

**Investment Committee Meeting**  
**22 June 2026, 11.00am to 1.00pm**  
**Room 6.5, 18 Smith Square, London and**  
**Microsoft Teams**



## **Paper G: Fit for the Future implementation – Strategic Action Plan**

### **Key points to note**

The implementation phase of the Fit for the Future reforms has now commenced; on 21 May the Government published its [response to the technical consultation](#) that was issued on 20 November last year. The associated Investment Strategy Statement (ISS) and Pooling guidance is also expected to be published by the end of June.

The committee will evolve its workplan, delivery methods and membership to focus its discussions on supporting implementation of the key reforms arising from these changes.

This process has already started and for this meeting we are trialling a change to the committee membership i.e. the inclusion of representatives from all six pools. This paper lays out some further considerations, including consequential changes if the new membership is made permanent, and invites the committee to agree recommendations to take to the Board when it next meets on 20 July 2026. It is imperative that the next actions are agreed to enable the Board to respond at pace to the changing structure of the scheme.

### **Recommendation**

That the committee discusses this paper and agrees recommendations on key areas of focus for the committee, the method of delivery for the committee's workplan and changes to the committee's membership.

### **Background**

At the last meeting on 23 February 2026, a paper was brought to the committee on the governance structure changes that the Board Chair considered necessary to support the scheme as it implemented the proposals in Fit for the Future. The committee made an alternative recommendation to the Board which was that representatives from the six asset pooling companies should attend this committee, and this was agreed by the Board on 23 March 2026.

This meeting serves as a test of the practicality of this change being made long term and the committee is invited to consider what further or consequential changes are necessary.

The discussion is also of importance due to the significant programme of work being undertaken across the scheme to meet the requirements of government.

This includes but is not limited to:

- Recruitment to the new roles of the LGPS Senior Officer and Independent Person
- Developing new governance structures to enable effective oversight of pool governance and performance
- Development of new Investment Strategies in light of the updated statutory guidance

This paper covers three main areas, namely the committee's workplan, the method of delivery for the programme of work and the resource necessary to support that.

Taken together this will enable the secretariat to set out the required actions for the committee over the next 12 to 18 months and put forward a proposal with recommendations to the Board when it next meets on 20 July 2026.

## **Considerations**

### **Workplan**

The Board received a paper containing a summary of areas of focus for its committees at its last meeting on [23 March 2026 \(see page 4\)](#). A separate item on the committee workplan has been brought to this meeting and is linked to this item however topics for the committee's attention particularly in relation to the Fit for the Future reforms are expounded upon in more detail here.

In addition to the areas of focus detailed in the paper linked above, the secretariat have also received initial suggestions from some of the pool representatives present at this meeting; this includes:

- How pools and funds work together to build consensus on RI and thematic preferences including collaboration on standardising terminology on these matters
- The agreement of asset class definitions for the purpose of reporting

Investment Committee Meeting – 22 June 2026

Agenda Item 9 - Fit for the Future implementation – Strategic Action Plan

Page - 2

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- The development of a common framework for pools reporting to their partner funds on returns and costs including any core measurement statistics and management information leading to benchmarking of costs and performance
- Clarification on the limits of liability for pools, namely the level of liability and indemnity that pools should provide to their clients
- The scope for an agreement or memorandum of understanding between pools/sellers/vendors/participants in the market to declare if a counterparty for a product is a pool, therefore allowing consideration of collaboration and mitigating cost escalation
- Developing an approach to oversight of the pool by their partner funds. Clarifying how partner funds should work together to achieve this and whether there is a common framework that can be put in place.

An additional suggestion touched on LGPS input to the government's current review of fiduciary duty. As set out in paper F, the LGPS is represented on the Department for Work and Pensions' (DWP) working group on fiduciary duty by the Scheme Advisory Board and committee views on what should be fed back to that group have been invited.

With regards to the topic of reporting, the secretariat is also exploring the possibility of a common framework for local investment reporting and have included this on the Responsible Investment Advisory Group's (RIAG) workplan. A report of the discussions held at the last RIAG meeting on 8 June 2026 can be found in paper D and the committee is asked for its considerations on any directives for that group also.

### **Method of delivery**

In order to increase the resources available to consider the issues on the committee's workplan and develop the necessary outputs, it is recommended that working groups be established, which has been successful in recent years for other SAB committees. This will also mitigate the risk of delayed action due to the inherent nature of working through a committee that only meets three times a year. We anticipate that higher level discussions will take place at committee meetings with focussed, in-depth discussions happening with practitioners closest to the issues in more frequent working group meetings.

The committee is also invited to note that there are links to existing working groups where there could be benefit from cross-working or input into these groups. The

Investment Committee Meeting – 22 June 2026

Agenda Item 9 - Fit for the Future implementation – Strategic Action Plan

Page - 3

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secretariat may also bring forward items or issues from the workplans of the other committees to enable contributions from this committee.

Greater flexibility over the membership of the working groups will also better enable us to deal with issues where there is an overlap with other committees and groups, e.g., with the Compliance and Reporting Committee (CRC). In such cases the membership of the working group can bring a wider blend of perspectives together, including potentially some members of both committees.

The committee's recommendations are invited on areas for an initial suite of working groups to be set up to begin this work and the order in which these areas should be addressed.

For reference, the working groups in existence across the other committees and advisory groups are:

**Cost Management, Benefit Design and Administration (CMBDA) working groups:**

- [Gender Pensions Gap](#) – developing proposals and initiatives for the equalisation of the gender pensions gap identified in the [reports commissioned by the Board from the Government Actuary's Department](#)

**RIAG working groups:**

- [Practical guidance on RI policy setting](#) – developing Board guidance for funds on setting RI policy to supplement statutory guidance

**[CRC working groups:](#)**

- Audit – shaping the proposal and implementation for decoupling the pension fund accounts from the main administering authority accounts
- Knowledge and understanding – feeding views and expertise into updated knowledge and understanding statutory guidance and assist the Board when developing guidance for creating a Training Strategy
- Good governance – inputting into the updates required to governance statutory guidance
- Peer support – currently developing a LGPS specific peer support pilot programme

There were also previously working groups which looked at the following issues before concluding their work:

Investment Committee Meeting – 22 June 2026

Agenda Item 9 - Fit for the Future implementation – Strategic Action Plan

Page - 4

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- Annual report guidance – developed [guidance on producing a fund annual report](#) with CIPFA and MHCLG in April 2024
- Funding strategy statement guidance – developed [guidance on producing a funding strategy statement](#) with CIPFA and MHCLG in January 2025

### **Membership of the committee**

It is clear that the membership of the committee will need to evolve to deliver the programme of work that is asked of it. The Board wishes to ensure that the membership maintains an appropriate balance between the pools and their partner funds, ensuring all perspectives are included in discussions and the decisions that may affect them.

Whilst each of the six pools may be included on the committee, it is clearly not possible to do that with the 86 funds in England and Wales. The committee is therefore asked to consider the most effective basis on which a smaller number of funds can reflect the diverse reality of the 86 LGPS funds.

The secretariat's initial proposal is that fund membership on this committee should reflect the fund types as opposed to attempting to get fund representation for each of the pools. However, we believe that it will be important to have regard to this and ensure that the fund representatives are spread across the different pools. The proposed fund types from which we will seek representatives are:

- London
- Metropolitan areas
- Non-metropolitan county/unitary
- Wales

The committee membership currently includes four investment consultants. The secretariat believe that this is still an important representative group, not least because whilst the pools will eventually be the principal providers of investment advice to the funds, at the current time many have not yet developed the in-house capacity to do this. We therefore recommend that for the time being, the investment consultants retain their membership although this will be kept under review.

In the longer term, we believe that the committee should include two positions for representatives of the new Independent Person role to replace that of the investment consultants. These individuals will have a broader remit than investment issues but are expected to play a role in the effective governance of the investment function

Investment Committee Meeting – 22 June 2026

Agenda Item 9 - Fit for the Future implementation – Strategic Action Plan

Page - 5

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and oversight of pool performance. Though there are currently four positions for consultants, it is believed that a smaller number going forward can still effectively include the contributions of this representative group.

The secretariat is also proposing that the committee retains membership from the Local Authority Pension Fund Forum (LAPFF), the education sector and a treasurers' societies. In light of the identified overlap in the work of this committee and the CRC, it is proposed that a place be added for the chair of the CRC on this committee.

As detailed in paper C, the secretariat have also had early discussions with Pensions UK about the revision of Cost Transparency Initiative (CTI) templates and have had internal discussions about the possibility of their inclusion on this committee to enable joined up discussions on cost transparency and other investment policy issues.

If the secretariat's proposals are accepted the committee's membership will be as follows:

- Four fund representatives
- Six asset pool representatives
- Three scheme employee representatives
- One education sector representative
- One LAPFF representative
- One treasurers' representative
- Four investment consultants (eventual replacement with two Independent Person roles)
- One Pensions UK representative
- Observers – MHCLG, GAD, Chair of the RIAG, Chair of the CRC)

The committee's views on these initial proposals on membership are invited.

### **Committee Terms of Reference**

The Terms of Reference for this committee will need updates to reflect the recommendations and agreements made at this meeting. If the above proposal on committee membership is agreed, the number of core members i.e. members excluding observers will temporarily exceed the limit on number of members in the ToR which is 20, subject to the needs of the committee. The secretariat will not be including this in the draft of changes as it is not proposed to change this in the long term. A draft will be brought forward to the next meeting.

Investment Committee Meeting – 22 June 2026

Agenda Item 9 - Fit for the Future implementation – Strategic Action Plan

Page - 6

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