



Ministry of Housing,
Communities &
Local Government

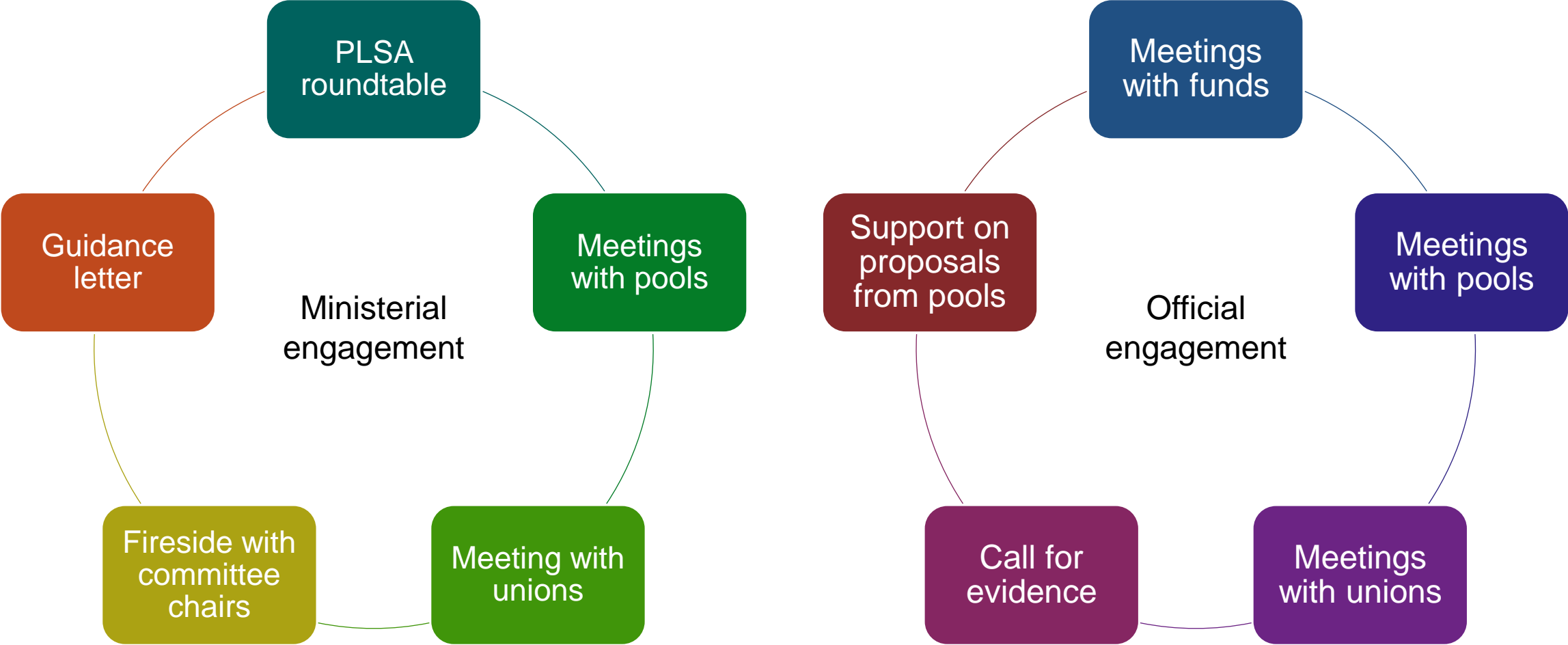


HM Treasury

LGPS Fit for the Future



Engagement





Ministry of Housing,
Communities &
Local Government



HM Treasury

The consultation

Pooling

Reforming the LGPS asset pools by mandating certain minimum standards deemed necessary for an optimal and consistent model in line with international best practice.

Local investment

Boosting LGPS investment in their localities and regions in the UK and encouraging collaboration with Mayoral Combined Authorities

Governance

Strengthening the governance of both LGPS AAs and LGPS pools, building on the recommendations of the Scheme Advisory Board (SAB) in their 2021 Good Governance Review



Ministry of Housing,
Communities &
Local Government



HM Treasury

A minimum standard of pooling

Reforming the LGPS asset pools to adopt an operating model with new minimum standards

Pools would be required to be established as investment management companies authorised and regulated by the FCA, with the expertise and capacity to implement investment strategies

Pools would be required to develop the capability to carry out due diligence on local investments and to manage such investments

AAs would remain responsible for setting an investment strategy for their fund, and would be required to fully delegate the implementation of that strategy to the pool

AAs would be required to take principal advice on their investment strategy from the pool

AAs would be required to transfer legacy assets to the management of the pool



Ministry of Housing,
Communities &
Local Government



HM Treasury

Local investment

Boosting LGPS investment in their localities and regions in the UK

AAs to set out their approach to local investment in their investment strategy including a target range for the allocation and having regard to local growth plans and priorities

AAs to work with local authorities, combined authorities, combined county authorities and the Greater London Authority to identify local investment opportunities

AAs to set out their local investment and its impact in their annual reports

Pools would be required to conduct suitable due diligence on potential investments and make the final decision on whether to invest



Ministry of Housing,
Communities &
Local Government



HM Treasury

Fund and Pool Governance

LGPS Administering Authorities would be required to:

Prepare and publish a governance and training strategy (replacing the governance compliance statement), including a conflicts of interest policy

Appoint a senior LGPS officer who has overall delegated responsibility for the management and administration of the fund

Prepare and publish an administration strategy

Update the way in which strategies on governance and training, funding, administration and investments are published

Participate in a biennial independent governance review and, if applicable, produce an improvement plan to address any issues identified

New requirements on knowledge and training for those involved in the governance of LGPS funds, with requirements for pension committee members and local pension board members aligned

Administering Authorities required to set out how they will ensure any committee, sub-committee, or officers will meet the new knowledge requirements within a reasonable timeframe from appointment

LGPS asset pools would be required to:

Requirement for pools to publish asset performance and transaction costs

Include one or two representatives of shareholder Administering Authorities, such as the chair of the shareholder committee or equivalent, on their board

In addition, the Government is inviting views on:

- whether to require Administering Authorities to appoint an independent person as advisor or member of the pension committee, in either a voting or advisory capacity, in order to bring professional and independent expertise to pension committees
- the best way to ensure that members' views and interests are taken into account by the pools

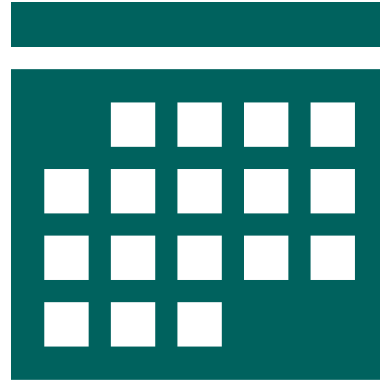


Ministry of Housing,
Communities &
Local Government



HM Treasury

Implementation timeline and next steps



- ❑ 16th January 2025 – Deadline for consultation responses
- ❑ 1 March 2025 – Deadline for pools to submit proposals for how they will meet the proposed minimum standards to MHCLG
- ❑ Summer 2025 – Government to introduce pensions bill
- ❑ March 2026 – Deadline for pools to meet the minimum standards and pooling complete