

AGENDA

Item		Paper	Timing
1	Welcome, introductions, apologies and declarations of interests		11:00
2	Actions and Agreements from 9 February 2026	Paper A	11:05
3	Ministry of Housing, Communities and Local Government (MHCLG) update	Verbal	11:10
4	Dealing with lobbying in the LGPS	Verbal	11:20
5	Practical guidance on setting Responsible Investment (RI) Policy	Paper B	11:40
6	Fiduciary Duty in the LGPS	Paper C	12:00
7	AOB and date of next meeting		12:30

Paper A: Actions and agreements of meeting held on 9 February 2026

Present

Sandra Stewart	Chair, Greater Manchester Pension Fund (GMPF)
Andrew Bouflower	Practitioner representative, Hampshire Pension Fund
Marion Maloney	Practitioner representative, Environment Agency Pension Fund
Patrick Rowe	Practitioner representative, Westminster City Council (WCC)
Rachel Barrack	Practitioner representative on behalf of Wales Pension Partnership (Hymans Robertson)
John Neal	Scheme member representative, UNITE
Sheila Stefani	Asset pool representative, LGPS Central
Frances Deakin	Asset pool representative, Local Pensions Partnership (LPP)
Ashley Hamilton Claxton	Asset manager representative, Royal London Asset Management (RLAM)
Tim Gooding	Asset manager representative, Baillie Gifford
Sarah Wilson	Special interest, Minerva
Edwin Whitehead	Investment consultant, Redington
Sam Gervaise – Jones	Investment consultant, bfinance
Maria Espadinha	Pensions UK
Oliver Watson	Ministry for Housing, Communities and Local Government (MHCLG)
Tom Harrington	Observer, GMPF

Secretariat

Clair Alcock	Head of Pensions, Local Government Association (LGA)
Becky Clough	Board Policy and Support Officer, LGA
Sophia Chivandire	Pensions Policy and Support Officer, LGA
Ona Ehimuan	Pensions Secretary, LGA

1. WELCOME, APOLOGIES, INTRODUCTIONS AND DECLARATIONS OF INTEREST

The chair welcomed all in attendance including Andrew Bouflower, Head of Investments and Borrowing at Hampshire Pension Fund who joined following George Graham's departure from the group. Apologies for absence were received from Sallie Wilson (ACCESS), Kenny Dick (Care Inspectorate, Scottish SAB), Jeremy Hughes and Sarah Tingey from the secretariat team. There were no declarations of interest.

The group were informed that Ashley Hamilton Claxton (Royal London Asset Management) would be stepping down from the group due to growing commitments and this would be her last meeting. Graham Cook had also stepped down from the group following his departure from Phoenix Group. The group thanked Ashley and Graham for their contributions since the inception of the group.

2. ACTIONS AND AGREEMENTS FROM PREVIOUS MEETING

The actions and agreements from the meeting held on 6 October 2025 were agreed as a true and correct record of the meeting.

3. MHCLG UPDATE

Oliver Watson (OW) gave an update to the group focused on the progress on Fit for the Future. The 1 April target for policy implementation is being upheld however there was no update on Pension Scheme Bill attaining Royal Assent which could lead to a delay in secondary legislation being laid.

The responses to the Fit for the Future closed consultation were being analysed. Many responses detailed responsible investment (RI) issues that need further clarification. It was emphasised that MHCLG are actively listening to concerns raised in consultation responses. It was confirmed that government policy is not intended to diminish funds' fiduciary duty or their control over RI policies. The aim of the changes is to improve consistency and efficiency by encouraging funds to identify ways to align their RI policies with one another over time. Funds will remain responsible for high-level investment objectives. Some funds such as the Environment Agency Pension Fund (EAPF) are particularly progressive with regards to climate considerations and it was expressed that this policy could force unwanted compromise and cut across fiduciary duty.

The group asked about the independent person needing to be Financial and

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Conduct Authority (FCA) regulated, noting that this is not a requirement for equivalent roles in the private sector. It was mentioned that the Competition and Markets Authority (CMA) were looking at making the role FCA regulated after a previous review, but this was not implemented so it remains an ambiguous area. It was confirmed that Teresa Clay would be leaving MHCLG and there would be two new Heads of Pensions to replace her. The role would be split into admin and benefits issues and investment issues.

4. LGPS FIT FOR THE FUTURE – DRAFT REGULATIONS AND GUIDANCE GROUP DISCUSSION

The chair introduced the item to the group. Following the Fit for the Future consultations on draft regulations and guidance, the Board published its responses on 23 December and 9 January respectively; the group were asked for comments. The group asked about role of the independent person and if indemnity liability insurance is needed to provide regulated advice. Concerns were acknowledged by MHCLG about perceived shifts of power from funds to pools, particularly around exclusions, voting policies and interpretation of RI. It was said by the group that the wording included in the draft Investment Strategy Statement (ISS) guidance at paragraph 5.8 on exclusions could have unintended consequences. An example of this is funds being impeded from setting exclusions due to risk issues which could be incorrectly perceived as ideological issues.

Further comments were raised about whether pools will adequately listen to funds and correctly interpret RI policies at the implementation level. It was said by MHCLG that the thinking was that pools are a degree removed from political frontlines so should be able to implement policies without the pressure of politicisation. The group stated that this will need a strengthening of the wording in guidance to clarify that environmental, social and governance (ESG) is not non-pecuniary and is to be defined as a financial consideration. MHCLG invited group members to suggest how guidance could be drafted to address these concerns more clearly.

The reduced scheme member representation in the new model was raised as a concern with some members of the group saying that scheme members representation is an important feature in their current decision-making process. MHCLG confirmed that the government position on committee shareholders had not changed, but this does not mean the scheme members cannot be represented in other areas of the governance structure.

It was also said that the funds did not have sufficient leverage over the pools to be

deemed the pool owner in practice. Though there are avenues to remove the board due to poor performance this would be unlikely and funds cannot remove the pool as their asset manager which remains a concern. Pool representatives in the group said that pools are just as subject to government policy as funds and the ultimate aim is to ensure that benefits can be paid whilst balancing ESG considerations. This will require funds and pools to work together on a solution using the framework laid out in regulations and guidance. The ISS guidance is critical to assist funds in setting out their objectives, priorities and preferences clearly for their pool.

5. RESPONSIBLE INVESTMENT POLICY GUIDANCE PAPER B

Becky Clough (BC) introduced paper B to the group. An outline of the practical guidance the Board would be drafting on RI policy was provided with a topic list at annex A and the group were asked for comment.

The group suggested that the guidance:

- emphasises the section on the role of the pool in RI implementation
- considers how local investment should be considered in the guidance
- should identify what specific questions have been asked in fund surveys to scheme members, and what the reaction was/weighting applied to responses
- covers the wider process of communicating with all stakeholders on RI (i.e. education that RI doesn't impact pension benefit structure)
- should be clear on its audience and purpose
- should think about how pools create their own RI policy

The secretariat noted the group members that volunteered to assist with the drafting and identification of good practice.

ACTION - that the secretariat continues recruiting volunteers to input into the SAB RI guidance

ACTION - that the secretariat notes the feedback given on RI guidance and feeds into draft

6. STRATEGIC OBJECTIVES FOR RIAG POST FIT FOR THE FUTURE

Clair Alcock (CA) informed the group that the Board had been considering its governance structure post Fit for the Future including the development of closer links with the pools. The changes prompted consideration of the entire investment section

of the governance structure, and the role of the group was something to consider as part of this. It is expected that the new structure will be developed iteratively in response to the arising needs of the scheme over the next 12-18 months and the Board will test the structures and review processes as needed. A key proposal is the establishment of a new pooling steering group to formalise closer links between the pools and the Board.

The group were invited to comment on the Board's plans and how the group could best contribute to ongoing workstreams. It was acknowledged that RIAG's original purpose has changed from the climate risk reporting brief but had adapted to the other RI issues needed to be discussed. It was said that a key factor would be to pin down the purpose and focus of each group to ensure efficient working and linkages without duplication. There is already a pooling RI group and its interaction with the new pooling group needed to be considered.

The group suggested that a mapping exercise be conducted to identify the existing groups already supporting funds and pools to assist with the shaping of the new structure. The group agreed that it could maintain its role looking at nuanced sector wide issues and learnings from the wider industry given that RI is a constantly evolving issue.

ACTION – that the secretariat maps out the existing groups supporting funds and pools across the scheme and uses this information to shape the proposal for post Fit for the Future governance structures

7. INTERNATIONAL COURT OF JUSTICE RULING ON CLIMATE CHANGE

Ona Ehimuan (OE) gave a brief update on this recent ruling which pointed towards obligations for states arising from international law and climate treaties to protect the climate system from the effects of greenhouse gas emissions. The opinion also laid out potential legal consequences such as compensation for damages.

The group stated that whilst the advisory opinion may be utilised by environmental lobbyists, more focus should be placed on obligations at the state level such as the government's net zero commitments and the Stewardship Code which places ESG requirements on its signatories.

It was suggested that the Board could develop a briefing paper on current court actions and legal risks relating to ESG and RI.

ACTION - that the secretariat considers 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

8. CLIMATE RISK REPORTING IN THE PRIVATE SECTOR FOUR YEARS ON: THE PENSION REGULATOR'S (TPR) REVIEW OF REPORTS

The group discussed TPR's review of a selection of pension schemes' climate risk reports (mix of DC Master Trusts, DB schemes and DB/DC hybrid schemes). It was said that in light of the wider pensions sector work on climate risk reporting, and an amendment proposed by Liam Byrne during the passage of the Pension Schemes Bill indicating that climate change should be considered as a systemic risk, further clarity from MHCLG would be welcome.

The original purpose of the group was to assist funds with the implementation of the LGPS specific TCFD regulations. This was yet to be laid however MHCLG said that it was still expected to be put in place. The group said that it was essential that MHCLG provide sufficient forewarning of what the expectations are. Pools will want to provide information to funds in an efficient way and ensuring data and narrative is readily available is imperative. It was noted that elements of private sector reporting are evolving, and it is anticipated that lighter reports will become more commonplace to avoid republishing unchanged data or data that is already reported under other requirements.

8. AOB AND DATE OF NEXT MEETING

There were no AOB items. The date of the next meeting is 8 June 2026 at 11.00am.

Paper B: Practical guidance on setting Responsible Investment (RI) Policy

Key points to note

The Board has committed to producing guidance for funds on how to draw up their responsible investment policies. A working group to advise on the content of this guidance has been established and an initial meeting was held on 30 April 2026. Following some useful steers from that group, drafting of the guidance has commenced. A timeline for the production of the guidance is provided within this paper.

Recommendation

That the group notes the contents of the update and the timeline set out in the paper. That the group provide a steer on the proposed direction of travel, particularly in relation to member engagement and the scope of guidance and identifies any gaps or additional priority areas for the draft guidance ahead of the first iteration.

Background

The Board has issued various statements and commissioned legal advice from Nigel Giffin KC to assist funds in dealing with the increase in the interest and active lobbying that they are experiencing in relation to how fund money is invested.

It is expected that statutory guidance accompanying the Pension Schemes Act and LGPS Regulations will be published in the coming weeks. The Investment Strategy Statement guidance in particular will require funds to set out their responsible investment policy, which will be implemented by their asset pool company. The SAB guidance being produced will focus on the process of setting RI policy. A suggested topic list was shared with the group at the last meeting on 9 February 2026 ([see Annex A](#)).

Considerations

An initial scoping meeting was held with a working group on 30 April 2026 with

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attendees from funds, pools, trade unions, pension committee chairs and members of this group. The discussions confirmed an increase in engagement from members with member surveys being increasingly focused on investment matters in recent years, however member engagement varied from fund to fund and overall, still remained low. The group recognised that there is an issue with ensuring that engagement comes from a wide representative group of scheme members, and not just a vocal minority.

Trade union representatives said that discussions with their local representatives had revealed that the approach to engagement in general was also varied and some funds did not engage with members at all. They were in support of standardisation in the way that member views were sought.

The attendees expressed a need for prior briefing on investment issues, including responsible investment, to assist members in having the knowledge to adequately engage with surveys. The working group suggested that these awareness raising initiatives could take the shape of member communications or lunch and learn sessions with scheme employers. It was also recognised that it would be helpful to have guidance on survey design and for surveys to clearly explain how member views will be utilised.

The group also discussed the possibility of using other methods of collecting member views, such as the use of member assemblies which would bring together representative groups of scheme members to discuss in detail some of the tensions between different RI priorities and the need to generate return. The group expressed support for exploring the feasibility of trialling this kind of participative model and agreed that the secretariat talk to NEST and the New Citizen Project, who are currently trialling similar initiatives.

The group generally agreed with the topic list presented however said that an initial draft of the guidance would help to confirm any other areas for inclusion. It was agreed that the secretariat start to draft the guidance and reconvene the group later in the year, with a view to finalising the guidance and gaining approval in the October/November board and committee cycle.

Next steps

- The secretariat will use feedback from this group and RIAG to develop a full draft of the guidance.

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- The working group will be reconvened later in 2026 to review and refine the draft.
- A near-final version will be brought forward for consideration and approval through the October/November Board and committee cycle.
- Subject to approval, the guidance will be published later in 2026 to support funds in developing and reviewing their responsible investment policies.

Paper C: Fiduciary duty in the LGPS

Key points to note

The Scheme Advisory Board (SAB) has been invited to join the Department for Work and Pensions' (DWP) working group on fiduciary duty. The topic remains of significant importance within the scheme, and the group is asked for thoughts on any further areas of focus or output.

Recommendation

That the group notes the contents of this update and considers any areas of focus or output for as the Fit for the Future reforms are being implemented

Background

In response to a proposed amendment to the Pension Schemes Bill to clarify the operation of the fiduciary duty, the Government agreed to issue statutory guidance on this issue.

The Department for Work and Pensions (DWP) has launched a new working group designed to develop this statutory guidance. It has been tasked with developing “practical, principles-based guidance to give trustees of occupational pension schemes greater clarity and confidence on their investment duties.

At the last meeting of this group, it was agreed that the SAB should request representation on the DWP's working group on fiduciary duty. After representations were made to MHCLG, the Board is now represented on the working group. Pensions UK is also represented on the group.

The Board's most recent [legal advice from Nigel Giffin KC was issued in January 2025](#) and expands on a number of points from his initial advice in 2014. [A summary of the advice](#) can be found on the Board website.

The [Board's statement on lobbying](#) published in September 2024 also touched on the matter of fiduciary duty and how this interacts with environmental, social and governance (ESG) considerations, making clear that “...**the primary purpose must be to achieve the required returns in an appropriately risk-managed way to pay pensions when they become due...**”. The statement further clarifies that whilst

there is a growing convergence of ESG considerations and financial considerations due to, for example, the widely acknowledged physical and financial material risks associated with climate change, decisions must not **“be driven directly by the political views of Pension Committee members or indeed Government ministers (except as where prescribed in law)”**.

It is expected that the Investment Strategy Statement (ISS) guidance issued by the Ministry for Housing, Local Government and Communities will echo this principle.

Considerations

Fiduciary duty within the LGPS remains a significant and increasingly high-profile issue. There is growing risk of politicisation of investment decisions, driven in part by global conflicts and increased campaigning and lobbying activity.

The January 2025 legal advice provides helpful clarification in this context. In particular, it reinforces that fiduciary duty remains grounded in the delivery of appropriate risk-adjusted returns, supported by robust and well-evidenced decision-making processes. It also confirms that, while member views may be taken into account, they must be considered within the framework of fiduciary duty and cannot override it.

The development of the DWP’s statutory guidance therefore presents a timely opportunity to address some of the misconceptions that have emerged around the role of ESG considerations and how these may influence investment decisions and outcomes. This group is invited to consider whether there are any specific areas or issues that the forthcoming guidance should seek to address?

The Board’s position on fiduciary duty is well established, and at this stage there are no plans to seek further legal advice. Though the guidance was published before the Fit for the Future reforms, the assumed changes considered in the advice align with the actual changes confirmed by Government and as a result, the advice provided still stands.

The Board is however progressing complementary work to develop practical guidance to support funds setting their responsible investment policies. In this context the group is also invited to consider whether there are any further areas of focus or additional outputs the Board could usefully develop to support administering authorities and pools in the coming months.