

Scheme Advisory Board (SAB) Meeting
23 March 2026, 1.30pm
Beecham Room, 18 Smith Square, London
and Microsoft Teams



Paper D: Scheme Advisory Board (SAB) Governance structure changes post Fit for the Future

Key points to note

In July 2025, the secretariat was asked by the Board to explore a formalised relationship with asset pool companies between the Board, its committees and groups. There is clear support for the purpose of the review and varying thoughts on how any changes should be implemented.

This paper provides an update on those discussions with a recommendation to invite the asset pool companies to join the investment committee, while the secretariat reviews the SAB's governance structures for investments with a range of stakeholders including MHCLG, pools, the Investment Committee and the Responsible Investment Advisory Group (RIAG).

The Board is invited to consider the best method of incorporating the perspective of asset pool companies and the extension of the review to the rest of the governance structure. We expect this to be an iterative process that we will need to keep under review for a while to ensure that the structure in place and focus of each group remains responsive to the evolving architecture of the scheme.

Recommendation

That the Board discusses the considerations laid out in this paper and agrees the inclusion of representatives of each of the six asset pool companies at the next Investment Committee meeting on 22 June 2026.

That the Board discusses the emerging proposals for changes to the Scheme Advisory Board's governance structure and agrees the next steps to be actioned.

Background

At the Board meeting held on 21 July 2025, the Board asked the secretariat to explore ways to develop a formalised relationship with asset pool companies between the Board, its committees and groups, to reflect the Fit for the Future

SAB Meeting – 23 March 2026

Agenda Item 8 - Scheme Advisory Board (SAB) Governance structure changes post Fit for the Future

Page - 1

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

regime changes. The proposal for a new Pooling Steering Group was taken to the Investment Committee at its meeting on 10 November 2025 and the comments from there were brought to the last Board meeting on 24 November 2025. The secretariat were instructed to engage further with the pools to determine how best to achieve the Board's aims.

The key themes from the discussion held with the six pools on 23 January 2026 were:

- It was important to establish a forum in which all of the six pools could participate equally
- Any additional group would need to have a clear purpose that was distinct from other groups or committees within the Board's structure
- The membership and terms of reference of the group should follow that purpose. It was felt that most issues would benefit from pool, fund and adviser voices all being represented. Within that, it was recognised that there were some topics (like the Code of Transparency) which would be more in the pools' province than funds', and some which would be more of general concern
- The secretariat's proposal might need some revision to achieve these aims.

Feedback from this meeting was subsequently discussed with the Chair of the Board, Cllr Roger Phillips. The outcomes from that were:

- We shouldn't let "the best be the enemy of the good". It was important to bring all of the pools within our structures, with a clear purpose and a recognition that whatever structure was decided upon would need to be reviewed and possibly refined as the changing relationship between funds and pools settles in
- It was recognised that there was a need for a more comprehensive review and reshaping of the entire investment arm of the Board's governance structure and to that end have also had discussions with the Responsible Investment Advisory Group (RIAG) when it last met on 9 February 2026.

Further discussions on the Board's plans were held with the Responsible Investment Advisory Group (RIAG) on 9 February 2026 and the Investment Committee on 23 February 2026.

SAB Meeting – 23 March 2026

Agenda Item 8 - Scheme Advisory Board (SAB) Governance structure changes post Fit for the Future

Page - 2

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

Progress

Over recent months, discussions have reinforced a shared commitment to developing a governance structure that better supports the scheme and enables a closer working relationship with the pools. It is important that time should be taken to scope out the right model and that any future structure achieves an appropriate balance between the interests of the six pools and the 86 LGPS funds, ensuring that no perspectives are excluded from discussions and decisions that may directly affect them.

The preferred method of the Investment committee when they met on 23 February 2026 was that the inclusion of representatives from all six pools to the investment committee would achieve the Board's aims, without needing a separate steering group. The secretariat raised concerns that by increasing the size of the committee in this way, it could inhibit discussion and make the committees less effective. This would particularly be the case if partner funds from each of the six pools wished to be on the committee as well. However, it was agreed that, subject to the Board's approval, the next Investment Committee meeting would be used to test this model, with the secretariat reporting back on the outcome and on potential reductions to the committee's size by removing the investment adviser role (currently four advisers sit on the committee, and from 1 April 2026, all funds are expected to receive their principle investment advice from their pool).

The future structure of the Investment Committee remains an area for further discussion. The secretariat presented a paper to the committee on 23 February 2026 recommending that the Board review the committee's membership, scope, remit and name, alongside progressing the establishment of the new Pooling Steering Group.

While the secretariat recognises the Board's preferred option was for a new group which would establish closer links between the pools and the wide range of representative groups, we recognise the more immediate need to engage with all six asset pool companies as soon as possible and inviting them onto the Investment Committee with effect from the next meeting provides a practical mechanism to achieve the Board's aims, while still allowing space for the development and consideration of alternative models as collective thinking evolves.

Does the Board approve the invitation of the six LGPS pools to the next Investment Committee meeting on 22 June 2026?

It is expected that the next Investment Committee meeting will help to inform the

SAB Meeting – 23 March 2026

Agenda Item 8 - Scheme Advisory Board (SAB) Governance structure changes post Fit for the Future

Page - 3

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

future governance structure, including reviewing the committee's own membership and by clarifying whether separate working groups might be needed to facilitate focussed discussions on implementation issues. This approach, which works well with the Compliance and Reporting Committee, could enable the Investment Committee to focus on more strategic discussions and signing off more detailed work undertaken in the working groups.

Should the Board determine that a separate Pooling Steering Group remains necessary, it is suggested that the group initially be given a clear, limited focus on topics around implementation and governance of the Fit for the Future (FFTF) changes with a carefully selected membership (including representatives from each pool) to review this. Depending on how it functions, the group can either broaden out its remit or use the learnings from it to establish a more definitive governance solution.

In either case, it is envisioned that working groups will need to be established under the Investment Committee to look at issues that require in depth discussions from a specific group of stakeholders building on the successful use of this model by the Compliance and Reporting Committee. Before doing so, the secretariat will undertake a mapping exercise to determine the existing groups in the scheme that already support funds and pools to mitigate the risk of duplication in the scheme (across investment, administration and governance themes).

Potential areas that the secretariat have identified for further discussion either via the use of working groups or the proposed steering group includes establishing a shared understanding of best practice around:

- The hierarchy, composition and management of the different boards established by the pools and partner funds, including clarity on respective roles and responsibilities.
- Where decision-making responsibility properly sits, including how this is communicated, understood, and experienced by shareholders.
- The content of pool annual reports, including what key information should be consistently included to support transparency and effective oversight.
- How to ensure meaningful shareholder oversight and engagement in the implementation of funds' investment objectives
- How best to align regulatory compliance, fiduciary duty, and administering authority ownership
- Governance models that best support making pooling work in practice

SAB Meeting – 23 March 2026

Agenda Item 8 - Scheme Advisory Board (SAB) Governance structure changes post Fit for the Future

Page - 4

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

The Board is further asked to whether the review of the governance structure should also extend to the Cost Management, Benefit Design and Administration Committee and the Compliance and Reporting Committee. The inclusion of pool representation within the investment section of the structure invites the question on whether there are benefits which may be gained from their inclusion throughout the Board's committees.

In considering whether changes are needed across the wider governance structure, it is also important to note that no alterations are currently proposed for RIAG. Discussions with the group have indicated that its existing structure remains effective with pool representation already in place and the group continuing to provide valuable opportunities for wider industry insight, horizon scanning and identification of best practice examples in responsible investment.

Any decision made by the Board will need to include an ongoing oversight of the new structure to assess its suitability. The secretariat recommends that an iterative approach be taken so that the Board remains agile enough to respond at pace to the potential emerging issues from the implementation of the changes in the scheme.
