

Subject	Governance, Regulatory and Policy Update	Status	For Publication
Report to	Local Pension Board	Date	26 February 2026
Report of	Head of Governance and Corporate Services		
Equality Impact Assessment	Not Required	Attached	No
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1 Purpose of the Report

To provide Board members with an update on current governance related activity and regulatory matters.

2 Recommendations

- 2.1 Board Members are recommended to:
- a. **Note the updates included in this report.**
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3 Link to Corporate Objectives

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

Effective and Transparent Governance

- 3.2 To uphold effective governance showing prudence and propriety at all times.
- 3.3 The contents of this report are part of the arrangements in place to ensure good governance.

4 Implications for the Corporate Risk Register

- 4.1 The actions outlined in this report relate to actions that will contribute to addressing risks around regulatory compliance.

5 Background and Options

- 5.1 This report provides updates on current activities and regulatory matters relevant to the Authority's overall governance framework.

Government Consultations

- 5.2 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.
- 5.3 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.
- 5.4 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.
- 5.5 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 The closed consultation on the draft guidance was issued on 8 December with responses required by 12 January.
- 5.6 The main requirements in these regulations and supporting guidance include the following.
- 5.7 *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.
- 5.8 *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.
- 5.9 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.
- 5.10 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.
- 5.11 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.

- 5.12 This includes a specific issue for the Authority in our context as a single purpose administering authority, regarding the wording in the draft regulations on the role of the Senior LGPS Officer.
- 5.13 The consultation responses submitted are available within the 12 February Authority meeting papers as appendices to agenda item 16.

Finance (No 2) Bill

- 5.14 The Finance (No. 2) Bill was introduced to Parliament on 4 December 2025 and had its second reading on 16 December 2025. The Bill includes amendments that will bring most unused pension funds and death benefits within the value of an individual's estate for inheritance tax purposes, effective from 6 April 2027.

National Insurance Contributions (Employer Pensions Contributions) Bill

- 5.15 The National Insurance Contributions (Employer Pensions Contributions) Bill was introduced to the House of Commons and had its first reading on 4 December 2025. It had its second reading on 17 December 2025. The Bill follows the recent Budget announcement to cap, from 6 April 2029, the value of pension contributions made through salary sacrifice that can benefit from employee and employer national insurance contributions relief. The Bill extends to England, Wales, Scotland and Northern Ireland. It amends the Social Security Contributions and Benefits Act 1992 and the equivalent legislation in Northern Ireland and gives regulation-making powers to enable the Government to implement the changes. These proposals relate solely to salary sacrifice arrangements and do not impact LGPS member or employer contributions.

PASA paper on the Data (Use and Access) Act 2025

- 5.16 The Pensions Administration Standards Association (PASA) has published a new paper called 'The Data (Use and Access) Act 2025 Unpacked: Six Key Areas for Pension Schemes.' It explains the 2025 Act and related guidance from the Information Commissioner's Office, focusing on what pension schemes need to know and do. Officers will ensure best practice and action any areas to ensure compliance. PASA highlights six areas that schemes should understand and act on:
 - a. automated decision making
 - b. digital verification services and the trust framework
 - c. recognised legitimate interests
 - d. subject access requests
 - e. data protection complaints
 - f. looking ahead

Training, Succession Planning and Collaboration

- 5.17 Across the Authority and LPB, all members are 100% compliant with mandatory training requirements. Members are asked to ensure the Current Issues Module on LOLA is monitored and ensure any new learning posted be completed upon receipt.
- 5.18 Work has commenced on the member Learning & Development Strategy, which will include coverage to meet the training requirements identified in the member self-assessments and individual one-to-one annual review sessions that took place earlier in the year. The Strategy will be presented to members at the April 2026 LPB meeting.

- 5.19 The LPB Chair and Vice Chair attended the annual Employer forum in November 2025 to promote the Board and its work. The Chair’s presentation was well received. Whilst there was a good attendance of employers, it would be valuable to see a wider representation at future annual meetings.
- 5.20 Authority and LPB Members attended the annual member CPD training and development day in November 2025. The feedback provided has been reviewed. Overall, feedback on the event was very positive. Some of the comments regarding areas for potential improvement were as follows.
- 5.21 The venue was difficult to access due to parking issues, and it has been agreed that the venue will be rotated across all four districts for future away days. This provides fairness for Members travelling to the event.
- 5.22 Comments from some of the respondents included that they felt the agenda was “Investment” heavy and requested we cover other areas of the organisation with more interactive sessions next time. This concern is understood. The general approach we aim for with this annual event is to cover themes across Investments, Pensions Administration and Governance. The timing of this event in 2025 meant that we took the opportunity to seek member views on the Investment Strategy Statement review, so this was the focus of the morning. The afternoon topics covered governance themes. However, as the main governance agenda item was on conflicts and lobbying, this was more investment focussed than would usually be the case. The feedback on this point will be taken account of when planning the programme for the next event in November and we’ll aim to ensure more balanced coverage of the different themes.
- 5.23 Feedback comments also included a request for Civica provide the further assurance required on progress with McCloud developments as discussed in that session.
- 5.24 Finally, the discussion in relation to questions from members of the public at Authority meetings and the arrangements for these are being drafted into a proposal of improvements to be presented to the Authority in March.

Implications

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

Financial	There are no direct financial implications arising from this report.
Human Resources	None
ICT	None
Legal	None
Procurement	None

Jo Stone

Head of Governance and Corporate Services & Monitoring Officer

Background Papers	
Document	Place of Inspection
Authority Members’ Registers of Interests	Link to: Your Members - South Yorkshire Pensions Authority