

Paper G: Investment Committee report

Key points to note

The committee received an update from Ministry of Housing, Communities and Local Government (MHCLG) on the Pension Schemes Bill and the Fit for the Future regulations and guidance products. The changes to the SAB governance structure was considered and the committee submitted their feedback which has informed the proposals included in Paper D for this Board meeting. Compliance with the Code of Transparency remains high and the secretariat are continuing with progress to establish a new procurement framework with the National LGPS Frameworks team. Arrangements are also being made for the end of the contract for the centralised data system with Byhiras. The committee received a report from the Responsible Investment Advisory Group (RIAG), the key points of which can be found below. An update to the committee workplan has been made to reflect the discussions on the SAB governance changes and can be found at annex A.

Recommendation

That the Board notes this update.

Summary

MHCLG update

Teresa Clay thanked the committee and the Board for their contributions to MHCLG's workstreams ahead of stepping down from her role at the end of February 2026. It was expected that Royal Assent would be given to the Pension Schemes Bill around Easter. The regulations and guidance would be published around the same time. The team were working to finalise revisions arising from responses to the Fit for the Future technical and guidance consultations which would seek to resolve inconsistencies between documents and refine the balance and tone of the wording.

The Annual Report Guidance would also be revised to more closely align with the Fit for the Future regime changes. It was acknowledged that there would be a significant amount of work to do to implement the regime changes.

There was no update on a Ministerial response to the Palestine Solidarity Campaign

(PSC) letter sent from Cllr Roger Phillips on 13 October 2025.

SAB response to MHCLG Fit for the Future closed consultation

The committee noted the reminder of the key points from the Board's responses to the consultation following on from MHCLG's update.

SAB Governance structure changes post Fit for the Future

The committee received an update on the discussions that had taken place and the progress in thinking since the proposal for a new Pooling Steering Group was brought to the last meeting on 10 November 2025. The committee agreed that the establishment of working groups would be useful to address specific workstreams and agreed that it was important to establish a formal link with asset pooling companies. The committee felt that adding the six companies to the membership could also achieve this aim and it was agreed that the next meeting 22 June 2026 includes representatives from all six companies pending the Board approval. Further details can be found in Paper D from this Board meeting.

Code of Transparency (CoT) data system

The committee received an update on the rate of template completion and noted that the rate of completion across 2019/20 to 2024/25 averaged 94.5%. The secretariat would continue to encourage compliance with submission requirements in the final months of the contract for the centralised data system and would bring initial figures on compliance for 2025/26 to the next meeting on 22 June 2026. The secretariat would continue to liaise with code signatories with a high number of late templates and if needed their client funds to resolve issues.

The project to establish a new Cost Transparency and Benchmarking framework was continuing and tender bids would be evaluated in March 2026. It is expected that the framework would go live towards the end of April 2026. The secretariat had agreed communications with Byhiras to notify funds that the centralised system would be closing down and data should be removed. Discussions on data destruction and assurance were being undertaken with Byhiras.

Responsible Investment Advisory Group (RIAG) Report

The committee noted the report from RIAG chair which gave an update of the last meeting. The group discussed the responsible investment (RI) section of the SAB response to MHCLG Fit for the Future closed consultation. MHCLG advised that the policies laid out in guidance were not intended to diminish the fund's fiduciary duty.

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Email: SABSecretariat@local.gov.uk **Website:** [LGPS Board](#)

The group expressed that the wording in the Investment Strategy Statement (ISS) guidance needed to make clearer that environment, social and governance (ESG) factors should be regarded as financial factors. It was also said that the wording on the requirements for the independent person needed to be made clear.

On the development of Board guidance on the setting of RI policy, the group discussed the high level topic list presented at the meeting and it was agreed to bring together volunteers who could feed into the drafting process.

The group discussed the changes to the SAB governance structure proposed by the secretariat and agreed that there was still a role for the group in horizon scanning, harnessing lessons from the wider industry, and bringing together best practice on responsible investment.

The group discussed the International Court of Justice's (ICJ) advisory opinion on climate change and the Pension Regulator's (TPR) review of the fourth year of Task Force on Climate-related Financial Disclosures (TCFD) reports from a selection of pension funds. The secretariat were asked to consider drafting a briefing paper laying out the current court actions and legal risks relating to ESG and RI including from the ICJ advisory opinion on climate change. The group asked MHCLG whether there will be regulations brought in for the LGPS considering the progress in the wider industry. It was said that this was expected on a longer timeline.

Committee Workplan

The committee noted the workplan and agreed that it be included the committee report to the Board with a removal of the reference to a new Pooling Steering Group whilst the decision of the creation of the group is being considered. The workplan can be found at annex A of this paper.

Annex A - Investment Committee workplan update

Workstream	Details	Action for next committee	Status and forward timings
Code of Transparency	<p>Work with the National LGPS Framework team to develop a framework for funds to procure investment cost data monitoring and benchmarking services</p> <p>Revise Code to launch alongside the framework</p>	Update on the launch of the framework to be given to the committee at the next meeting on 22 June 2026 along with an update on the Byhiras contract runoff.	<p>The Code has been revised and published along with updated FAQs</p> <p>New framework projected to launch in April 2026.</p> <p>Preparations are being made for the end of the contract with Byhiras. Further detail can be found in paper D.</p>
Fit for the Future consultation	<p>Work with the Ministry of Housing Communities and Local Government (MHCLG) to ensure the draft Bill is implementable by funds and pools, minimising the risk of unintended consequences.</p> <p>Establish a closer, formalised link between the pools and the Board</p> <p>Support the development of guidance needed for the implementation of reforms.</p>	Identify areas to support funds with as the Fit for the Future proposals and associated guidance and legislation continues to be rolled out. Make recommendations to the Board on any additional guidance or events needed to supplement and support funds.	<p>Bill currently going through Parliament, Royal Assent likely to be April 2026.</p> <p>Consultation on draft guidance and regulations were issued in December 2025, the Board issued responses on 23 December and 9 January.</p> <p>New pooling arrangements in place from 1 April 2026.</p> <p>The governance arrangements for the SAB going forward remain under discussion and the Board is</p>

Workstream	Details	Action for next committee	Status and forward timings
			<p>being asked to approve the invitation of all six pools to the next committee meeting on 22 June 2026.</p> <p>Changes to the ToR for this committee will be considered over the coming months.</p>
Fiduciary duty advice	<p>Seek legal opinion with follow up questions on fiduciary duty and conflicts of interest. These opinions have been published and can be found on the Board website.</p>	<p>Continue discussions at committee meetings with recommendations to be made to the Board on any proposals for further work on fiduciary duty in the LGPS.</p>	<p>Discussions to continue in 2026.</p>
Responsible investment (RI)	<p>Committee agenda informed by RIAG.</p> <p>The Group have discussed how Fit for the Future proposals interact with RI policies and fund requirements.</p> <p>Group have agreed to develop practical guidance for setting RI policy and explore whether a common standard for local investing reporting can be identified for the</p>	<p>Begin drafting RI guidance with input from RIAG members and fund officers. Provide an update on progress at the next committee meeting.</p>	<p>Bill currently going through Parliament Royal Assent likely in April 2026.</p> <p>New pooling arrangements in place from 1 April 2026.</p> <p>SAB RI guidance drafting over the coming months.</p> <p>Further direction from MHCLG on climate change reporting for funds is expected but</p>

Workstream	Details	Action for next committee	Status and forward timings
	<p>Scheme.</p> <p>At some point we expect climate risk reporting regulations and requirement for transition plans to be implemented for LGPS</p>		<p>timescales are not confirmed.</p>