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

Paper H: Investment Committee report

Key points to note

The committee requested more clarity from Ministry of Housing, Communities and Local Government (MHCLG) on how the government's announcements on sanctions in the Israeli West Bank would have an effect on the LGPS.

The committee also discussed the draft practical guidance on setting responsible investment (RI) policy being developed by the Board and provided feedback to inform the draft that will be put to the Board to clear at its next meeting.

The Board, will work with Pensions UK and the Investment Association (IA) and a stakeholder group to update the Cost Transparency Initiative (CTI) templates and agree arrangements for periodic review. The secretariat will engage with pools to encourage the use of the Cost Transparency and Benchmarking framework and consistent interpretation of cost data.

The Department for Work and Pensions' (DWP) guidance on fiduciary duty will be consulted on in November; publication is expected in spring 2027.

The committee discussed further membership changes and the key points from that discussion can be found in paper D.

The 2027 committee workplan was agreed for submission to the Board for approval.

Recommendation

That the Board:

- notes this update and approves the 2027 committee workplan at annex A
- considers the Investment Committee's recommendation to write to the Local Government Minister requesting clarity on wording and application of the Investment Strategy Statement guidance in relation to sector exclusions
- approves the proposed RIAG meeting frequency of three scheduled meetings a year, with additional ad hoc meetings as required, from 2027 onwards.

Summary

MHCLG update

Rosanna Thomson (RT) confirmed that MHCLG's current priorities were implementing the Fit for the Future reforms and supporting the local investment agenda. She committed to providing a response to the committee on whether the CMA order on reporting and procurement requirements applied to the LGPS.

Questions were raised about whether the sanctions brought in by the Government's on illegal settlements in Israeli West Bank would have an effect on the LGPS and whether further sanctions were expected. RT explained she could not confirm at this stage any detail of when legal sanctions would come into effect or their precise scope. Members raised that some administering authorities had received requests for information from the All-Party Parliamentary Group (APPG) in relation to this topic, though the number could not be confirmed. It was agreed that the secretariat reach out to try and quantify this.

On the government's commitments on climate risk reporting and transition planning, officials confirmed that this remained on the agenda but there was not any specific timeline for implementation.

Code of Transparency (CoT) update

The committee received an update on the Board's work since the last meeting and noted information on the usage of the Cost Transparency and Benchmarking framework which showed some engagement though further communications would be needed by the secretariat to encourage take up of the services available.

The centralised data system for collecting these templates closed down on 28 August 2026 and the Board was awaiting confirmation of secure data destruction from Byhiras.

The secretariat have held discussions with Pensions UK and the Investment Association on the updating of the Cost Transparency Initiative (CTI) templates including:

- a list of stakeholders who will be tasked with considering template updates
- future governance plans to keep the templates under regular review and
- methods that could assist with private market data collection

The identified links between cost transparency, oversight of the pools and value for

money assessments were discussed by the committee. The new investment working groups on pool oversight and reporting also discussed these issues at their first meetings and it was expected that this would continue to have a place in these discussions and potentially feed into the outputs of the group. Fund representatives present at the meeting welcomed the exploration of this as some pension committee members were asking increased questions about value for money. It was said by the committee that there would need to be consistency of data submissions by underlying asset managers and consistency in the interpretation of the data to form reliable assessments.

Department for Work and Pensions' (DWP) guidance on fiduciary duty

The committee received a verbal update from Clair Alcock (CA) on the guidance which will be consulted on starting in November for a period of 12 weeks. The contents of the guidance could not be shared until that point, however it was noted that whilst the guidance was not for the LGPS specifically, it would still have persuasive effect. It is expected that the guidance will be published in spring 2027.

The committee noted the Hansard record of the debate of the then Pension Schemes Bill held on March 23 2026, that the commitment was to produce guidance trust-based private pensions sector only (column 1290 onwards), though column 1292 did add that the LGPS would be engaged in the production on this guidance.

Responsible Investment Advisory Group (RIAG) Report

The committee received a report from the RIAG chair which gave an update of the last meeting on 5 October 2026 which included an overview of its discussions on:

- the update received from MHCLG
- investment in conflict zones
- DWP's guidance on fiduciary duty
- practical guidance on setting responsible investment (RI) policy
- proposals for a new RI implementation working group (the Board agreed that RI implementation be directed to the RIAG and it was agreed by the group that a new working group would be optimal to address this)
- meeting frequency for 2027 and
- the staggering of membership term lengths to support succession planning

The committee discussed the wording in the Investment Strategy Statement (ISS) guidance which prohibits administering authorities from making reference to countries, investment styles and companies but does not reference specific sectors.

At the RIAG meeting, it was confirmed by MHCLG that the wording in the guidance was intentional. RT said that ISS policies that made reference to particular sectors should be practically applied by the pool having regard to the wider legal and fiduciary framework that they are bound by – including consideration of practicality, scale and value for money. The committee suggested that the Board considers asking the Minister to clarify this issue on the record, to enable consistent understanding of the ISS guidance.

With regards to the group's meeting frequency for 2027, it was agreed that a proposal to align with the Board and committees' three meetings a year with additional ad hoc meetings be submitted for approval. The Board is therefore asked to approve this change for 2027 onwards. If approved the secretariat will make a minor update to the Terms of Reference to reflect this.

Practical guidance on setting RI policy

The committee received a paper on the progress that had been made in developing this guidance. The paper included a draft of the guidance which remained in production at the time. The committee's feedback shaped the near final draft submitted to the working group tasked with producing the guidance. A detailed paper on the guidance and the draft for approval has been submitted to the Board at paper G.

Knowledge and understanding guidance

The committee received a verbal update from Becky Clough (BC) on the Compliance and Reporting Committee's work to produce knowledge and understanding guidance for pension committee members. The update included a presentation on the substantive elements of the guidance which included a section of investment related areas. A draft of the guidance would be shared after the meeting and which members were asked to review and provide comments on once shared.

Committee workplan

The committee received a paper setting out the key workstreams for 2027; it was agreed to submit the 2027 workplan to the Board for approval. This can be found at annex A.

The paper also included an overview of the membership, discussions and actions from the first meetings of the new investment working groups on pool oversight, local investment and reporting.

Committee membership

The committee considered membership changes arising from the Board's governance structure review in response to the Fit for the Future reforms. Further details are provided in paper D.

Annex A - Investment Committee workplan for 2027

Workstream	Details	Action for next committee	Status and forward timings
Cost Transparency	Explore how cost information is utilised to form part of value for money assessments. Review and update the Cost Transparency Initiative (CTI) templates with Pensions UK and the Investment Association (IA) utilising the expertise of LGPS and wider pensions professionals to consider and agree changes to templates. Agree governance arrangement with Pensions UK and the IA to maintain the CTI and further explore improvements in private markets cost reporting. Update the Code of Transparency FAQs including reference to the updated CTI templates and the Cost Transparency and	Confirm the timelines for the review of the CTI templates via correspondence with the Investment Committee and the Board before the first cycle of 2027 meetings. Bring a draft of updated FAQs for the Investment Committee to consider. Engage relevant LGPS stakeholders to encourage usage of the framework. Confirm the secure destruction of data from the now closed centralised data system with Byhiras.	This workstream is expected to continue into 2027. The new Investment Strategy Statement (ISS) Guidance and Pooling Guidance makes reference to the Code of Transparency in addition to existing references in the Annual Report Guidance. The new reporting and pool oversight working groups have had initial discussions about how cost information is utilised to form part of value for money assessments. It is expected that these discussions will continue and feed into the working group outputs. The work to update of CTI templates is underway. Exact timelines will be confirmed. Further updates to the FAQs will be considered now that the Cost Transparency and Benchmarking Services framework has launched

Workstream	Details	Action for next committee	Status and forward timings
	Benchmarking Services launched on 11 May 2026. Continue work with the National LGPS Framework team to encourage usage of the framework. Monitor compliance with the CoT using high level data agreements with providers on the framework and information from annual reports. Consider the frequency of compliance oversight activities and any other methods which the Board may wish to use to do so. Confirm the secure destruction of data from the now closed centralised data system with Byhiras.		alongside the CTI template review. The engagement of LGPS stakeholders to encourage framework usage will be responsive to discussions and indications of current plans to collate, analyse and benchmark investment costs. The use of the high-level data agreements to maintain oversight of compliance with the CoT may be employed as needed in 2027. The collation of data from 2025/26 annual reports due on or before 1 December 2026 will be explored for the 2026 Scheme Annual Report which will be published in 2027. It is expected that confirmation of the secure destruction of data from the now closed data system will be provided shortly and we are awaiting a response from Byhiras.
Fit for the Future implementation	Work with the Ministry of Housing Communities and	Consider recommendations to the Board on any additional guidance or	The 2026 LGPS regulations came into force on 30 June 2026. Statutory

Workstream	Details	Action for next committee	Status and forward timings
	Local Government (MHCLG) to ensure the statutory guidance and regulations are implementable by administering authorities and pools. Formalise long term arrangements to ensure the committee is well resourced to support the scheme including balanced representation of all relevant stakeholders and a closer, formalised link between the pools and the Board Support the development of common principles and/or guidance needed for the implementation of reforms.	events needed to supplement and support funds now that the statutory guidance and regulations have been published. Continue work with the newly established investment working groups on: • Pool oversight • Local investment • Reporting An additional directive was provided to the RIAG to explore the responsible investment areas of the reforms. An update on this can be found under the Responsible Investment workstream section of this plan.	guidance was published on 29 June 2026. SAB working groups have been established to support the implementation of the reforms; these groups will be active throughout 2027. Provisional changes have been made to the committee's membership adding new pool and fund officers which are currently being approved on a rolling basis. The long-term arrangements will be formalised in 2027. Changes to committee's ToR will need to be made in 2027; these will be considered as part of the Board's governance structure review and will be brought to the committee for consideration and submission to the Board for approval. Working groups with areas of overlap between this committee and the other Board committees will be reported on and aligned as needed.

Workstream	Details	Action for next committee	Status and forward timings
Pool oversight	Work with key stakeholders to build on the new statutory guidance to identify common principles for the oversight of pools including any models that can be created and existing models that can be built upon. Establish working group to support this.	1. Revise the draft terms of reference 2. Further develop oversight models including inviting working group members to present on emerging thinking on this between funds at their pool at future meetings 3. Explore opportunities to invite practitioners from other pension schemes to share learnings from their oversight arrangements 4. Consider how to communicate with administering authorities in the interim that this working group is actively looking at	Workstream expected to continue throughout 2027. Exact timescales to be confirmed once all outputs agreed.

Workstream	Details	Action for next committee	Status and forward timings
		this issue to help mitigate multiple misaligned approaches developing while the group's work progresses 5. Reconvene the working group following the Investment Committee meeting on 19 October	
Reporting	Work with key stakeholders to determine reporting flows between asset pools, administering authorities, governance bodies, scheme members, government and the public including performance monitoring standards and value for money assessments. Establish working group to explore this.	1. Revise the draft terms of reference 2. Consider additional members to strengthen representation of all stakeholder groups 3. Obtain checklists of what is currently provided in pool reports	Workstream expected to continue throughout 2027. Exact timescales to be confirmed once all outputs agreed. Working group to reconvene once membership has been reviewed and the current reporting arrangements have been mapped.

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		4. Create a matrix of different reporting outputs and their primary audience (noting that the primary audience is not the only audience) 5. Identify gaps and overlaps in the current reporting products 6. Work towards developing a prioritised work programme and agreeing the group's outputs 7. Reconvene the working group after the initial mapping and membership review to agree deliverables, responsibilities and priorities.	
Local investment	Discuss process for developing relationships with strategic authorities to identify local	1. Revise the draft terms of	Workstream expected to continue throughout 2027. Exact timescales to

Workstream	Details	Action for next committee	Status and forward timings
	investment opportunities and how to assess these in line with LGPS fiduciary duty. Establish working group to explore this.	reference 2. Gather information from working group members on existing LGPS local investment approaches and examples of established models including identifying local investment opportunities and how these are assessed and due diligence undertaken 3. Consider how this group will feed into related work which may be explored by other working groups such as reporting on the impact of local investments 4. Consider timing for engaging strategic authority representatives to understand	be confirmed once all outputs agreed.

Workstream	Details	Action for next committee	Status and forward timings
		what they need from LGPS investors and what investors require from authorities. 5. Consider convening a roundtable involving LGPS funds, pools, strategic authorities and other relevant stakeholders. 6. Use the evidence gathered from these activities to determine whether practical guidance or a set of principles would be helpful. 7. Reconvene the working group following the Investment Committee meeting on 19 October	
Fiduciary duty in the	Seek legal opinion with follow up questions on fiduciary duty	Continue discussions at committee meetings with recommendations to	The legal opinions and advice already commissioned by the Board can be

Workstream	Details	Action for next committee	Status and forward timings
LGPS	and conflicts of interest. These opinions have been published and can be found on the Board website.	be made to the Board on any proposals for further work on fiduciary duty in the LGPS. Consider a Board response to the expected Department for Work and Pensions (DWP) consultation on the fiduciary duty guidance being developed for trustee-based schemes.	found on the Board website. It is expected that discussions will continue into 2027. The committee agreed that additional LGPS specific products on fiduciary duty may create unintended complexity however the LGPS will need to have regard to the new DWP guidance so consideration of a response to the consultation on this will be given once launched. It is also expected that the topic will remain of importance alongside the other workstreams detailed in this plan.
Responsible investment (RI)	Committee agenda informed by Responsible Investment Advisory Group (RIAG). Areas in need of committee input will be included as separate items in addition to the RIAG meeting report. Key items of discussion for the group include: • Fiduciary duty in the	Submit near final draft RI guidance to the Board at its meeting on 23 November 2026 for approval. Publish and circulate the guidance in line with an agreed communications approach. Consider the timing for the first RI implementation working group meeting.	It is expected that the group will continue to address the ongoing topics of discussion throughout 2027. The RI policy setting guidance is expected by the end of 2026 to inform revision of the ISS. The new RI implementation working group will meet for the first time after this. At some point we expect climate risk

Workstream	Details	Action for next committee	Status and forward timings
	LGPS • Investment in conflict zones • Setting responsible investment policies • Implementation of administering authority RI policies by pools • Climate risk reporting regulations and transition plans for the LGPS RIAG agreed to develop practical guidance for setting RI policy with the support of a dedicated working group. It was previously agreed to explore whether a common standard for local investing reporting can be identified for the Scheme however this has been directed to the reporting working group under the Investment Committee. There		reporting regulations and requirement for transition plans to be implemented for LGPS. Timings for this remain unconfirmed by MHCLG. Exploration of the feasibility of trialling deliberative democratic models such as member assemblies in the LGPS to engage scheme members on topical issues such as RI will commence in early 2027.

Workstream	Details	Action for next committee	Status and forward timings
	are linkages with the local investment working group which will need to feed into the development of these principles. RIAG have been directed by the Investment Committee to explore how the funds and pools can work together to achieve consensus on suitable RI products that meet fund RI policies and proposals for a working group to address this was approved by the group on 5 October 2026. The secretariat will also be exploring the feasibility of trialling deliberative democratic models such as member assemblies in the LGPS to engage scheme members on topical issues such as RI.		