

**2026 No.**

**PUBLIC SERVICE PENSIONS, ENGLAND AND WALES**

**The Local Government Pension Scheme (Pooling, Management  
and Investment of Funds) Regulations 2026**

*Made* - - - -

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*Laid before Parliament*

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*Coming into force*

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 1(1) and 3(1) to (3) of, and paragraphs 11, 12 and 13 of Schedule 3 to, the Public Service Pensions Act 2013 (“the 2013 Act”)(**a**), and sections 1 and 2 of the Pensions Schemes Act 2026(**b**).

In accordance with section 21(1) and (5) of the 2013 Act(**c**), the Secretary of State has consulted such persons and the representatives of such persons as appeared to the Secretary of State to be likely to be affected by these Regulations.

In accordance with section 3(5) of the 2013 Act, these Regulations are made with the consent of the Treasury.

**PART 1**

**Introductory**

**Citation, commencement and extent**

**1.**—(1) These Regulations may be cited as the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026.

(2) Subject to regulation 21(2), these Regulations come into force on 1st April 2026.

(3) These Regulations extend to England and Wales.

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(**a**) 2013 c. 25. See section 2 of, and Schedule 2 to, the Act as to how the power is exercisable by the Secretary of State. Section 3(1) of the Act was amended by section 94(2) of the Public Service Pensions and Judicial Offices Act 2022 (c. 7) (“the 2022 Act”) and section 7(2) of the Pension Schemes Act 2026 (c. xx) (“the 2026 Act”). Section 3(2) of the Act was amended by section 94(3) of the 2022 Act and section 7(2) of the 2026 Act. Paragraph 12 of Schedule 3 to the Act was amended by section 100 of the 2022 Act.

(**b**) 2026 c. ?? (“the 2026 Act”).

(**c**) Section 21(5) was inserted by section 7(3) of the 2026 Act.

## Interpretation

### 2.—(1) In these Regulations—

“the 2000 Act” means the Financial Services and Markets Act 2000(**a**);

“the 2013 Regulations” means the Local Government Pension Scheme Regulations 2013(**b**);

“the 2014 Regulations” means the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014(**c**);

“the 2026 Act” means the Pension Schemes Act 2026;

“authority” means an administering authority listed in Part 1 of Schedule 3 to the 2013 Regulations;

“fund money” means money that is or should be in a pension fund maintained by an authority;

“the relevant asset pool company” means, in relation to an authority, the asset pool company in which that authority is participating, in accordance with regulation 7(1) or a direction made under regulation 9(1)(a);

[“the relevant strategic authority”, in relation to an authority, means the strategic authority [for the area within which that authority is situated/set out in guidance published by the Secretary of State from time to time].]

“the Scheme” means the scheme established by the 2013 Regulations;

“strategic authority” includes, for the purposes of section 2(5)(d) of the 2026 Act, a unitary district council or a county council designated by the Secretary of State as a single foundation strategic authority under section 3(1) of the [English Devolution and Community Empowerment Act 2026(**d**)].

(2) Any restrictions imposed by these Regulations apply to authorities which have the power within section 1 of the Localism Act 2011 (local authority’s general power of competence)(**e**) or section 5A(1) of the Fire and Rescue Services Act 2004(**f**) (powers of certain fire and rescue authorities) in the exercise of those powers.

(3) Any authority which does not have the powers mentioned in paragraph (2) has, by virtue of these Regulations, the power to do anything authorised or required by these Regulations.

## PART 2

### Investments, Funds and Borrowing

#### Investments

### 3.—(1) In these Regulations “investment” includes—

- (a) a contract entered into in the course of dealing in financial futures, traded options or derivatives;

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(a) 2000 c. 8.

(b) S.I. 2013/2356.

(c) S.I. 2014/525.

(d) 2026 c. xx.

(e) 2011 c. 20.

(f) 2004 c. 21; section 5A was inserted by section 9(1) of the Localism Act 2011. It was moved under a new heading by paragraph 6 of Part 1 of Schedule 1 to the Policing and Crime Act 2017 (c. 3), and amended by paragraph 7, Part 1 of Schedule 1, and paragraph 112, Part 2 of Schedule 2, of that Act.

- (b) a contribution to a limited partnership in an unquoted securities investment partnership;
  - (c) a contract of insurance if it is a contract of a relevant class, and is entered into with a person within paragraph (2) for whom entering into the contract constitutes the carrying on of a regulated activity within the meaning of section 22 of the 2000 Act(a).
- (2) A person within this paragraph, for the purposes of paragraph (1)(c), is a person who has permission under Part 4A of the 2000 Act (permission to carry on regulated activities)(b) to effect or carry out contracts of insurance of a relevant class.
- (3) A contract of insurance is a contract of a relevant class for the purposes of paragraphs (1)(c) and (2) if it is—
- (a) a contract of insurance on human life or a contract to pay an annuity on human life where the benefits are wholly or partly to be determined by reference to the value of, or income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or an index of, the value of property of any description (whether or not so specified), or
  - (b) a contract to manage the investments of pension funds, whether or not combined with a contract of insurance covering either conservation of capital or payment of minimum interest.
- (4) For the purposes of this regulation—
- “limited partnership” has the meaning given by section 3(1) of the Limited Partnerships Act 1907(c);
- “recognised stock exchange” has the same meaning as in section 1005 of the Income Tax Act 2007(d);
- “traded option” means an option quoted on a recognised stock exchange;
- “unquoted securities investment partnership” means a partnership for investing in securities which are not quoted on a recognised stock exchange when the partnership buys them.

### **Management of a pension fund**

4.—(1) In addition to any sum otherwise required to be credited by virtue of the 2013 Regulations or the 2014 Regulations, an authority must credit to its pension fund(e)—

- (a) the amounts payable by it or payable to it under regulations 15(3)(b), 67 and 68 of the 2013 Regulations (employer’s contributions and further payments)(f),
- (b) all amounts received under regulation 69(1)(a) of the 2013 Regulations (member contributions),
- (c) all income arising from investment of the fund, and
- (d) all capital money deriving from such investment.

(2) In the case of an authority which maintains more than one pension fund, as respects sums which relate to specific members, the references in this regulation to the authority’s pension fund

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- (a) Section 22 was amended by section 7(1) of the Financial Services Act 2012 (c. 21), section 27(4)(a) of the Financial Guidance and Claims Act 2018 (c. 10), section 69(3) of the Financial Services and Markets Act 2023 (c. 29), and by S.I. 2018/135.
  - (b) Part 4A of the 2000 Act was inserted by section 11(2) of the Financial Services Act 2012.
  - (c) 1907 c. 24; the definition of “limited partnership” was inserted by section 109(2) of the Economic Crime and Corporate Transparency Act 2023 (c. 56).
  - (d) 2007 c. 3; section 1005 was substituted by paragraph 1 of Schedule 26 to the Finance Act 2007 (c. 11), and amended by paragraph 55 of Part 3 of Schedule 2 to the Taxation (International and Other Provisions) Act 2010 (c. 8).
  - (e) An administering authority is required to maintain a pension fund by regulation 53(1) of, and paragraph 1 of Schedule 3 to, the 2013 Regulations.
  - (f) Regulation 15(3)(b) has been amended by S.I. 2015/755. Regulation 68 has been amended by S.I. 2018/493.

are to be read as references to the fund which is the appropriate fund<sup>(a)</sup> for the member in question in accordance with the 2013 Regulations.

(3) Interest under regulation 71 of the 2013 Regulations (interest on late payments by Scheme employers) must be credited to the pension fund to which the overdue payment is due.

(4) An authority must pay from its pension fund—

- (a) any benefits to which any person is entitled by virtue of the 2013 Regulations or the 2014 Regulations, and
- (b) any interest to which any person is entitled by virtue of regulation 14 of the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023<sup>(b)</sup> (interest on payments under the statutory underpin).

(5) Any costs, charges and expenses incurred in administering a pension fund may be paid from the fund, except for charges prescribed by regulations made under sections 23, 24 or 41 of the Welfare Reform and Pensions Act 1999<sup>(c)</sup> (charges in relation to pension sharing costs).

### **Restriction on power to borrow**

**5.**—(1) Except as provided in this regulation, an authority must not borrow money where the borrowing is liable to be repaid out of its pension fund.

(2) Subject to paragraph (3), an authority may borrow, by way of temporary loan or overdraft which is liable to be repaid out of its pension fund, any sums which it may require for the purpose of—

- (a) paying benefits due under the Scheme, or
- (b) meeting investment commitments arising from the implementation of a decision [which is required by its investment strategy,] to change the balance between different types of investment.

(3) An authority may only borrow money under paragraph (2) if, at the time of the borrowing, the authority reasonably believes that the sum borrowed, and interest charged in respect of that sum, can be repaid out of its pension fund within 90 days of the borrowing.

### **Separate bank account**

**6.**—(1) An authority must hold all fund money in a separate account kept by it with a deposit-taker.

(2) An authority must secure that the deposit-taker may not exercise a right of set-off in relation to the account referred to in paragraph (1) in respect of any other account held by the authority or any party connected to the authority.

(3) In this regulation—

“deposit-taker” means—

- (a) a person who has permission under Part 4A of the 2000 Act (permission to carry on regulated activities) to carry on the activities specified by Article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (accepting deposits)<sup>(d)</sup>;
- (b) the Bank of England;

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(a) See regulation 53(2) of, and Part 2 of Schedule 3 to, the 2013 Regulations for provisions as to how an administering authority becomes the “appropriate administering authority” in relation to a person.

(b) S.I. 2023/972.

(c) 1999 c. 30; as to which see S.I. 2000/1049, 2005/2877 and 2016/289.

(d) S.I. 2001/544, amended by S.I. 2002/682; there are other amending instruments but none is relevant.

- (c) the National Savings Bank.

## PART 3

### Asset pool companies

#### Participation in an asset pool company

7.—(1) On and after the day on which these Regulations come into force, an authority must participate<sup>(a)</sup> in an asset pool company<sup>(b)</sup> with a view to that company managing the funds or other assets of the Scheme for which that authority is responsible.

(2) Subject to regulation 22, an authority may only participate in one asset pool company at any time.

#### Permission for asset pool company to carry out regulated activities

8.—(1) Before managing any funds or other assets of the Scheme for which an authority is responsible, the relevant asset pool company must obtain permission from the Financial Conduct Authority under Part 4A of the 2000 Act to carry out the regulated activities specified in the Schedule to these Regulations.

(2) The authority mentioned in paragraph (1) must take appropriate steps to ensure that the relevant asset pool company has complied with any requirements in—

- (a) that paragraph, and
- (b) the 2000 Act.

(3) In this Regulation, “regulated activities” has the meaning given by section 22 of the 2000 Act.

#### Directions by the Secretary of State - participation

9.—(1) Subject to paragraph (2), the Secretary of State<sup>(c)</sup> may make a direction requiring—

- (a) that an authority specified in the direction must participate in an asset pool company specified in the direction;
- (b) that an authority specified in the direction must stop participating in an asset pool company specified in the direction;
- (c) that an asset pool company specified in the direction (and any authority already participating in that asset pool company) must take the steps specified in the direction to enable another authority to comply with a direction made under sub-paragraph (a) or (b).

(2) Before making a direction under paragraph (1), the Secretary of State must consult—

- (a) any asset pool company or authority that the Secretary of State intends to specify in the direction,
- (b) any authority participating in an asset pool company falling within sub-paragraph (a), and

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(a) For these purposes, “participate” and related expressions in relation to an asset pool company are defined by section 1(9)(b) of the 2026 Act.

(b) For these purposes, “asset pool company” is defined by section 1(9)(a) of the 2026 Act.

(c) For these purposes, “the responsible authority” is defined by section 7(1) of the 2026 Act, and means, in relation to a scheme for local government workers in England and Wales, the Secretary of State.

- (c) any other person whom the Secretary of State considers that it would be appropriate to consult.

## PART 4

### Investment strategy

#### Formulation of investment strategy

**10.**—(1) The relevant asset pool company must provide an authority with proper advice (whether directly or indirectly) about their investment strategy(a).

(2) After considering the advice referred to in paragraph (1), an authority must formulate an investment strategy in accordance with the requirements set out in—

- (a) regulation 11, and
- (b) guidance issued from time to time by the Secretary of State.

(3) Where exceptional circumstances apply (as specified in guidance issued from time to time by the Secretary of State), an authority may also take proper advice about their investment strategy from an independent person who is not connected with the relevant asset pool company.

(4) In this regulation, “proper advice” means the advice of a person whom the authority reasonably considers to be qualified by their ability in, and practical experience of, financial matters.

#### Contents of investment strategy

**11.**—(1) An investment strategy must include—

- (a) a requirement to invest fund money in a wide variety of investments,
- (b) the authority’s high-level financial objectives,
- (c) the authority’s approach to risk, including the ways in which risks are to be assessed and managed,
- (d) the authority’s priorities and preferences regarding responsible investment, including how social, environmental and corporate governance considerations are to be taken into account in the selection, non-selection, retention and realisation of investments,
- (e) the authority’s policy on the exercise of the rights (including voting rights) attaching to investments,
- (f) subject to paragraph (4), a high-level objective on local investments(b), including a target range for those investments as a proportion of the total value of the pension fund, and
- (g) a high-level strategic asset allocation.

(2) For the purposes of paragraph (1)(b), the authority’s high-level financial objectives must—

- (a) be consistent with that authority’s funding strategy statement, and
- (b) have regard to the matters specified in regulation 62(6)(b) of the 2013 Regulations(c).

(3) In setting the high-level objective specified in paragraph (1)(f), an authority must have regard to the local economic priorities of the relevant strategic authority (including any local growth plan, if applicable).

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(a) For these purposes, “investment strategy” is defined at section 2(5) of the 2026 Act.

(b) For these purposes, “local investments” is defined at section 2(5) of the 2026 Act.

(c) Regulation 62(6)(b) was amended by S.I. 2015/755.

(4) Paragraph (1)(f) does not apply to an investment strategy formulated by the Environment Agency(a).

(5) Formulation of the high level strategic asset allocation referred to in paragraph (1)(g) may be delegated by the authority to the relevant asset pool company.

(6) An investment strategy may not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority, within the meaning of section 212 of the Local Government and Public Health Involvement in Health Act 2007(b).

(7) In this regulation—

“combined authority” means an authority established under section 103(1) of the Local Democracy, Economic Development and Construction Act 2009 (“the 2009 Act”)(c);

“combined county authority” means an authority established under section 9(1) of the Levelling-up and Regeneration Act 2023 (“the 2023 Act”)(d);

“funding strategy statement” means the statement required by regulation 58 of the 2013 Regulations(e);

“local growth plan” means—

- (a) in respect of a combined authority, a local growth plan under section 107L of the 2009 Act(f);
- (b) in respect of a combined county authority, a local growth plan under section 32A of the 2023 Act(g).

### **Publication of investment strategy**

**12.—**(1) An authority must publish a statement of its investment strategy formulated under regulation 10(2) (“an investment strategy statement”) in accordance with the requirements set out in guidance issued by the Secretary of State from time to time.

(2) An authority must publish the first investment strategy statement under paragraph (1) on or before [30th September 2026].

(3) For the purposes of paragraph (2), an investment strategy formulated under regulation 7(1) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (investment strategy statement) (“a 2016 strategy”) may be treated as an investment strategy formulated under regulation 10(2), provided that the 2016 strategy—

- (a) was formulated on or after 1st October 2025, and
- (b) complies with the requirements set out in—
  - (i) regulation 11, and
  - (ii) any guidance issued under regulation 10(2)(b).

(4) Before publishing an investment strategy statement, an authority must consult—

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- (a) The Environment Agency refers to the body corporate established under section 1 of the Environment Act 1995 (c. 25).
  - (b) 2007 c. 28; section 212 was amended by paragraph 369 of Part 3 of Schedule 16 to the Police Reform and Social Responsibility Act 2011 (c. 13), paragraph 82 of Schedule 12 to the Local Audit and Accountability Act 2014 (c. 2), and by S.I. 2022/372.
  - (c) 2009. c. 20. Section 103 has been relevantly amended by sections 12(2) and 14(2) of the Cities and Local Government Devolution Act 2016 (c. 1), and paragraph 189 of Schedule 4 to the Levelling-up and Regeneration Act 2023 (c. 55).
  - (d) 2023 c. 55.
  - (e) Regulation 58 of the 2013 Regulations was amended by S.I. 2015/755 and 2016/946.
  - (f) 2009 c. 20. Section 107L was inserted by paragraph 1(1) of Schedule 19 to the English Devolution and Community Empowerment Act 2026.
  - (g) Section 32A was inserted by paragraph 1(3) of Schedule 19 to the English Devolution and Community Empowerment Act 2026.

- (a) any Scheme employer, or member of the Scheme, in respect of which the authority is the appropriate administering authority under Part 2 of Schedule 3 to the 2013 Regulations<sup>(a)</sup>,
  - (b) the relevant strategic authority,
  - (c) any person specified in guidance issued by the Secretary of State from time to time, and
  - (d) any person that the authority considers that it ought to consult as to the proposed contents of its investment strategy.
- (5) Paragraph (4) may be satisfied—
- (a) in relation to any Scheme employer or member of the Scheme, by consultation with a representative for that employer or member;
  - (b) by consultation before, as well as after, the coming into force of these Regulations.
- (6) In this regulation, “member of the Scheme” and “Scheme employer” have the same meanings as in the 2013 Regulations.

### **Implementation of investment strategy**

**13.—**(1) The relevant asset pool company must take all reasonable steps to implement an authority’s investment strategy.

(2) [In implementing the authority’s high-level objective specified in regulation 11(1)(f), the relevant asset pool company must give proper consideration to local investment opportunities [and projects], including those identified and developed in accordance with regulation 17(1)].

### **Review of investment strategy**

**14.—**(1) An authority must, from time to time, and in any case within 18 months of each valuation date—

- (a) carry out a review of its investment strategy (“the strategy”),
- (b) if necessary, revise the strategy, and
- (c) publish a statement of the strategy as revised (“revised investment strategy statement”).

(2) Before publishing a revised investment strategy under paragraph (1)(c), the authority must comply with the consultation requirements in regulation 12(4).

(3) In this regulation, “valuation date” means the date in respect of which an actuarial valuation of the assets and liabilities of each of the authority’s pension funds is obtained in accordance with regulation 62(1)(a) of the 2013 Regulations<sup>(b)</sup>.

### **Directions by the Secretary of State - investment strategy**

**15.—**(1) Paragraph (2) applies where the Secretary of State is satisfied that an authority has failed to comply with guidance issued under regulation 10(2)(b) in formulating its investment strategy.

(2) Where this paragraph applies, the Secretary of State may make a direction requiring that authority to make such specified changes to its investment strategy as the Secretary of State considers appropriate, within the time period specified in the direction.

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(a) See regulation 53(2) of, and Part 2 of Schedule 3 to, the 2013 Regulations for provisions as to how an administering authority becomes the “appropriate administering authority” in relation to a person.

(b) Regulation 62(1)(a) requires an authority to obtain an actuarial valuation of the assets and liabilities of each of its pension funds as at 31 March 2016 and on 31 March in every third year afterwards. The first valuation date after these Regulations come into force will be 31 March 2028.



(3) Before making a direction under paragraph (2) in respect of an authority, the Secretary of State must consult that authority.

## PART 5

### Asset management

#### Management of funds or other assets by relevant asset pool company

16.—(1) Within the period of 21 days from the date on which it first participates in an asset pool company under regulation 7(1), an authority must ensure that the funds or other assets of the Scheme for which that authority is responsible (other than money needed for making payments under the Scheme from the pension fund maintained by the scheme manager) are—

- (a) subject to paragraph (2), held on behalf of the authority by the relevant asset pool company, and
- (b) properly managed<sup>(a)</sup> by that company with a view to implementing the authority's investment strategy.

(2) Paragraph (3) applies to any funds or assets of the Scheme for which an authority is responsible which is it not practicable for that authority to transfer to the relevant asset pool company within the period specified in paragraph (1).

(3) Where this paragraph applies to a particular fund or asset, the relevant asset pool company may determine that that fund or asset will be transferred to and held by that company—

- (a) at such time as that company may determine, and
- (b) in accordance with such transitional arrangements as that company may determine.

## PART 6

### Local Investments

#### Co-operation with the relevant strategic authority

17.—(1) Subject to paragraph (2), an authority must co-operate with the relevant strategic authority to identify and develop appropriate local investment opportunities.

(2) The requirement in paragraph (1)—

- (a) may be delegated by the authority to the relevant asset pool company, and
- (b) does not apply to the Environment Agency.

## PART 7

### Guidance and directions

#### Guidance

18. The Secretary of State may issue guidance in relation to the following matters—

- (a) participation by an authority in an asset pool company;

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<sup>(a)</sup> For these purposes, “management” and related expressions, in relation to the funds and assets of a scheme for local government workers, are defined at section 7(1) of the 2026 Act.

- (b) asset management;
- (c) the authority's role in formulating an investment strategy;
- (d) provision of proper advice to the authority on an investment strategy by an asset pool company;
- (e) implementation of an investment strategy by an asset pool company;
- (f) governance of asset pool companies;
- (g) transparency and reporting requirements;
- (h) local investment;
- (i) powers for the Secretary of State to give directions under regulations 9 and 15;
- (j) [collaboration between asset pool companies].

### **Directions by the Secretary of State - asset management**

**19.—**(1) Paragraph (2) applies where the Secretary of State is satisfied that an asset pool company, without good reason, is failing, or has failed, to comply with guidance issued under regulation 18.

(2) Where this paragraph applies, the Secretary of State may give a direction to that asset pool company under this paragraph requiring it to comply with that guidance.

(3) Where the Secretary of State gives a direction under paragraph (2), the direction must specify the date of issue, and the contents, of the guidance with which the asset pool company is required to comply.

(4) Where paragraph (5) applies, the Secretary of State may give a direction under this paragraph to an asset pool company specified in the direction requiring that company to carry out any investment management activities<sup>(a)</sup> specified in the direction in a specified manner.

(5) This paragraph applies where the Secretary of State is satisfied that the asset pool company is managing funds or assets of the Scheme for which an authority is responsible in a manner that is detrimental to—

- (a) one or more of its partner funds,
- (b) all of its partner funds (and their members and employers), or
- (c) the Scheme as a whole.

(6) Before issuing any direction under paragraph (2) or paragraph (4), the Secretary of State must consult—

- (a) any asset pool company that may be specified in the direction,
- (b) any authority already participating in that asset pool company,
- (c) the Financial Conduct Authority, and
- (d) any other person whom the Secretary of State considers that it would be appropriate to consult.

(7) In this regulation, “partner funds” means, in relation to any funds or assets of the Scheme managed by an asset pool company and for which an authority is responsible, any funds or assets of the Scheme managed by that company for which another authority is responsible.

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<sup>(a)</sup> For these purposes, “investment management activities” is defined in section 1(3) of the 2026 Act.

## PART 8

### Consequential amendments, revocations and transitional provisions

#### Consequential amendments

**20.**—(1) The 2013 Regulations are amended as follows.

(2) In regulation 57 (pension fund annual report)—

(a) in paragraph (1), for sub-paragraph (i)(a) substitute—

“(i) the current version of the investment strategy statement published under regulation 12 (publication of investment strategy), or revised investment strategy statement published under regulation 14 (review of investment strategy), of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026;

(ia) a report explaining the authority’s progress during the year against the high-level objective on local investments set out in the strategy referred to in regulation 11(1)(f) of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 as a consequence of regulation 10(2)(a) of those Regulations;”;

(b) after paragraph (1) insert—

“(1A) Paragraph (1)(ia) does not apply to the Environment Agency.”.

(3) In regulation 58(4) (funding strategy statement), for sub-paragraph (b)(b) substitute—

“(b) the current version of the investment strategy statement published under regulation 12 (publication of investment strategy), or revised investment strategy statement published under regulation 14 (review of investment strategy), of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026.”.

(4) In regulation 69(2) (payment by scheme employers to administering authorities), for sub-paragraph (b) substitute—

“(b) paragraph (1)(c) does not apply where the cost of administration of the fund is paid out of the fund under regulation 4(5) (payments into and out of a pension fund) of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026.”.

(5) The amendments made by this regulation apply in relation to a scheme year beginning on or after 1st April 2026.

(6) In this regulation, “scheme year” has the meaning given by Schedule 1 (interpretation) to the 2013 Regulations.

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(a) Regulation 57(1)(i) was substituted by S.I. 2016/946.

(b) Regulation 58(4)(b) was substituted by S.I. 2016/946.

## **Revocations and transitional provisions**

**21.**—(1) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016<sup>(a)</sup> are revoked.

(2) For the period starting at the time that these Regulations come into force and ending on the earliest of—

- (a) the date that an authority publishes the first investment strategy statement under regulation 12(1), or
- (b) [29th September 2026],

Part 4 of these Regulations only applies to an authority to the extent necessary to enable that authority to formulate and publish the first investment strategy statement under regulation 12(2).

## **Transitional provisions - participation in asset pool company**

**22.** Where, on and after the day on which these regulations come into force—

- (a) an authority participates in an asset pool company (“Company A”) (whether under regulation 7(1) or otherwise), and
- (b) that authority participates in another asset pool company (“Company B”), either—
  - (i) under regulation 7(1), or
  - (ii) in accordance with a direction made under regulation 9(1)(a),

regulation 7(2) does not apply to that authority during the period of [28 days] beginning with the date on which the authority first participates in Company B.

We consent to the making of these Regulations.

Two of the Lords Commissioners of His Majesty's Treasury

Signed by authority of the Secretary of State for Housing, Communities and Local Government

Minister of State  
Ministry of Housing, Communities and Local Government

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<sup>(a)</sup> S.I. 2016/946.

## SCHEDULE

Regulation 8(1)

### Specified regulated activities

Regulated activity	Provision specifying regulated activity
Advising on investments	Article 53(1) of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (“RAO 2001”)(a)
Agreeing to carry on specified kinds of regulated activity	Article 64 of RAO 2001(b)
Dealing in investments as agent	Article 21 of RAO 2001(c)
Establishing, operating or winding up a collective investment scheme	Article 51ZE of RAO 2001(d)
Making arrangements for another person to make deals in investments	Article 25(1) of RAO 2001(e)
Making arrangements with a view to transactions in investments	Article 25(2) of RAO 2001
Managing an authorised Alternative Investment Fund (“AIF”)	Article 51ZC of RAO 2001
Managing an unauthorised AIF	Article 51ZC of RAO 2001
Managing assets belonging to another person	Article 37 of RAO 2001(f)

- (a) S.I. 2001/544 (“RAO 2001”). Article 4 of RAO 2001 provides that the following provisions of Part II of the Order specify kinds of activity for the purposes of section 22(1) of the 2000 Act, and accordingly any activity of one of those kinds which is carried on by way of a business and relates to an investment of a kind specified by any provision of Part III and applicable to that activity is a regulated activity for the purposes of the 2000 Act. Article 53(1) was numbered as such by S.I. 2016/392, and was amended by S.I. 2003/1476, 2017/488 and 2017/500.
- (b) Article 64 was amended by S.I. 2002/682, 2006/3384, 2009/1389, 2013/1773, 2017/488, 2018/135 and 2018/1253.
- (c) Article 21 was amended by S.I. 2003/1476, 2006/3384, 2017/488 and 2021/90.
- (d) Articles 51ZA to 61ZG were substituted, for article 51 as originally enacted, by S.I. 2013/1773.
- (e) Article 25(1) was amended by S.I. 2003/1476 and 2017/488. Article 25(2) was amended by S.I. 2017/488. Article 25(3) was amended by S.I. 2006/3384 and 2024/105.
- (f) Article 37 was amended by S.I. 2017/488.

## **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

These Regulations make provision in relation to the management and investment of pensions funds by asset pool companies on behalf of administering authorities who are required to maintain such funds by the Local Government Pension Scheme Regulations 2013 (S.I. 2013/2356) (“the 2013 Regulations”). They revoke and replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (S.I. 2016/946) (“the 2016 Regulations”).

Part 1 of the Regulations makes introductory provision.

Regulation 1 deals with citation, commencement and extent. These Regulations extend to England and Wales. Regulation 2 defines certain key terms used in the Regulations.

Part 2 of the Regulations makes provision about investments, funds and borrowing.

Regulation 3 defines what is meant by an “investment” for the purposes of these Regulations. Regulations 4, 5 and 6 replicate provision made by the 2016 Regulations. Respectively, they set out which payments must be made into and out of the pension fund, restrict powers of borrowing, and require pension fund money to be held in a separate account.

Part 3 of the Regulations makes provision about asset pool companies.

Regulation 7 requires administering authorities to participate in an asset pool company, in order for that company to manage the pension fund. In general, an administering authority must only participate in one asset pool company at any time.

Regulation 8(1) requires asset pool companies to obtain permission from the Financial Conduct Authority (“FCA”) to carry out the regulated activities specified in the Schedule to the Regulations prior to managing an authority’s pension fund. Regulation 8(2) requires that authority to take appropriate steps to ensure that the asset pool company has obtained such permission, and has complied with the requirements in the Financial Services and Markets Act 2000 (c. 8).

Regulation 9 allows the Secretary of State to make a direction about certain matters related to participation in an asset pool company, and makes provision about who should be consulted before such a direction is made.

Part 4 makes provision about the investment strategy which must be formulated by administering authorities.

Regulation 10 requires an asset pool company to provide proper advice to an administering authority about their investment strategy (whether directly or indirectly). Once that advice has been provided, regulation 10 requires administering authorities to formulate an investment strategy. Regulation 10(2)(b) confers a power on the Secretary of State to issue guidance from time to time about the required contents of an investment strategy. Regulation 10(2) permits administering authorities to take supplementary advice about their investment strategy from a suitably qualified independent person in exceptional circumstances which will be specified in guidance issued by the Secretary of State.

Regulation 11 contains requirements as to the contents of an investment strategy.

Regulation 12 requires administering authorities to publish their investment strategy. It requires that the first such strategy must be published on or before [30 September 2026], and sets out who

must be consulted before publication. Regulation 12 also makes provision as to how an authority may meet this requirement by publishing an investment strategy formulated under the 2016 Regulations, provided that the strategy was formulated on or after 1 October 2025 and complies with the requirements contained in regulation 11 and in any guidance issued under regulation 10(2)(b).

Regulation 13 provides that asset pool companies must take all reasonable steps to implement the investment strategy of an authority participating in that pool company. Regulation 13(2) provides that an asset pool company must give proper consideration to local investment opportunities in implementing an authority's high-level objective on local investments.

Regulation 14 requires administering authorities to carry out a review of their investment strategy from time to time, and in any case within 18 months of the date in respect of which an actuarial valuation of the assets and liabilities of each of their pension funds is obtained under regulation 62(1)(a) of the 2013 Regulations.

Regulation 15 confers a power on the Secretary of State to make a direction to an authority to make specified changes to its investment strategy in circumstances where they are satisfied that the authority has failed to comply with guidance issued under regulation 10(2)(b) as to the required contents of an investment strategy.

Part 5 makes provision about asset management.

Regulation 16 requires that administering authorities must ensure that, subject to certain exceptions, pension funds are held on their behalf by the relevant asset pool company within 21 days of first participating in that pool company, and are properly managed by the pool company with a view to implementing their investment strategy.

Regulation 17 requires administering authorities to co-operate with the relevant strategic authority to identify and develop appropriate investment opportunities. This requirement does not apply to the Environment Agency, and may be delegated to the asset pool company in whom the authority is participating.

Regulation 18 confers a power on the Secretary of State to issue guidance to authorities and asset pool companies about various matters connected to these Regulations.

Regulation 19 confers a power on the Secretary of State to give a direction to an asset pool company who is failing, or has failed, to comply with guidance issued under regulation 18. It also specifies whom the Secretary of State should consult before giving such a direction. It also confers a power on the Secretary of State to give a direction to an asset pool company to carry out investment management activities specified in the direction in a specified manner in certain circumstances.

Part 6 makes revocations, and consequential and transitional provisions.

Regulation 20 makes consequential amendments to the 2013 Regulations to insert references in appropriate places to the investment strategy required by regulation 10, and makes other consequential amendments.

Regulation 21 revokes the 2016 Regulations, and makes transitional provisions that will apply until an administering authority has published its first investment strategy under these Regulations.

Regulation 22 makes transitional provisions about participation in an asset pool company, which disapplies regulation 7(2) for a specified period of time in circumstances where an authority decides to participate in an alternative asset pool company.

[An impact assessment in relation to the Pension Schemes Bill was updated and re-published on [8 July 2025] and can be found here: [https://publications.parliament.uk/pa/bills/cbill/59-01/0255/impact\\_assessment2.pdf](https://publications.parliament.uk/pa/bills/cbill/59-01/0255/impact_assessment2.pdf). This document remains an accurate assessment of the impacts of this instrument.]/[A full impact assessment has not been produced for this instrument as it has no, or no significant, impact on the private or voluntary sectors.]

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