

Pension Schemes Act 2026

Scheme Advisory Board (SAB) Briefing Paper

Introduction

The [Pension Schemes Bill](#) has now completed its passage through Parliament and received Royal Assent, becoming the Pension Schemes Act 2026.

The Act includes provisions for the LGPS such as:

- The taking over of investment operations by asset pool companies
- The requirement for asset pool companies to be Financial Conduct Authority (FCA) regulated
- Requirements for scheme managers to include the approach to responsible investment, local investments and the strategic asset allocation in the Investment Strategy Statement (ISS).
- Requirement to co-operate with an appropriate strategic authority to identify and develop appropriate investment opportunities.
- Defining local investment as investments for the benefit of persons living or working in
 - (a) the scheme manager's area, or
 - (b) the areas of other scheme managers participating in the same asset pool company.
- The confirmation of powers for the Secretary of State to direct asset pool companies in cases of non-compliance with guidance
- The requirement for administering authorities to undergo independent governance reviews
- The merger of pension funds, including on compulsory terms
- Make amendments to the Public Service Pension Schemes Act 2013 and the Procurement Act 2023

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During the passage of the bill, Lords made several probing amendments to explore its powers. A [ministerial letter](#) dated 9th February 2026 provided some assurances and greater clarity on the bill's purpose.

This paper summarises the amendments debated between the Commons and Lords during the final stage of parliamentary consideration, and sets out the on-the-record assurances provide by ministers.

The coming into force of the primary legislation marks a significant milestone in the Government's programme of pensions reform.

For the LGPS, this means MHCLG will soon be able to provide a full response to the [Fit for the Future technical consultation](#), lay secondary legislation and publish the necessary statutory guidance. We will keep you updated on timescales as they become available.

Lords consideration of Commons reasons on 20 April 2026

The final stage of parliamentary consideration centred on [three probing amendments](#) made during the Bills passage through the Lords, these were

- Amendment 1 - Location and specificity of assets
- Amendment 5 - Benchmarking LGPS liabilities
- Amendment 7 - Reviews of employer contributions

During the [Lords consideration of Commons reasons](#) on 20 April 2026 the following motions related to the LGPS were considered. ([col.566](#))

- Motion A concerned powers to direct LGPS investments (amendment 1)
- Motions B, B1 and C concerned LGPS valuations and interim contribution rates (amendments 5 & 7)

The Commons rejected all the Lords amendments, but clear, on-the-record assurances were provided during the debate, notably that:

- Government cannot and will not direct LGPS investments (Motion A); and
- The Department has committed to consulting later in 2026 on interim contribution rates, alongside enhanced scrutiny via the section 13 valuation review (Motions B, B1 and C).

Motion A – Investment Direction Powers

Issue

Lords Amendment 1 sought to prevent the Minister from making regulations that would require LGPS asset pool companies to invest in particular assets, asset classes or locations.

Commons Reason

The Commons considered the amendment unnecessary and potentially counter-productive, as it could introduce ambiguity about what powers regulations might include.

Ministerial Assurance

The Minister gave an unequivocal assurance that:

- The Government has no intention of using Clause 2 powers to direct investments.
- The Bill does not provide a legal basis for government to tell asset pool companies what to invest in or where.
- Fiduciary duties remain paramount and protected by existing law, including Supreme Court precedent.

“The Government have no intention of using the powers in Clause 2 to require asset pool companies to invest in specific assets, asset classes or locations.”

[\(col.566\)](#)

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Motion B – Publication and Valuation Requirements

Issue

Lords Amendment 5 sought additional publication requirements linked to LGPS valuations.

Commons Reason

The Commons argued that:

- It was not appropriate to impose new requirements now, and
- Any changes should be considered after the next section 13 report.

Ministerial Assurance

The Minister confirmed that:

- Valuation policy is already subject to statutory review under section 13 of the Public Service Pensions Act 2013.
- Further changes should be evidence-led, following that report.

“...any additional requirements should be considered after the next report under Section 13 of the Public Service Pensions Act 2013 has been prepared.” [\(col.566\)](#)

Motion B1 – Interim Contribution Rates

Issue

Motion B1 sought reassurance on interim contribution rates between triennial valuations.

Ministerial Assurance

The Minister stated that the intent of Motion B1 was already met by:

1. The Government Actuary’s section 13 review, and
2. A forthcoming consultation on interim contribution rates, to be run by the department.

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“...the consultation on Regulation 64A, which relates to interim valuations, that MHCLG has already committed to running later this year.” [\(col.566\)](#)

This consultation will consider:

- When and how interim reviews should be used,
- Whether they should link to the section 13 review, and
- How employers’ financial pressures are taken into account.

Motion C – Access to Interim Reviews and Administration

Issue

Lords Amendment 6 sought to update regulations allowing employers to request interim reviews of contribution rates.

Ministerial Assurance

The Minister reiterated that:

- The same consultation later in 2026 will cover interim review access.
- Any changes will be made through regulations, following statutory consultation.
- Administering authorities have already been instructed that:
 - They must engage properly and transparently with requests for interim reviews, and
 - Any reviews must align with the Funding Strategy Statement.

“...the department has already committed to consulting on interim contribution rate reviews later this year.” [\(col.568\)](#)

Summary

The following substantive assurances were placed on the parliamentary record during Lords consideration of Commons reasons on 20 April 2026:

- No government power to direct LGPS investments;
- Continued primacy of fiduciary duties;
- Strengthened scrutiny via the section 13 review, including prudence and engagement with employers; and
- A firm commitment to consult later in 2026 on interim contribution rates and reviews.