

Subject	Fit for the Future – Pension Schemes Bill Update	Status	For Publication
Report to	Authority	Date	12 February 2026
Report of	Director		
Equality Impact Assessment	Not Required	Attached	No
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1 Purpose of the Report

- 1.1 To update members on the status of the Pension Schemes Bill and the responses submitted by officers to consultations on associated regulations and draft guidance issued for consultation.

2 Recommendations

- 2.1 Members are recommended to:
- Note the updates included in this report.**
 - Indicate whether there are any particular concerns for officers to factor into the ongoing work to prepare for complying with the new requirements.**

3 Link to Corporate Objectives

- 3.1 This report links to the delivery of the following corporate objectives:

Investment Returns

To maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long-term liabilities.

Responsible Investment

To develop our investment options within the context of a sustainable and responsible investment strategy.

Effective and Transparent Governance

To uphold effective governance showing prudence and propriety at all times.

The implementation of the changes required by the Pension Schemes Bill (the Bill) and the associated regulations and statutory guidance could have a significant impact on the way in which the Authority achieves its corporate objectives.

4 Implications for the Corporate Risk Register

- 4.1 The Government's proposals directly impact the risks on the corporate risk register related to the Pensions Review and the delivery of the Border to Coast Strategic Plan. As things become clearer following the Bill's passage and the Government's response to the regulations and guidance consultations these risks will be updated. These two risks are being actively focussed on whilst officers undertake the planning and work required to prepare for and implement the changes required.

5 Background and Options

- 5.1 Following the Government's pensions review and the "LGPS – Fit for the Future" consultation outcomes, the Pension Schemes Bill was published and is now progressing through the parliamentary process. The Bill is currently at Committee stage in the House of Lords.
- 5.2 The Government issued two draft statutory instruments for consultation that will implement the Fit for the Future proposals including those in the Pension Schemes Bill. These are:
- a. the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026 and
 - b. the Local Government Pension Scheme (Amendment) Regulations 2026.
- 5.3 These regulations will be supported by statutory guidance and require compliance from 1 April 2026, subject to passage of the Bill. The Government issued a draft version of the statutory guidance in a closed consultation with administering authorities, through the Scheme Advisory Board.
- 5.4 Both consultations were for a short period only; the consultation on the regulations was issued on 20 November and required responses submitted by 2 January. The closed consultation on the draft guidance was issued on 8 December with responses required by 12 January.
- 5.5 The main requirements in these regulations and supporting guidance include the following.
- 5.6 *Pooling and Investment*
- a. Administering authorities (AAs) required to delegate the implementation of their investment strategy to their asset pool.
 - b. AAs required to take principal investment advice from their pool.
 - c. All assets to be controlled and managed by the relevant asset pool.
 - d. Minimum standards for pools, including FCA authorisation and capacity to manage local investments.
 - e. AAs required to co-operate with the relevant strategic authority to identify and develop appropriate local investment opportunities. This requirement may be delegated to the AA's asset pool company.
- 5.7 *Governance*
- a. AAs required to have regular independent governance reviews aligned with valuation cycles.
 - b. AAs to have a Governance Strategy, Training Strategy and Conflicts of Interest Policy – these may be combined into one document.

- c. Requirement to appoint / designate a Senior LGPS Officer by 1 October 2026.
 - d. Requirement to appoint an Independent Person by 1 October 2026, who will be a non-voting member, to advise on all matters relating to investment, administration and governance.
- 5.8 The Authority's officers contributed to the development of a collective response from Border to Coast to both consultations. In addition, we submitted separate responses on behalf of the Authority to both consultations.
- 5.9 It remains the case that the Authority is broadly welcoming of the changes and is committed to delivering the policy intent effectively. In this respect, from both a pooling and our individual fund governance perspective, we are starting from a strong position with the right foundations in place to achieve this.
- 5.10 The detail in the regulations and in the statutory guidance are very important for ensuring that the requirements can be practically delivered. The main points in the responses to the Government therefore focus on the key issues where it is considered that further clarity is required or where there are practical considerations that may require amending to ensure that the intent can be achieved in reality.
- 5.11 This includes a specific issue for the Authority in our context as a single purpose administering authority, with regard to the wording in the draft regulations on the role of the Senior LGPS Officer. Our response at Appendix C highlights this and provides a suggested amendment to address the issue.
- 5.12 The following appendices are attached to this report.
- a. Appendix A: Draft LGPS Pooling, Management and Investment of Funds Regulations 2026
 - b. Appendix B: Draft LGPS Amendment Regulations 2026
 - c. Appendix C: SYPA submitted response to the consultation on the above draft regulations.
 - d. Appendix D: SYPA submitted response to the closed consultation on the draft statutory guidance.
 - e. Appendix E: Copy of the Scheme Advisory Board's published response to the closed consultation on the draft statutory guidance.
- 5.13 The consultations have provided welcome further detail that officers are now using in preparing more detailed plans to ensure that the Authority will be compliant. This has been factored into the Corporate Strategy plans and into work on the corporate risk register.
- 5.14 Whilst we await the Government outcomes of the consultations, we will be planning the actions required to implement the changes and a further update on our plans will be brought to the Authority in their March meeting.

6 Implications

- 6.1 The proposals outlined in this report have the following implications:

Financial	It is too early to make a precise assessment of the financial implications of these proposals. However, there will be some, such as the need to budget for regular independent governance reviews, and the costs of the new independent person role, although these may be met at least partly through making changes to the current independent investment adviser arrangements. It is not possible to provide details on such costs at this stage.
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Human Resources	The requirements for knowledge and understanding apply to officers as well as members and there will need to be work undertaken to ensure that the workforce plan and broader learning and development plan meet the requirements once finalised.
ICT	None
Legal	The Authority will need to take steps to ensure that it is able to demonstrate compliance with the legislation once passed and the regulations and statutory guidance.
Procurement	There will be a need to procure a provider for the regular independent governance reviews, and potentially the independent person. This will be factored into future procurement plans.

Gillian Taberner

Director

Background Papers	
Document	Place of Inspection
Local Government Pension Scheme (England and Wales): Fit for the future – government response	<u>Local Government Pension Scheme (England and Wales): Fit for the future – government response - GOV.UK</u>