are given the opportunity to provide views on the contents on the investment strategy. Given the requirement for administering authorities to take into account the local economic priorities of their relevant strategic authorities when setting their investment strategy, it is also appropriate to require that they are a mandatory consultee on the investment strategy.

The government recognises that there are other bodies it would usually be appropriate for administering authorities to consult, and notes that the regulations already require administering authorities to consult any person they consider it appropriate to consult. The government considers that local pension boards and bodies deemed as scheme employers by Part 4 of Schedule 2 to the 2013 Regulations would usually fall under this category. The government will recommend in guidance that authorities consult these bodies.

Given asset pool companies are the principal advisors on the investment strategy the government does not consider it necessary to require that administering authorities also consult them on the contents of the strategy.

The government does expect, however, that administering authorities will develop their investment strategy in conversation with their pool.

The government recognises that the current drafting of Regulation 12 could be seen as implying that administering authorities only need consult on the contents of their investment strategy once all meaningful decisions have already been taken. The government intends to address this in the final version of the regulations by rewording the drafting to separate out the consultation requirements from the regulation dealing with publication of the investment strategy.

Question 10

Is the wording of Regulation 13(1) sufficiently clear that the responsibility for implementing the investment strategy is fully on the asset pool company, while giving sufficient scope for flexibility where market conditions or other factors make it impracticable to fully realise all the aims of the investment strategy?

Summary of responses

23 responses said the wording of the regulation was clear (or made suggestions related solely to guidance) and 20 responses said the wording was not clear.

Many respondents emphasised the need for strong guidance to explain key terms, particularly 'reasonable steps'.

A number of responses highlighted that pools face competing priorities - including achieving scale, meeting fund specific objectives and delivering responsible investment policies - and that the regulation does not make clear how these should be balanced. Several respondents expressed concern that the pools could be given too much discretion in determining whether they had complied with the strategy. They suggested instead that pools should be required to explain any deviations, including reporting the scale benefits gained by diverging from their partner funds' responsible investment policies.

Respondents also emphasised the need for a robust process to resolve conflicts between the pool and the funds. One respondent argued that the accompanying guidance should require pools to 'have regard to' maximising the benefits of scale, rather than obliging them to maximise those benefits outright.

Our response

The government acknowledges the concern that the term ‘reasonable steps’ causes, but notes and wishes to clarify that this is not intended to weaken the obligation on asset pool companies to deliver the investment strategies of their participating funds.

Asset pool companies are expected to have regard to achieving the benefits of scale when determining how to implement the strategies of their partner funds. It is expected that administering authorities will support that endeavour through discussion with their asset pool and other participating funds in the pool to identify where they can increase alignment without compromising fiduciary duty. Where an asset pool is genuinely unable to deliver the investment strategy of a participating fund it is expected that the pool and administering authority will work together to find a satisfactory resolution. This issue, and the need for a robust conflicts of interest policy, will be addressed in guidance.

Question 11

In relation to Regulation 14, do you agree it is appropriate to link the three-yearly review of the investment strategy to the triennial valuation?

Summary of responses

73 responses were content that this was appropriate and one response said it was not appropriate. Many responses said that this regulation already reflects existing practice. The response which did not support the regulation as drafted was concerned that if the Investment Strategy Statement (ISS) is produced after the valuation date, then it would become inconsistent with the discount rate used in the valuation, undermining the appropriateness of the discount rate.

A large number of responses said that while it was useful to have a required review of the ISS every triennial valuation cycle, this should not prohibit additional out-of-cycle reviews.

Our response

The government has considered the responses and will proceed with the regulation as drafted. The regulation does not prohibit interim reviews of the ISS.

Regarding the timing issue highlighted by one response, government notes that even if the investment strategy review is completed after the valuation date, it is expected that consideration of the strategy will begin alongside it. The discount rate should be based on future projections, which should take account of the expected new strategy.

Question 12

Is 18 months from the valuation date an appropriate timescale for administering authorities to review, revise, and publish their investment strategy?

Summary of responses

Of the 74 respondents who addressed this question, 68 agreed that it was reasonable for administering authorities to be required to publish a revised investment strategy within 18 months of the effective date of valuation, although a number noted that this did not apply to the current valuation cycle. Eleven responses also noted that compliance with the deadline would also be dependent on the asset pools having sufficient advisory capacity and capability to comply with the requirement to provide their administering authorities with proper advice as per Regulation 10.

Five responses wanted to clarify that the 18-month deadline did not prevent administering authorities beginning the process prior to the effective date of valuation. A small number of responses also suggested that there should be flexibility in exceptional circumstances such as the valuation being delayed.

Our response

The government notes the strong agreement to the requirement for administering authorities to publish a revised investment strategy within 18 months of the valuation date, and intends to keep this timescale. This does not include the publication of the first investment strategy under these regulations, which, as detailed in the response to question 8, authorities will be required to publish by 31 March 2027.

This requirement does not prevent administering authorities from beginning the process of reviewing their investment strategy ahead of the valuation date.

Question 13

Do you have any other comments on Regulations 10 to 15?

Summary of responses

60 respondents to this question suggested that drafting changes were required.

35 respondents proposed changes to Regulation 10. Some respondents were concerned about the interaction between the definition of 'proper advice' in 10(4) and the requirement for asset pools to give this in 10(1),

and questioned what would happen if authorities did not consider that their asset pool was suitably qualified by the ability and experience of financial matters to give that advice.

Other respondents felt that the term “exceptional circumstances” in 10(3) should be defined in regulations, or should be changed to allow authorities to seek advice from independent sources in situations where they felt it was needed to meet their statutory responsibilities. Some felt that authorities should be able to seek advice from independent sources in non-exceptional circumstances, at least for an interim period while pool advisory capability matures.

45 respondents commented on Regulation 11. Concerns raised included the use of the word ‘high-level’ where this was undefined, the language of “priorities and preferences” instead of “policy” in relation to responsible investment and whether this could be overridden by the asset pool companies, and whether the requirement to have regard to the local economic priorities of the relevant strategic authority could delay publication of the investment strategy in circumstances where the strategic authority had not yet made these priorities available. Some respondents questioned whether the prohibition for more than 5% of the total value of all investments to be invested in entities connected with the authority was still relevant under pooling and suggested it could limit local investment.

Two responses addressed Regulation 12, which both raised concerns about the proposed deadline for publication of the first investment strategy as addressed in Question 8.

Two responses addressed Regulation 14. One questioned whether there needed to be a hard deadline for publication of the revised investment strategy, the other suggested that the regulations implied that strategies would only be revised every three years and would be ‘set and forget’ in the meantime.

Twelve responses addressed Regulation 15. These included questioning the materiality of a breach of guidance that would warrant a direction, requesting that a minimum consultation period of 30 days be introduced to allow fund officers and the pension committee time to consider, suggesting that a direction be to review the investment strategy rather than directly to make changes to investment strategy, allow an authority to ‘comply or explain’, and requests for additional safeguards to be placed on the power.

Our response

The government wishes to clarify that the “independent person” in Regulation 10(3) refers to a person from whom an authority can procure

proper advice about their investment strategy in exceptional circumstances, and should not be confused with the 'independent person' that funds are required to appoint to support the LGPS Senior Officer and Pensions Committee with administration, governance and investment of the LGPS, as per the LGPS (Amendment) (Governance) Regulations 2026.

The government notes the comments on the definition of 'proper advice' and the requirement for asset pool companies to provide it, and intends to align the definition of 'proper advice' with that in S36(6) of The Pensions Act 1995. This means that where advice constitutes the carrying on of regulated activity by the 2000 Act it will be considered 'proper advice' if given by someone authorised to provide it for the purposes of that Act. Where advice does not constitute regulated activity, it will be 'proper advice' if it is given by a person the authority reasonably believes to be qualified by their ability in and practical experience of financial matters, and who has appropriate knowledge and experience of the management of the investment of pension schemes.

The government intends to provide further clarity in guidance on the 'exceptional circumstances' in which administering authorities can take advice about their investment strategy from outside their pool.

In relation to Regulation 11, the government will provide additional clarity on what is meant by the authority's 'high-level financial objectives' and 'high-level objective on local investment' in guidance. The use of the term 'priorities and preferences' in relation to responsible investment is not intended to imply that these can be overridden by asset pool companies, and the government has noted the responses to the draft of the accompanying guidance on this matter. Guidance will provide additional clarity on how administering authorities and asset pool companies should manage divergence between the responsible investment strategies of their partner funds without undermining the fiduciary duty of funds.

The government agrees that there is potential for the requirement to have regard to local economic priorities to delay publication of the investment strategy in cases where these have not been made available by the strategic authority. The final regulations will include an exemption to this requirement in such scenarios.

In relation to Regulation 14, as drafted the requirement is for an authority to review, revise, and publish a statement of the revised strategy within 18 months of each valuation date. The government notes that the wording of regulation requires that investment strategies are revised 'from time to time' as well as within 18 months of the valuation date. It is expected that authorities will revise their strategies between valuation cycles as they

consider appropriate, in addition to revising them following each valuation date.

The government has considered the concerns raised in regard to the direction powers in Regulation 15 and agrees that intervening to direct specific changes to an investment strategy is likely to be a heavy-handed response in many scenarios in which an authority has failed to comply with guidance. The government therefore intends to include an additional direction power to allow the Secretary of State to require an authority to review and revise its investment strategy in relation to the matters specified in the direction.

The government also acknowledges the calls for additional safeguards on the use of this power, and intends to include a requirement for any direction to specify the date or issue and the contents of the guidance with which the authority is required to comply, as well as clarity on whether the authority is expected to consult on any proposed revisions to the strategy. The government also intends to replicate the power for the Secretary of State to carry out enquiries to obtain information needed to inform a request as to whether to issue a direction, and to require authorities to comply with such a request.

The government will not include a minimum consultation period in the regulations but does intend to address this issue in guidance.

Part 5 – Asset Management (Regulation 16)

This Part requires that scheme assets are held and managed by the asset pool company within a specified time of an authority joining a pool, unless impracticable. In the latter case, responsibility rests with the asset pool to determine suitable arrangements for transition of the assets.

Question 14

Is 21 days an appropriate time period for an asset pool company to be managing administering authority assets?

Summary of responses

Of the 77 respondents who commented on this question, the majority felt the 21 day period needed to be extended and only five respondents felt 21 days was sufficient for the new pool to have all assets under management. A number of responses seemed to have interpreted the requirement as requiring all assets to be legally owned by the pool within 21 days, which is not a requirement of the regulations, however other responses were concerned that 21 days would be insufficient time to put legal

arrangements in place for the pool to manage assets, even without transition of legal ownership.

Where respondents suggested an alternative timeframe, 3 months was most commonly proposed, however there was also significant support for a timeframe of 6-12 months. Instead of requesting a longer timeframe some respondents instead suggested alternative means of giving additional flexibility such as allowing the pool and administering authority to agree a timescale between themselves and to report to government on progress, or changing the requirement to be “as soon as reasonably practicable” rather than introducing a specific long-stop date.

Some respondents also noted here that they felt the fiduciary duty of administering authorities should be more clearly recognised by regulations 16(2) and 16(3), with the administering authority able to agree to the plans set by the pool. Others, however, expressed support for these decisions being solely the remit of the pool without interference by the administering authority.

Our response

The government has considered the responses to this question, and will be extending the time-frame within which an authority’s assets must be under the management of the pool from 21 days to 3 months of the authority first beginning to participate in an asset pool company.

Question 15

Do you have any other comments on Regulation 16?

Summary of responses

21 responses to this question noted the flexibility provided in 16(2) and 16(3) by permitting asset pool companies to determine the timing of assets being transferred to the pool in such cases where it is not practicable for them to be transferred within the deadline in 16(1), however twelve respondents noted that ‘practicable’ is a high bar in legal terms that could mean this provision is of little use in mitigating risk.

26 responses were concerned about the language of ‘held’, suggesting that this implies that assets should be in the custody of the asset pool and noting that separation of asset management and custody is an important principle to mitigate risk.

Seven respondents were concerned that reference to assets being properly managed by an asset pool “with a view to implementing the authority’s

investment strategy” was intended to allow ‘wriggle room’ so that asset pool companies can avoid implementing the strategy.

Our response

The government welcomes the support for the provisions in 16(2) and 16(3), but agrees that ‘practicable’ is a high bar to reach. It therefore intends to amend this wording to ‘reasonably practicable’ in the final regulations to ensure that asset pool companies can use the provision where it would be poor investment management to transition an asset within the 3 month period allowed, and not just where it would not be feasible.

Upon further reflection, the government now considers the provisions in 16(2) and 16(3) to be transitional provisions, and therefore intends to move them to part 8 of the regulations.

The government acknowledges that the term ‘held’ can be ambiguous, but wishes to clarify that this should be interpreted broadly for the purposes of these regulations as meaning that the asset pool company can implement its investment management decisions without needing to seek permission from a third party each time. It does not necessarily imply that the asset pool has custody of an asset. This will be clarified in guidance.

The language of ‘with a view to’ is not intended to imply that implementation of an investment strategy is optional for asset pool companies, and Regulation 13 already stipulates that asset pool companies must take all reasonable steps to implement an authority’s investment strategy.

Part 6 – Local Investments (Regulation 17)

Part 6 places a statutory duty on administering authorities, except the Environment Agency, to cooperate with relevant strategic authorities to identify and develop suitable local investment opportunities. A reciprocal requirement on strategic authorities in England has been introduced via the English Devolution and Community Empowerment Act 2026.

Question 16

Do you have any comments on Regulation 17?

Summary of responses

Many responses thought that the wording of this regulation, in particular the words ‘co-operate’ and ‘develop’, implied that the LGPS was itself responsible for the local investment projects referred to. It raised concerns

for many respondents that fiduciary duty would be compromised, as pools may feel compelled either to invest where there is no economic case, or to become involved in the design of the projects which is outside of their remit as pension funds.

Several responses asked what requirements would apply in places where there is no strategic authority.

Our response

The government notes the comments received and wishes to clarify that the intention of this policy is that administering authorities, either directly or via their asset pool companies, communicate with strategic authorities and provide feedback where a project is not a suitable investment for them. It is not the policy intention that pension funds and/or asset pool companies become directly involved in the design of projects themselves. The government intends to clarify what is meant by this requirement in guidance, but will not amend regulations directly.

In relation to what happens where there is no relevant strategic authority for an administering authority, the regulation will have no practical effect until a strategic authority is designated. These administering authorities are encouraged to work with local authorities in their area in the interim.

Part 7 – Guidance and Directions (Regulations 18 and 19)

This Part enables the Secretary of State to issue statutory guidance to administering authorities and asset pool companies on specified matters. It also introduces powers for the Secretary of State to direct asset pools to comply with that guidance or to carry out investment management activities in a particular manner.

Question 17

Do you agree with the list of issues that the Secretary of State can issue guidance about in Regulation 18?

Summary of responses

There were 72 responses to this question, of which around half agreed with the list of issues and half proposed drafting changes.

A number of responses agreed with the topics in the list but wanted to see the wording more tightly defined so that it was clearer what guidance was intended to cover. Some were concerned that leaving the wording broad could result in guidance that conflicted with the fiduciary duty of funds, and wanted regulations to specifically state that guidance could not undermine

the fiduciary duty of funds to generate a return to pay pensions. In particular, a number of respondents were concerned that as drafted the guidance topics in 18(a), (b) and (e) could indirectly allow the Secretary of State to exercise powers that had been removed from the initial draft of the Pension Schemes Bill during passage, when the provision allowing regulations to grant the Secretary of State power to direct an asset pool requiring it to take, or not to take, a specified decision in carrying out any specified investment management activities was removed by amendment.

Two responses suggested that Regulation 18(f) be redrafted to refer to the wider legal framework in which asset pools operate, namely the balance with FCA regulation.

Additional areas it was proposed guidance could or should cover were:

- managing performance of the pool and addressing underperformance
- cooperation between pools and their participating administering authorities
- administering authority governance
- climate related considerations

In terms of the general drafting of Regulation 18, some respondents wanted it to be made clear whether the guidance would be addressed at both funds and asset pool companies, or just asset pool companies.

Our response

Guidance issued under this regulation can be addressed to both asset pool companies and administering authorities. This is implicit in what is covered in the list of topics that guidance can be issued about – e.g. 18(c) is clearly relevant to administering authorities, whereas 18(e) is clearly relevant to asset pool companies. There is therefore no need to make this explicit in the final drafting of the regulations.

The government has considered the additional items that have been suggested for inclusion in the list. The final version of the regulations will expand 18(f) to also include reference to managing performance of the asset pool company. The government considers that sufficient powers already exist to issue guidance on the other topics suggested. Cooperation between pools and their participating administering authorities is an issue that can also be addressed in guidance relating to the governance of asset pool companies under 18(f), and climate related considerations can be addressed under guidance relating to the implementation of an investment strategy under Regulation 18(e). Guidance on administering authority

governance is issued under separate powers in Regulation 2(3)(a) of the LGPS Regulations 2013, or where this guidance relates to the administering authority's role in the governance of its asset pool this can be issued under 18(f).

The government also intends to expand 18(c) to refer to both formulating and maintaining an investment strategy.

The government has considered the issue of whether the guidance topics are too broad, and has come to the view that to further define them could risk inadvertently constraining the government's ability to issue guidance to the scheme. The government does not intend to use guidance to direct investment into or away from specific assets or asset classes and, does not consider that the Pension Schemes Act 2026 contains powers for it to do this.

Question 18

Do you have any other comments about Regulations 18 or 19?

Summary of responses

There were 35 responses to this question, overwhelmingly focussed on the direction powers in Regulation 19.

Many of the respondents asked for additional safeguards on the use of the direction powers to avoid these being abused or used in a way that undermines local accountability and the fiduciary duty of funds. The safeguards proposed included:

- setting out the circumstances in which the powers could be used in regulations, including that the power in 19(4) can only be used when local governance processes have been exhausted
- requiring the Secretary of State to be transparent about the reasoning and evidence behind the view that the asset pool company was failing to comply with guidance, or was managing assets in a way that was detrimental to its partner funds or the scheme as a whole
- requiring minimum timescales for consultation and requiring the Secretary of State to explain how they had considered the findings from that consultation
- allowing the asset pool to respond to the direction on a "comply or explain" basis, in part to allow asset pools to innovate to achieve the outcomes intended by the guidance.

- revising the drafting of 19(5)(a) and (b) so that one or more of a pool's participating funds need to have raised concerns that the manner in which the pool is managing assets is detrimental to them in order for Secretary of State to direct on these grounds
- allowing a pool's participating authorities to request a direction

Some respondents were concerned that the power in 19(4) was derived from a provision removed from the Pension Schemes Bill during passage would have allowed regulations to grant the Secretary of State power to direct an asset pool requiring it to take, or not to take, a specified decision in carrying out any specified investment management activities.

Respondents were similarly concerned that the power could be used to allow the Secretary of State to direct asset allocation, and noted that this could allow for political interference in the investment activities of the LGPS.

The only comment on Regulation 18 was that 18(c) should refer to preparing and maintaining an investment strategy, rather than formulating an investment strategy.

Our response

The government has considered the comments on these two regulations. The government does not intend to make changes to Regulation 18 beyond those outlined in response to question 17 above.

In relation to the power to direct an asset pool to comply with guidance in Regulation 19, the government intends to require that any direction issued states the grounds upon which the Secretary of State is satisfied that the asset pool company is failing to comply with guidance, and the evidence used to inform that decision.

In relation to the power to direct an asset pool to carry out investment management activities in a specified manner, the government wishes to make clear that the direction power in Regulation 19(4) cannot be used to direct asset allocation. The regulations are also clear that the power can be used only where the Secretary of State is satisfied that the asset pool company is managing assets in a manner that is detrimental to one or more of its partner funds or the scheme as a whole. This safeguard is designed to ensure that the power is not used for improper or political reasons.

The government does intend to simplify the drafting of 19(5) by removing the reference to 'all partner funds', since this is encompassed by 'one or more of its partner funds' and removing reference to 'and their members and employers' given that detriment to a fund's members or employers would always constitute detriment to the fund.

The government does not intend for regulations to stipulate minimum timescales for consultation. The regulations will also not require that a direction can only be issued where local governance processes have been exhausted or where a participating fund has raised a concern, nor will they explicitly allow an authority to request a direction. The government will not amend regulations to allow pools to respond to a direction on a comply or explain basis, since asset pool companies will already have a chance to explain in response to the mandatory consultation with them prior to issuing a direction.

Part 8 - Consequential amendments, revocations and transitional provisions (Regulations 20 to 22)

Part 8 makes necessary amendments to existing LGPS Regulations, revokes the 2016 Regulations, and sets transitional arrangements. These include temporary modification of requirements while first investment strategies are prepared.

Question 19

Is there anything in the 2016 Regulations that needs to be replicated in some form to allow the scheme to operate as intended?

Summary of responses

75 respondents did not identify anything that needed to be replicated from the 2016 Regulations for the scheme to operate as intended.

Of the 15 respondents who did consider that provisions needed replicating, 6 wanted protections around diversification, derivative usage and stewardship expectations to be carried into the new regulations. Four respondents wanted the provisions in Regulation 8(4) to (6) of the 2016 Regulations to be replicated in relation to the direction powers in these regulations. A further four respondents wanted administering authorities to still be able to appoint investment managers as per Regulation 9 of the 2016 Regulations, in case asset pools are not equipped to take over this role in time.

Our response

With regard to comments around diversification, derivative usage and stewardship, the government notes that the only reference to derivatives in the 2016 Regulations has been replicated in Regulation 3 of these regulations. Regarding asset diversification and stewardship, Regulation 11 requires authorities to include a requirement to invest in a wide variety of investments, the required approach to risk, and their policy on the exercise of rights attaching to investments in their investment strategy.

The government has considered the question of whether the provisions in regulation 8(4) to (6) of the 2016 Regulations should be replicated in these regulations, and intends to replicate the provisions in 8(5) and (6), which allow the Secretary of State to make such enquiries as considered appropriate to obtain information to inform a decision on whether to issue a direction and also require the relevant party to comply with such a request, in relation to the direction powers in these regulations.

The government does not intend to replicate the provision in Regulation 8(4) of the 2016 Regulations. In reflection of the fact that administering authorities will no longer have investment functions beyond the responsibility to set an investment strategy the direction power in Regulation 15 of these regulations is not as extensive as that in Regulation 8 of the 2016 Regulations. It is therefore not considered necessary to mandate that the Secretary of State must consider the same list of evidence as to the manner in which the authority is discharging or proposes to discharge its investment functions prior to making a direction. However, additional safeguards have been added to the direction power in Regulation 15, as set out in response to question 13.

Question 20

Is 28 days an appropriate length of time to allow an administering authority to participate in both its 'old' and 'new' pool to allow transitional processes to take place?

Summary of responses

Three responses said that 28 days was an appropriate length of time and 70 responses said that 28 days was too short a period.

Responses suggested that a short deadline was not helpful for funds transitioning from one existing pool company to another as a result of the current reforms. Reasons cited included potential impacts on financial markets, suboptimal timing of transactions, and the complexity involved in moving pools. Several responses said that when the 'old' pool is winding down, funds would need to remain shareholders for an extended period.

Our response

The government is grateful for the representations on this issue. Having considered the responses, the government will make two changes to this regulation. First, the exemption from the requirement to only participate in one pool will last for 3 months, not 28 days. Secondly, where participation in the original pool is solely for the purposes of winding up the pool, the exemption will apply until the original pool is wound up.

Question 21

Do you have any other comments about Regulations 20 to 22?

Summary of responses

71 respondents are happy with Regulations 20 to 22 and had no comments on them, seven respondents made additional comments.

Of the comments raised, three wanted to add additional clarity around what happens to asset pools once they cease to exist, for example in relation to relinquishing FCA authorisations and liquidating the company.

Two respondents wanted the timing in 21(2)(b) to be extended. One respondent wanted to add a provision in Regulation 20 that would explicitly prohibit compensation payments on early termination of employment in Local Government from being met from pension funds.

Our response

As discussed in response to question 20 above, the government intends to include specific transitional provision for scenarios where an asset pool is being wound up. In cases where administering authorities are participating in an additional pool solely for the purposes of winding up that company, they will be exempt from the requirement to only participate in one pool for as long as it takes for the wind-up process to be complete.

The timings in Regulation 21 will be updated to reflect the additional time allowed for publication of the first investment strategy as per the response to question 8 above. As such, Part 4 of the regulations will only apply to administering authorities to the extent necessary to enable the formulation and publication of the first investment strategy until the earliest of such a time as an authority publishes that strategy, or the 30 March 2027.

The government does not consider it necessary to include an explicit provision that would prohibit early severance payments from being paid out of the pension fund, since Regulation 4 already sets out costs which must and may be paid out of the fund and this does not include costs arising from employer management decisions.

Overarching questions

Question 22

Is there anything that should be included in these regulations to allow them to deliver their intended impact? Are there additional provisions in the 2016 Regulations that need to be replicated here in some way?

Summary of responses

Of those who responded to this question the majority did not think anything additional needed to be added to the regulations.

Of those who felt the regulations needed to cover additional topics, the majority felt the regulations should explicitly address the ability of administering authorities to hold asset pool companies to account for their performance, including through such measures as minimum reporting standards and metrics. Two respondents also wanted regulations to reflect differences between shareholder and client governance of the pool.

Other additional points raised included requesting that the provision in regulation 8(4) of the 2016 Regulations to be replicated in Regulation 15 of these regulations, and for something to be included about administering authorities being able to obtain independent advice from outside their pool in relation to holding their pool accountable for practice.

Our response

The government recognises that the roles of administering authorities in pool governance and in effective performance management of their pool are essential to the success of pooling. The government does not consider it necessary to address this in regulations, but will provide guidance on these issues. This will include the roles of clients versus those of shareholders.

The government intends to address oversight of the asset pool, including the procuring of third party advice to support this, in guidance.

Question 23

Is there anything in these regulations that you think will disproportionately impact groups with protected characteristics relative to other groups?

Summary of response

All 74 respondents do not think that anything in these regulations will disproportionately impact groups with protected characteristics.

Our response

The government notes the response on this issue.

Local Government Pension Scheme (Amendment) (Governance) Regulations 2026

These regulations will:

- strengthen governance arrangements for administering authorities
- require regular governance reviews aligned with valuation cycles
- provide powers for the Secretary of State to direct governance reviews where necessary.

The consultation draft of these regulations was titled the Local Government Pension Scheme (Amendment) Regulations 2026. Given there are multiple sets of LGPS amendment regulations planned this year, the title has been amended to Local Government Pension Scheme (Amendment) (Governance) Regulations 2026 to make it clear which set of regulations is being referred to.

Question 24

Do you agree that new Regulation 55A delivers the government's intent for the governance strategy, training strategy and conflict of interest policy, in line with the Fit for the Future consultation and response?

Question 24 covered the regulations that revoke the requirement for administering authorities to produce a governance compliance statement and create the overall requirement for administering authorities to prepare a governance strategy, a training strategy, and a conflict of interest policy. The regulation sets out that the three documents may be combined, but that this is not a requirement.

Summary of responses

60 responses out of 89 agreed that the draft regulations delivered the government's intent for a governance strategy, training strategy and conflict of interest policy, with a further two neutral and only one response which directly disagreed. The response which directly disagreed was about views on the Independent Person regulations.

Five respondents asked for guidance to provide further detail on fulfilling this requirement.

Twelve respondents raised that the conflict of interest policy should cover pension board members.

Three respondents raised that the conflict of interest policy should be required to cover individuals who may have dual roles at the administering authority as well as at the pool.

Two respondents also suggested that the conflict of interest policy should cover the relationship with the strategic authority, as councillors may also have roles within the strategic authority organisation.

The government is also grateful to the Local Government Pension Committee and others for spotting minor drafting errors.

Our response

The government welcomes the strong response in support of the new regulations requiring a governance strategy, a training strategy, and a conflict of interests policy.

Upon reflection on the responses, the government agrees that the conflict of interest policy should apply to pension board members, as well as individuals at the administering authority who may have roles across the strategic authority or at the asset pool company, and so will amend regulations to reflect this. The government will also set out in regulations that the governance strategy must explain the basis on which an administering authority will allow the use of substitutes to step in for committee members.

Question 25

Do you agree that new Regulation 53A delivers the government's intent for the senior LGPS officer in line with the Fit for the Future consultation and response?

Question 25 covered the regulations that create a new requirement for a senior LGPS officer. The regulations require that a senior LGPS officer must be appointed, that the appointment must be made within 6 months, and that the role must be carried out in accordance with statutory guidance. The regulations also defined the role, and that the same person cannot hold both the role of senior LGPS officer and the local authority's Section 151 officer, Head of Paid Service or monitoring officer.

Summary of responses

62 responses (70%) agreed that the draft regulations delivered the government's intent for the senior LGPS officer, with a further 16 (18%) neutral. Of the 12% of responses that directly disagreed, most of the responses were not about the drafting of the regulations, but the policy choice. The government has already addressed these points in its response to the Fit for the Future consultation, published on 29 May 2025.

21 respondents raised a specific issue with the legal drafting, and how it did not account for single purpose pension authorities.

Fifteen respondents raised concerns about the intended timetable, and in particular the requirement for a senior LGPS officer to be appointed within 6 months, both for the first round of appointments (1 October 2026) and future rounds. The senior LGPS role is a very senior position, and respondents felt that such positions often take a long time to fill, especially with notice periods elsewhere. Several respondents asked what the government's position would be if appointments could not be made in time.

Thirteen respondents raised questions about who can do the role. Some asked about the process if an obvious internal candidate is already available, whilst others said that excluding the senior LGPS officer from being the local authority's S151 officer was too restrictive. Four respondents asked if a shared senior LGPS officer would be permitted.

Other comments more appropriate for guidance were also raised, such as what interim arrangements would be suitable and the reporting lines. We are also grateful to the Local Government Pension Committee and others for spotting minor drafting errors.

Our response

The government welcomes the strong response in support of the new senior LGPS officer regulations. The government recognises concerns about the timetable and that regulations are being laid slightly later than originally expected due to the timing of the Pension Schemes Act 2026 receiving Royal Assent. The government believes that a deadline for the appointments is necessary, but will adjust this to be 6 months from the date the regulations come into force rather than the 1 October deadline.

We recognise that in a small minority of cases, some authorities may not be able to have someone in place on the relevant date. The government considers that not having an independent person in place by the deadline is likely to be of material significance, regardless of the circumstances, and this should always be reported to the Pensions Regulator (TPR). However, recognising that such breaches may be wholly or partly outside of the control of the administering authority, TPR is unlikely to take regulatory action if the appointment is delayed by only a few weeks. Where an administering authority has, however, not engaged with the new requirement or the appointment will be significantly late, such as by 2 months or more, TPR is more likely to investigate further.

As to who can do the role, the government has been clear that the role is intended to be very senior, for example, executive team level, and the LGPS should be the main priority for such a role. The government believes that the exclusion of the S151 officer in particular is crucial to maintaining that position. Authorities are permitted to appoint internal candidates to the

role, as long as they meet the requirements, and they do not need to wait until 6 months after the coming into force date to do so. In particular, we would stress the seniority of the role as set out in guidance, and administering authorities should ensure that any internal candidate appointed can meet that requirement.

Where two or more administering authorities share services they may share an LGPS senior officer, provided the requirements are still met, with a particular focus on having the time to dedicate to the role.

Question 26

Do you agree that new Regulation 53A delivers the government's intent for the independent person in line with the Fit for the Future consultation and response?

Question 26 covered the regulations that create a new requirement for an independent person to serve as a non-voting member of pension committees to advise on investment strategy, governance and administration. The regulations require that an independent person must be appointed, that the appointment must be made within 6 months, and that the role must be carried out in accordance with statutory guidance.

Summary of responses

27 responses (30%) agreed that the draft regulations delivered the government's intent for the independent person, with a further 13 (15%) neutral. Four responses (4%) directly disagreed.

33 respondents raised concerns about the intended timetable, and in particular the requirement for an independent person to be appointed within 6 months, given the appointment of a senior officer will likely only take place this summer. The independent person role is very specialised, and respondents felt that new senior officers should be in place first to have a role in selection. Six respondents asked what the government's position would be if appointments could not be made in time.

Five responses raised an issue with the drafting of the regulations which allow for a situation where an authority delegates all LGPS functions to the S151 officer and so is not required to appoint an independent person.

29 respondents asked that the role of independent person could be filled by multiple specialists, with seven respondents asking that administering authorities be allowed to procure a firm to fill the role, with one named lead but a team of specialists supporting. These suggestions were raised in tandem with the 27 respondents who raised concerns about whether there

is a sufficient existing pool of individual specialists who could cover all aspects of the independent person role. A further seven respondents asked for clarity on whether the independent person could be a firm or whether it had to be an individual.

Three responses asked for clarity on whether the independent person needed to have any professional qualifications, particularly if they are responsible for giving advice.

Three responses suggested that the maximum term length be 9 years, in accordance with UK Corporate Governance Code 2024 recommendations that non-executive directors not typically serve for more than 9 years.

There were mixed responses on whether or not the Independent Person should sit on the Pensions Committee.

Our response

The government is clear that every administering authority will be required to appoint an independent person to support the committee (if there is one) and the senior officer. The government intends to amend draft regulations to make clear that the independent person's role is to support the pensions committee, rather than become a member, and that the independent person is not required to be a person authorised by the FCA to provide advice or liability insurance. At Single Purpose Pension Authorities the fund may appoint the independent person to the committee – it is up to the fund.

The government recognises concerns that the original timetable was too tight given that the laying of regulations has been delayed due to the Pension Schemes Act not receiving Royal Assent until the end of the parliamentary session. The government believes that a deadline is still necessary, but will adjust this to be 6 months from the date the regulations come into force rather than the 1 October deadline.

However, the government recognises that there will be a small minority of authorities who may not be able to have someone in place on the relevant date. As set out in our response to question 25, TPR is unlikely to take regulatory action if the appointment is delayed by only a few weeks. Where an administering authority has, however, not engaged with the new requirement or the appointment will be significantly late, such as by 2 months or more, TPR is more likely to investigate further.

Concerns around the process of selecting an independent person, and whether it is acceptable for funds to procure firms to fill this role, will be covered in detail in guidance. To clarify, administering authorities can either appoint an individual as an independent person or they can procure the

service from a firm such as a professional trustee firm – this is a choice for individual administering authorities. Where administering authorities follow the latter route and procure the service through a firm, there should be a named individual, but they may be supported by other experts at the firm.

With regards to situations where administering authorities delegate all LGPS functions to a Senior Officer, the regulations will require that an independent person must still be appointed to support that officer.

Question 27

Do you agree that new Regulation 55B delivers the government’s intent for the knowledge and understanding requirements in line with the Fit for the Future consultation and response?

Question 27 covered new regulation 55B, which creates knowledge and understanding requirements for relevant persons. The new regulation extends the existing requirements, which apply to Pension Board members, to Pension Committee members, officers to whom LGPS functions have been delegated, and to the senior LGPS officer. Regulation 55B also sets out that knowledge and understanding requirements must be in accordance with statutory guidance.

Summary of responses

55 responses (62%) agreed that the draft regulations delivered the government’s intent for the knowledge and understanding requirements in line with the Fit for the Future consultation and response, with a further 18 (20%) responses neutral.

Seven responses (8%) asked that the government make clearer in regulations or in guidance what the consequences for non-compliance are for an individual committee member who does not engage with knowledge and understanding requirements.

Seven responses (8%) asked the government to define what the ‘reasonable period’ is for a committee member’s compliance with knowledge and understanding requirements.

Our response

The government welcomes the strong response in support of the new knowledge and understanding requirements.

The government will set out in guidance that the ‘reasonable period’ for a committee member’s compliance with knowledge and understanding

requirements is within three months of joining or before their first meeting, whichever is sooner.

With regards to the consequences for individuals for non-compliance with knowledge and understanding requirements, this is for individual administering authorities to decide. If an administering authority's LGPS Senior Officer – who is responsible for ensuring a training needs analysis is undertaken by the administering authority – has concerns that the knowledge and understanding requirements are not being met, they should notify TPR in line with the usual approach to reporting non-compliance with scheme regulations.

Question 28

Do you agree that Regulation 59 delivers the government's intent for the administration strategy in line with the Fit for the Future consultation and response?

Question 28 covered the amended regulation 59 of the LGPS Regulations 2013 to require administering authorities to prepare an administration strategy, rather than making this optional (as is currently the case).

The statutory instrument also creates requirements that the administration strategy must be reviewed at least once in each valuation period and must be in accordance with guidance issued by the Secretary of State.

Summary of responses

55 responses (62%) agreed that the draft regulations delivered the government's intent for the administration strategy, with a further 16 (18%) neutral and no responses that directly disagreed. Many respondents said that most administering authorities already publish administration strategies voluntarily.

One respondent pointed out that administering authorities that have not previously published an administration strategy will have to publish their first by 2028, and review this in this same time period.

Our response

The government welcomes the strong response in support of the new administration strategy regulations.

The government will amend regulations such that funds producing their first administration strategy will only have to review it in the following valuation period. Funds will be required to publish their administration strategy, but will not be required to send it directly to the Secretary of State.

Question 29

Do you agree that new Regulation 117 delivers the government's intent for the independent governance reviews in line with the Fit for the Future consultation and response?

Question 29 covered Regulation 117 which, enabled by Section 5 of the Pension Schemes Act 2026, delivers the requirement for independent governance reviews.

Summary of responses

47 responses (53%) agreed that the draft regulations delivered the government's intent for the administration strategy, with a further 17 (19%) neutral and one response that directly disagreed.

Seventeen responses expressed concerns that there was not a sufficient pool of appropriate reviewers who could conduct the governance reviews. A further six responses were concerned that the definition of 'independent' referring to the reviewer was too restrictive, as administering authorities already engage with a number of experts and potential firms who would conduct reviews. One response said that governance consultants with pre-existing relationships were best placed to conduct reviews, and another said that Local Pension Boards should conduct them.

Twelve responses expressed concerns that the timelines for the first expected round of governance reviews were too rushed. Four responses said that the existing wording on timings is unclear.

Three responses asked the government for clarity on the outcomes of reviews, including on any actions required for the administering authorities to take.

Three responses expressed concerns that the reviews would duplicate the work of existing audit programmes.

Several responses said that criteria for the review should be included in regulations, not guidance.

Our response

The government welcomes the strength of support for the new independent governance review regulations. The government believes the criteria set out in guidance will set out a distinct remit to existing statutory audit processes.

The government recognises concerns about the finding the right reviewers to conduct the governance reviews but is confident this will not affect the cost and practical timing of commissioning reviews. Some administering authorities have already been undertaking independent governance reviews and suppliers in the sector have had lead-in time to prepare an offering, so the government is confident that all administering authorities will be able to find suitable reviewers within the timescales set out.

On the outcomes of an independent governance review, guidance will set out that administering authorities must publish an action plan in response to any recommendations that arise from a review within 6 months of the report being published. Administering authorities may consider if they wish to enter into the Local Government Association LGPS peer support process to support the process of developing or implementing the action plan. There is no statutory requirement to do so, and the peer support process is not solely aimed at funds which require active support to meet minimum requirements.

The guidance is clear that if a review finds any instance of materially significant non-compliance with legal duties, administering authorities should approach this as they would in any other instance. Where a governance review has identified significant matters of concern, the Secretary of State will consider the findings. The government may request additional information for the Secretary of State and may enter discussions with the administering authority, focussing on the authority's action plan. The Secretary of State may consider intervention in exceptional cases such as where there is no credible action plan or where insufficient progress is being made in implementing the action plan in a reasonable timescale. Any intervention would be using the powers of the Public Service Pensions Act 2013, as amended by the Pension Schemes Act 2026, which provide for regulations on the winding-up and compulsory merger of pension funds.