

## **Open consultation**

### **Local Government Pension Scheme in England and Wales: Fit for the Future - technical consultation**

#### **Scope of this consultation**

The draft regulations apply to Local Government Pension Scheme administering authorities and their asset pools.

#### **Geographical scope**

These draft statutory instruments relate to England and Wales only.

#### **Impact Assessment**

The proposed interventions affect the investment of assets by LGPS administering authorities. These authorities are all public sector organisations, so no impact assessment is required. An [impact assessment of the LGPS measures in the Pension Schemes Bill can be found in table 4f](#).

## **Introduction**

The Local Government Pension Scheme (LGPS) in England and Wales plays a vital role in securing the retirement futures of millions of public sector workers. As one of the largest funded defined benefit schemes in the world, the LGPS is a significant investor with the potential to boost growth across the country alongside delivering its core duty to make long-term stable returns to pay pensions.

The LGPS is a single scheme, but it is managed locally by 86 administering authorities (AAs) who are mostly upper-tier and unitary local authorities. To address this fragmentation and deliver efficiencies and expertise by investing at greater scale, from 2015 the AAs came together into eight LGPS asset pools to manage their investments. These pools have delivered significant savings but there is substantial variation in the operation of the pools and the proportion of assets under pool management, limiting scale and impact.

In November 2024 the government launched the [Fit for the Future consultation](#). This sought views on proposals aimed at further unlocking the investment potential of the scheme through further consolidation, improved governance, and building on successes as a local investor. Following extensive engagement with stakeholders, the government published [its response](#) in May 2025, confirming its intention to implement the majority of the proposals. These reforms are designed to provide long-term clarity and sustainability, putting the scheme on the strongest possible footing for the future.

As part of the Pensions Review reforms, the government wrote to each pool asking for proposals setting out how it would achieve the new minimum standard requirements for investment management. Two pools (Access and Brunel) submitted proposals which did not meet the ambitious intent of the reforms and their AAs were asked to select one of the remaining six pools to join. The government has set a deadline for all the twenty-one AAs affected to have joined their new pool by 1 April 2026.

Primary legislation to implement the reforms is being taken forward through the [Pension Schemes Bill](#), which is currently progressing through Parliament. This consultation seeks views on two draft statutory instruments that will implement the Fit for the Future proposals including those in the Pension Schemes Bill. These reforms will fully consolidate the scheme into asset pools and introduce minimum operating standards for asset pool companies, strengthen the governance of AAs and pools, and boost LGPS investment in their localities and regions:

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

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 AAs to delegate the implementation of their investment strategy to their asset pool
- require AAs 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 AAs to participate in specific pools, and for specific pools to facilitate participation
- establish minimum standards for pools, including FCA authorisation and capacity to manage local investments
- require compliance from 1 April 2026, subject to passage of the Pension Schemes Bill through Parliament and with limited flexibility in specific cases.

### **The Local Government Pension Scheme (Amendment) Regulations 2026 These regulations will implement the proposals in the Governance chapter of the consultation.**

They 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
- require compliance from 1 April 2026, subject to passage of the Pension Schemes Bill through Parliament and with lead in periods for specific requirements.

Both sets of regulations will be supported by guidance issued by the Secretary of State as detailed in Chapters 2 and 3 below. The government is in the process of engaging with stakeholders on the content of these pieces of guidance through Local Government Association working groups.

The government invites responses to this consultation from all stakeholders, including AAs, pools, scheme members, scheme employers, advisors, the Local Government Association, and the wider pensions and investment community. Your views will help shape the final regulations and ensure they are effective, proportionate, and aligned with the long-term interests of the LGPS.

The Department's preference is for responses to the consultation to be made via Citizen Space where possible. You do not need to respond to all questions. If making any comments in addition to responses to the questions asked, please be explicit as to the regulation numbers your comments refer to. If you are responding to the consultation via email, please be clear which questions you are responding to.

### **Public Sector Equalities Duty**

The Department's policies, guidance and procedures aim to ensure that the equalities impact of any decisions, new policies or policy changes upon groups with protected characteristics is properly considered, and that in formulating them the Department has had due regard to its obligations under the Public Sector Equality Duty at s.149(1) of the Equality Act 2010.

As part of the government's response to its 'Local Government Pension Scheme - Fit for the Future' consultation published 29 May 2025, the government invited views on the impact of the proposals on people who share a protected characteristic. The government considers that the package of reforms will not affect any particular group with protected characteristics adversely. It has considered carefully all of the responses and the specific concerns raised. There will be no change to member contributions or benefits as a result of the proposals in the consultation.

### **Next steps**

Following consideration of the comments received on this consultation, we will take steps to finalise the draft regulations prior to laying these in Parliament. We intend that

the final regulations will come into force on 1 April 2026, subject to the timing of the passage of the Pension Schemes Bill through Parliament.

In parallel to the consultation, we are engaging with guidance working groups with the Scheme Advisory Board to consider stakeholder feedback on draft guidance notes which will accompany and refer to these regulations. We will provide an update on that workstream in our government response to this consultation.

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

This draft statutory instrument is designed to deliver the policy proposals from the pooling and local investment chapters of the Fit for the Future consultation. The new regulations would replace the existing Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 ('the 2016 regulations'), and include provisions to replicate existing powers in those regulations where these need to continue in some form under the new regime.

The regulations would be made using the existing powers in the Public Service Pensions Act 2013 and the new powers in the Pension Schemes Bill. They will be supported by two lots of guidance: revised Investment Strategy Statement Guidance and a new piece of Asset Pooling Guidance.

This section of the consultation asks about each part of the statutory instrument in turn, with general questions at the end.

#### **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?

**No**

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

Regulation 3 sets out what is included in the term 'investment' for the purposes of these regulations. The regulation is comparable to Regulation 3 of the 2016 regulations.

Regulation 4 defines the amounts that an AA must credit to its pension fund, in addition to those required by virtue of the 2013 and 2014 regulations. This is comparable to Regulation 4 of the 2016 regulations.

Regulation 5 would prevent AAs from borrowing, except where this is required to pay benefits under the scheme or to meet investment commitments arising from a change in asset allocation. This regulation is comparable to Regulation 5 of the 2016 regulations.

Regulation 6 would require all pension fund money to be held in a separate bank account kept with a deposit taker. This regulation is comparable to regulation 6 of the 2016 regulations.

### **Question 2**

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

**No**

### **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?

**This would be rare, although it would be helpful to retain the flexibility for Funds to borrow on this limited and clearly defined basis.**

### **Question 4**

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

**No**

### **Part 3 – Asset pool companies (Regulations 7-9)**

Regulation 7 would require all LGPS AAs to participate in an asset pool company from the day that the regulations take effect. This participation must be for the purpose of the company managing the assets that the AA is responsible for. AAs can only participate in one asset pool at a time, except where they are in the process of transitioning from one pool to another (Regulation 22).

Regulation 8 would require an asset pool company to be regulated by the FCA for, at a minimum, the activities listed in the schedule to the regulations before managing any assets of the scheme. The list in the schedule is not intended to preclude asset pool companies from holding additional authorisations. AAs are also required to take appropriate steps to ensure their asset pool has complied with the requirements of Regulation 8(1) and the Financial Service and Markets Act 2000.

Regulation 9 would allow the Secretary of State to direct an AA to participate, or to not participate, in a particular asset pool. The Secretary of State may also direct the

receiving pool to accept the fund as a member. The regulation also sets out who the Secretary of State must consult prior to making such a direction.

### **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?

**Yes**

### **Question 6**

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

**For Regulation 8, while the activities stated appear to be reasonable, we would question whether listing these in the regulations is future proofed (both for future changes in Financial Service regulation given the ongoing initiative to simplify FCA regulatory activities, and that Pool operating models may change in the future, changing which permissions Pool companies need). An alternative may be to be more explicit about the services you expect the pool to carry out (and then the FCA will agree which permissions are required).**

**Regulation 9 – a direction to a pool to accept an authority should perhaps include reference to this being subject to any Regulatory provisions. This may be the intent behind 9(2)(c) but it could put FCA-regulated pools in a very difficult position if the FCA was not supportive of further expansion (for whatever reason). It also runs the risk of impacting the rights of existing shareholders; we would welcome an amendment that explicitly provides a level of protection for existing shareholders, e.g. with shareholder consent consistent with its shareholder agreement.**

## **Part 4 – Investment Strategy (Regulations 10-15)**

Regulation 10 would require asset pool companies to provide their participating authorities with advice about their investment strategy. This advice can be developed in house or procured by the asset pool company. AAs may only take advice from sources other than their asset pool company in exceptional circumstances that will be set out in guidance.

Regulation 10 also requires AAs, after considering advice provided to them by their asset pool company, to formulate an investment strategy in accordance with Regulation 11 and guidance issued by the Secretary of State. The government intends to release updated Investment Strategy Statement Guidance in conjunction with these regulations coming into force.

Regulation 10 replaces the requirements in Regulation 7(1) of the 2016 regulations.

Regulation 11(1) sets out what must be included in the investment strategy in implementation of the proposal in [paragraph 28 of the Fit for the Future consultation](#). This replaces the requirements in Regulation 7(2) of the 2016 regulations.

Regulation 11(2) requires an AA's investment strategy to be consistent with the authority's funding strategy statement and to have regard to the need to maintain as consistent a primary employer contribution rate as possible.

Regulations 11(3) and 11(4) relate to the high-level objective on local investment that would be required by Regulation 11(1)(f) in implementation of the proposals in [paragraphs 75-77 of the Fit for the Future consultation](#). Regulation 11(3) requires an AA to have regards to the local economic priorities of the relevant strategic authority, including any local growth plan where this is applicable.

Regulation 11(4) exempts the Environment Agency from the requirement to include a high-level objective on local investment in their investment strategy. This is in recognition of the fact that this organisation operates, and members of its two pension funds are based nationally rather than in any one local area.

Regulation 11(5) allows an AA to delegate the formulation of its strategic asset allocation to its asset pool company. Regulation 11(6) replicates the existing requirement in Regulation 7(4) of the 2016 regulations for an investment strategy not to permit more than 5% of an authority's investments to be invested in entities connected with that authority.

Regulation 12 replaces the existing requirements in Regulation 7(5) and 7(6) of the 2016 regulations. It would require AAs to publish a statement of their investment strategy. The first investment strategy statement must be published within 6 months of these Regulations coming into force. Regulation 12 would also require administering to consult specified persons on their proposed investment strategy prior to publishing it.

Regulation 13 would require asset pool companies to take all reasonable steps to implement an authority's investment strategy, which must be produced in accordance with guidance issued by the Secretary of State. It also requires asset pool companies to give proper consideration to local investment opportunities.

Regulation 14 would require AA to review, revise (if necessary) and publish their investment strategy from time to time and within 18 months of each valuation date. In practice, this means that AAs would have 6 months from the latest date at which they can receive their actuarial valuation data to review, revise and republish their investment strategy. This replaces the requirement in Regulation 7(7) in the 2016 regulations.

Regulation 15 would give the Secretary of State power to direct an AA to change its investment strategy in the event that the Authority have failed to comply with guidance.

The Secretary of State would be required to consult the authority prior to making such a direction. This regulation partly replaces provisions in Regulation 8 of the 2016 regulations.

### **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?

**Yes**

### **Question 8**

In relation to regulation 12, does a deadline of 30th September 2026 allow sufficient time to allow AAs to publish an investment strategy in line with the new requirements?

**Whilst a deadline of 30<sup>th</sup> Sept 2026 may be possible for some, given the scale of activity required it might be more helpful to set a deadline of 31 March 2027. This is particularly pertinent given it remains unclear when the Act and associated Regulations and Guidance will be finalised and implemented. A challenge for the LGPS will be that all Funds will be attempting to undertake the same activity in a short space of time whilst relying on the same, finite source of adviser capacity.**

### **Question 9**

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

**Just to clarify, the list of those who should be consulted is contained in Regulation 12(4) – not 12(3) as specified in the question.**

**No. We note the current regulations include “and any other relevant stakeholders”. It would be helpful to retain this as part of 12(4).**

### **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?

**Yes**

### **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?

**Yes**

#### **Question 12**

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

**Yes**

#### **Question 13**

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

**We would question whether 11(3) as currently worded – requiring an authority to “have regard to the local economic priorities of the relevant strategic authority” – risks creating a dependency that might delay progress of ISSs in the context that it is possible that not all strategic authorities will have been fully established and have their economic priorities clearly defined.**

#### **Part 5 – Asset Management (Regulation 16)**

Regulation 16 would require the funds and other assets of the scheme to be held and managed by the asset pool company within 21 days of an AA first participating in the pool. Where this is not reasonably practicable, the asset pool company is responsible for determining when, and under what arrangements, an asset should be transferred.

#### **Question 14**

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

**No. This is incredibly tight given the legal process required to achieve this. A 3-month window would be more appropriate. Nonetheless we welcome the flexibility contained in 16(2) and 16(3).**

#### **Question 15**

Do you have any other comments on Regulation 16?

**Regulation 16 states that assets should be “held and managed by the asset pool company”. As the pool company may not hold the assets (e.g. legacy private markets will continue to be held by the AA but managed by the pool, we suggest that this should instead state that assets should be “held or managed” by the pool company.**

**We welcome the flexibility provided in 16(2) and 16(3).**

## **Part 6 – Local Investments (Regulation 17)**

Regulation 17 would require AAs to co-operate the relevant strategic authority to identify and develop appropriate local investment opportunities. This requirement may be delegated to the AA's asset pool company and does not apply to the Environment Agency. The relevant strategic authority is defined in Regulation 2.

### **Question 16**

Do you have any comments on Regulation 17?

**No**

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

Regulation 18 would permit the Secretary of State to issue guidance to AAs and asset pool companies about certain matters specified in the regulation.

Regulation 19 would allow the Secretary of State to direct an asset pool company to comply with guidance, and to direct an asset pool company to carry out particular investment management activities in a manner specified in the direction. Regulation 19 also clarifies the circumstances in which these directions can be given and requires that certain specified bodies are consulted prior to directions being given.

### **Question 17**

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

**Yes**

### **Question 18**

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

**No**

## **Part 8 – Consequential amendments, revocations and transitional provisions (Regulations 20-22)**

Regulation 20 details the amendments that would be required to the 2013 regulations to allow these regulations to work properly.

Regulation 21 would revoke the 2016 regulations. It would also allow that until an authority has published its first investment strategy in compliance with these regulations, or until 29 September 2026 at the latest, Part 4 of these regulations would only apply to the extent necessary to enable the authority to formulate and publish its investment strategy.

Regulation 22 would exempt an AA that is changing asset pool from the requirement to participate in only one asset pool, for a period of 28 days. This is to allow the AA to be a member of both its old and new asset pool company while the transition is taking place.

### **Question 19**

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

**No**

### **Question 20**

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

**No. Whilst we appreciate the desire for a time limited period, 28 days is insufficient. We would propose a period of three months in line with our response to Q14 above.**

**It would also be helpful to have a similar framing as is proposed for Regulation 16(2) and 16(3).**

### **Question 21**

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

**No**

### **Overarching questions**

### **Question 22**

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

**No**

### **Question 23**

The government collected views on whether the reforms would benefit or disadvantage protected groups when consulting on the Fit for the Future policy proposals in autumn 2024. Is there anything in these regulations that you think will disproportionately impact groups with protected characteristics relative to other groups?

**No**

## **Local Government Pension Scheme (Amendment) Regulations 2026**

This draft statutory instrument is designed to deliver the policy proposals from the governance chapter of the Fit for the Future consultation and the associated government response. The statutory instrument makes changes to the Local Government Pension Scheme Regulations 2013 ('LGPS Regulations 2013').

The regulations would be made using the existing powers in the Public Service Pensions Act 2013 and the new powers in the Pension Schemes Bill. They will be supported by guidance on governance, including guidance on governance strategies, independent governance reviews and administration strategies. The government intends to issue guidance in conjunction with the regulations coming into force.

### **Part 9 - Governance strategy, training strategy and conflict of interest strategy**

The statutory instrument revokes Regulation 55 of the LGPS Regulations 2013 (which requires AAs to produce a governance compliance statement) and inserts new Regulation 55A into the LGPS Regulations 2013. Regulation 55A(1) creates the overall requirement for an AA to prepare a governance strategy, a training strategy, and a conflict of interests policy. Regulation 55A(6) sets out that the three documents may be combined, but that this is not a requirement.

Regulation 55A(2) sets out what a governance strategy is and what it must contain. It mirrors the existing requirements for what must be included in a governance compliance statement in current Regulation 55, with two additions. The first addition requires AAs to set out how the views of members and employers are taken into account, if there are no representatives on the pension committee. The second addition relates to the new requirement to appoint an independent person to the pension committee.

Regulation 55A(3), (4) and (5) define the new requirements for a training strategy and a conflict of interests policy.

Regulation 55A(7) sets out that the three documents must be reviewed at least once in each valuation period, or if there is a significant change to any of the matters contained within them.

Regulation 55A(8) and (9) set out that the AA must consult such persons as it sees appropriate when preparing or updating any of the three documents, and must publish the documents. This mirrors existing Regulation 55(3) and (4).

Regulation 55A(10) sets out that AAs must act in accordance with guidance on any of the three documents.

Regulation 55A(11) defines terms.

### **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?

**Yes**

#### **Part 10 - Senior LGPS officer**

The requirement for a senior LGPS officer, as proposed in the Fit for the Future consultation and government response, is created by new Regulation 53A of the LGPS Regulations 2013. It will come into force on 1 October 2026 in respect of the first appointment, any subsequent appointments must be made within 6 months of the date on which the previous senior LGPS officer's appointment ended.

Regulation 53A(1) sets out the requirement to appoint a senior LGPS officer, and 53A(3) defines the officer's role. The new regulation also requires that AAs must appoint senior LGPS officers, and senior LGPS officers must carry out their roles in accordance with guidance issued by the Secretary of State. Some administering authorities may have officers who already fulfil a similar role, and these officers can be appointed as the senior LGPS officer, provided that they meet the new requirements and are in accordance with guidance.

Regulation 53A(4) also sets out 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. Regulation 53A(9) clarifies that the creation of the new role does not affect the existing responsibilities of the section 151 officer. The statutory guidance will go into more detail on how the two roles interact.

Regulation 55A(2) sets out that where an administering authority delegates its functions an officer rather than a committee or sub-committee, it must be to the senior LGPS officer.

#### **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?

**Whilst the regulation delivers the Government's intent on the whole, there is an issue with how this regulation is currently drafted that affects any single purpose pensions authority such as ourselves at South Yorkshire Pensions Authority. Specifically, regulation 53A(4) (b) which precludes the Senior LGPS Officer from being the Head of Paid Service. This is of course perfectly sensible for administering authorities that are part of a larger council but for single purpose pensions authorities, the most senior officer of the Authority would logically hold both the Head of Paid Service and the Senior LGPS Officer roles. This is the case for South Yorkshire Pensions Authority. The implication of the draft regulations as**

currently written would require the Director to give up one of these roles and allocate it to another member of their management team, which would not be practical, could result in potential confusion and/ or conflict within the leadership team, and wouldn't represent value for money.

We would suggest that a sub clause to provide a suitable exception/flexibility for single purpose pensions authorities in respect of 53A (4) (b) only would resolve this issue whilst retaining the delivery of the Government's intent.

One way of achieving this could be to:

**Amend 53A(4) to read: *Where an administering authority is a principal local authority [or appropriate legislative term] the senior LGPS officer must not be any person who is at the same time –***

And add a new 53A(5) to read:

***Where an administering authority is a single purpose authority established under the Local Government Act 1985 [add other legislation or use a different framing like for the purpose of administering an LGPS pension fund] the senior LGPS officer –***

- (a) Must be the head of paid service under section 4(1)(a) of the Local Government and Housing Act 1989 (designation and reports of head of paid service)(g) where an employee of the single purpose authority, [this would cater for the eventuality of the HoPS being an officer of a constituent council which is possible, if unlikely in the current world]***
- (b) Must not be any person who is at the same time an officer with responsibility for the proper administration of an authority's financial affairs under section 151 of the Local Government Act 1972 (financial administration)(d), section 73 of the Local Government Act 1985 (financial administration)(e), or section 6 of the Local Government and Housing Act 1989 (officer responsible for financial administration of certain authorities)( f);***
- (c) Must not be any person who is at the same time a monitoring officer under section 5(1)(a) of the Local Government and Housing Act 1989(h).***

#### **Part 11 – Independent person**

The requirement for an independent person, as proposed in the Fit for the Future consultation and government response, is created by new Regulation 53A of the LGPS Regulations 2013. It will come into force on 1 October 2026 in respect of the first appointment, any subsequent appointments must be made within 6 months of the date on which the previous independent person's appointment ended.

Regulation 53A(5) and (7) sets out the requirement, where an AA delegates to a committee or subcommittee, to appoint an independent person as a non-voting to

advise on all matters relating to the scheme (such as administration, investment and governance). Regulation 53A(6) and (7) sets out that where an AA delegates to the senior officer, an independent person must be appointed to support them.

Regulation 53A(8) sets out that appointment must be in accordance with guidance issued by the Secretary of State.

### **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?

**Given the scope of support required across Governance, Administration and Investments, it may be appropriate or necessary to appoint more than one Independent Person. As such, amend (and other subsequent references):**

**(5) If an administering authority delegates its functions, or part of its functions, under these regulations to a committee or sub-committee of the authority, it must appoint an independent person as a non-voting member of that committee or sub-committee to advise on investment strategy, governance and administration.**

**to:**

**(5) If an administering authority delegates its functions, or part of its functions, under these regulations to a committee or sub-committee of the authority, it must appoint an independent person(s) as a non-voting member of that committee or sub-committee to advise on investment strategy, governance and administration.**

**The October deadline for appointment of an LGPS Senior Officer and Independent Person(s) may be challenging given the need for an appropriate recruitment process and because Funds will all be procuring the same advisers from the same finite pool of capacity at the same time. A deadline of 31 March 2027 would be welcomed.**

### **Part 12 - Knowledge and understanding**

The requirement for knowledge and understanding requirement for relevant persons, is created by new Regulation 55B of the LGPS Regulations 2013 which mirrors the requirements on pension board members under section 248A of the Pensions Act 2004.

Regulation 55B(1) and (2) defines relevant persons.

Regulation 55B(3) defines the degree of knowledge and understanding required as being conversant with the rules of the Scheme and any document recording policy about the

administration of the Scheme, in addition to knowledge and understanding of the law relation to pensions.

Regulation 55B(4) sets out that the requirements apply within a reasonable period of being appointed.

### **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?

**Yes**

### **Part 13 - Administration strategy**

The statutory instrument makes amendments to 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.

### **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?

**Yes**

### **Part 14 - Independent governance reviews**

The requirement for independent governance reviews, as proposed in the Fit for the Future consultation and government response, is created by new Regulation 117 of the LGPS Regulations 2013, and enabled by clause 5 of the Pension Schemes Bill.

Regulation 117(1) sets out the requirement to arrange for independent governance reviews, and regulation 117(2) sets out the power for the Secretary of State to direct an authority to arrange an ad hoc independent governance review. 117(3) sets out that the period of review in respect of an ad hoc governance review is specified by the Secretary of State.

Regulation 117(4) sets out the requirement for the first periodic governance review to be arranged (if the authority is not required to arrange an ad hoc governance review before then) by 31st March 2028. Regulation 117(5) sets out that the period of review in a periodic governance review is between the date on which that first periodic governance review is arranged and 1st April 2025.

Regulation 117(6), (7), and (8) set out when further periodic governance reviews are required to take place and the period of review which they cover. The effect is that an authority will be required to arrange a governance review at least once in every valuation period, and that the review will cover the period since the last governance review was arranged.

Regulation 117(9) sets out that authorities may pay the costs of arranging a governance review from the fund.

Regulation 117(10) defines a ‘suitable person’ who can carry out a governance review as being a person who is independent of both the Secretary of State and the authority and who has sufficient knowledge and understanding of the rules of the Scheme.

Regulation 117(11) sets out that the suitable person must carry out the governance review in accordance with guidance issued by the Secretary of State, and that after completing the review, they must send a copy of their report as soon as practicable to the Secretary of State and the AA.

Regulation 117(12) and (13) and that the AA must publish the report as soon as practicable, and in accordance with guidance issued by 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?

**Yes. We'd welcome further discussion on how this can be delivered in a robust, sustainable and cost-effective manner.**

### **About this consultation**

This consultation document and consultation process have been planned to adhere to the Consultation Principles issued by the Cabinet Office.

Representative groups are asked to give a summary of the people and organisations they represent, and where relevant who else they have consulted in reaching their conclusions when they respond.

Information provided in response to this consultation may be published or disclosed in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2000 (FOIA), the Environmental Information Regulations 2004 and UK data protection legislation. In certain circumstances this may therefore include personal data when required by law.

If you want the information that you provide to be treated as confidential, please be aware that, as a public authority, the Department is bound by the information access

regimes and may therefore be obliged to disclose all or some of the information you provide. In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on the Department.

The Ministry of Housing, Communities and Local Government will at all times process your personal data in accordance with UK data protection legislation and in the majority of circumstances this will mean that your personal data will not be disclosed to third parties. A full privacy notice is included below.

Individual responses will not be acknowledged unless specifically requested.

Your opinions are valuable to us. Thank you for taking the time to read this document and respond.

Are you satisfied that this consultation has followed the Consultation Principles? If not or you have any other observations about how we can improve the process, please contact us via the [complaints procedure](#).

## **Personal data**

The following is to explain your rights and give you the information you are entitled to under UK data protection legislation.

Note that this section only refers to personal data (your name, contact details and any other information that relates to you or another identified or identifiable individual personally) not the content otherwise of your response to the consultation.

### **1. The identity of the data controller and contact details of our Data Protection Officer**

The Ministry of Housing, Communities and Local Government (MHCLG) is the data controller. The Data Protection Officer can be contacted at [dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) or by writing to the following address:

\$A Data Protection Officer, Ministry of Housing, Communities and Local Government, Fry Building, 2 Marsham Street, London SW1P 4DF \$A

### **2. Why we are collecting your personal data**

Your personal data is being collected as an essential part of the consultation process, so that we can contact you regarding your response and for statistical purposes. We may also use it to contact you about related matters.

We will collect your IP address if you complete a consultation online. We may use this to ensure that each person only completes a survey once. We will not use this data for any other purpose.

### **Sensitive types of personal data**

Please do not share [special category](#) personal data or criminal offence data if we have not asked for this unless absolutely necessary for the purposes of your consultation response. By ‘special category personal data’, we mean information about a living individual’s:

- race
- ethnic origin
- political opinions
- religious or philosophical beliefs
- trade union membership
- genetics
- biometrics
- health (including disability-related information)
- sex life
- sexual orientation

By ‘criminal offence data’, we mean information relating to a living individual’s criminal convictions or offences or related security measures.

### **3. Our legal basis for processing your personal data**

This is a statutory consultation required by Section 21 of the Public Service Pensions Act 2013.

The collection of your personal data is lawful under article 6(1)(e) of the UK General Data Protection Regulation as it is necessary for the performance by MHCLG of a task in the public interest/in the exercise of official authority vested in the data controller. Section 8(d) of the Data Protection Act 2018 states that this will include processing of personal data that is necessary for the exercise of a function of the Crown, a Minister of the Crown or a government department i.e. in this case a consultation.

Where necessary for the purposes of this consultation, our lawful basis for the processing of any special category personal data or ‘criminal offence’ data (terms explained under ‘Sensitive Types of Data’) which you submit in response to this

consultation is as follows. The relevant lawful basis for the processing of special category personal data is Article 9(2)(g) UK GDPR ('substantial public interest'), and Schedule 1 paragraph 6 of the Data Protection Act 2018 ('statutory etc and government purposes'). The relevant lawful basis in relation to personal data relating to criminal convictions and offences data is likewise provided by Schedule 1 paragraph 6 of the Data Protection Act 2018.

#### **4. With whom we will be sharing your personal data**

MHCLG may appoint a 'data processor', acting on behalf of the Department and under our instruction, to help analyse the responses to this consultation. Where we do, we will ensure that the processing of your personal data remains in strict accordance with the requirements of the data protection legislation.

#### **5. For how long we will keep your personal data, or criteria used to determine the retention period.**

Your personal data will be held for two years from the closure of the consultation, unless we identify that its continued retention is unnecessary before that point.

#### **6. Your rights, e.g. access, rectification, restriction, objection**

The data we are collecting is your personal data, and you have considerable say over what happens to it. You have the right:

- a. to see what data we have about you
- b. to ask us to stop using your data, but keep it on record
- c. to ask to have your data corrected if it is incorrect or incomplete
- d. to object to our use of your personal data in certain circumstances
- e. to lodge a complaint with the independent Information Commissioner (ICO) if you think we are not handling your data fairly or in accordance with the law. You can contact the ICO at <https://ico.org.uk/>, or telephone 0303 123 1113.

Please contact us at the following address if you wish to exercise the rights listed above, except the right to lodge a complaint with the

ICO: [dataprotection@communities.gov.uk](mailto:dataprotection@communities.gov.uk) or Knowledge and Information Access Team, Ministry of Housing, Communities and Local Government, Fry Building, 2 Marsham Street, London SW1P 4DF.

#### **7. Your personal data will not be sent overseas.**

#### **8. Your personal data will not be used for any automated decision making.**

#### **9. Your personal data will be stored in a secure government IT system.**

We use a third-party system, Citizen Space, to collect consultation responses. In the first instance your personal data will be stored on their secure UK-based server. Your personal data will be transferred to our secure government IT system as soon as possible, and it will be stored there for two years before it is deleted.