

Report for: Pensions Committee and Board – 24 July 2025

Item number:

Title: LGPS Consultation Fit for the future outcome

Report authorised by: Taryn Eves, Director of Finance (Section 151 Officer)

Lead Officer: Jamie Abbott, Head of Pensions
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key Decision

1. Describe the issue under consideration

- 1.1. This paper sets out the background to the Fit for the future consultation response and highlights the key areas that the Pensions Committee and Board will need to be aware of and consider the implications to the Pension Fund.

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended:

- 3.1. To note the contents of this report. Members are invited to consider the information presented, raise any questions or comments, and provide feedback as appropriate. This report is intended to inform future discussions, and ensure Members remain fully engaged with the developments of pooling.

4. Reason for Decision

- 4.1. Not applicable.

5. Other options considered

- 5.1. Not applicable.

6. Background information

- 6.1. The Government's May 2025 response to the LGPS Consultation confirmed that most proposals—including a new Pooling model—will be implemented with minimal changes, despite mixed feedback, particularly on pooling.
- 6.2. The number of LGPS Pools will be reduced from eight to six, with ACCESS and Brunel to be dissolved. Their 21 member Funds must agree to join another Pool by 30 September 2025.

- 6.3. The Pension Schemes Bill, issued in June 2025, grants the Secretary of State broad powers to direct both Pools and Funds, including investment decisions and potential compulsory fund mergers.
- 6.4. While no legal changes have yet taken effect, the Government aims to implement the new regime by March 2026, with draft regulations and guidance to follow.
- 6.5. Success of the new arrangements depends on strong, collaborative governance between Pools and Funds. London LGPS Funds, in particular, must proactively review and strengthen their oversight of the London CIV.

Pooling outcomes

- 6.6. The Government will implement key pooling reforms as proposed, including mandatory delegation of investment implementation to Pools, transfer of all assets to Pool management, and requiring Pools to be FCA-regulated investment companies. Administering Authorities (AAs) must also take principal investment advice from their Pool.
- 6.7. While all assets must be managed by the Pool, the Government made a limited concession by not requiring all listed assets to be in pooled vehicles – however this is expected to apply mainly to Northern LGPS. Pools will control tactical asset allocation, manager selection, stewardship, and ESG approaches, with minimal bespoke arrangements for individual AAs.
- 6.8. Despite strong opposition, the Government reaffirmed the March 2026 implementation deadline. ACCESS and Brunel Pools will be dissolved, and their 21 member Funds must join another Pool. London CIV and five other Pools are expected to meet new standards by that date.
- 6.9. The Pension Schemes Bill will give the Secretary of State broad powers over Pools and Funds, including directing investment decisions and enforcing fund mergers. A strong governance framework and collaboration between Pools and their member Funds will be essential for successful implementation.

Local Investment outcomes

- 6.10. Administering Authorities (AAs) must define their approach to local investment in their Investment Strategy Statement (ISS), including a target range, alignment with local economic priorities, and collaboration with Strategic Authorities (e.g., the Greater London Authority) to identify opportunities. They must also report annually on the extent and impact of local investments.
- 6.11. The Pension Fund will continue to develop its Responsible Investment Policy and will engage with LCIV on the development to ensure that the agreed levels of tolerance and investment engagement can be achieved.
- 6.12. Pools will be responsible for conducting due diligence, making final investment decisions, and managing local investments. They will also be required to report on the total value and impact of local investments, which are broadly defined as those within the AA's or Pool's region.

Fund governance outcomes

- 6.13. The Government will implement most proposals from the 2021 Scheme Advisory Board Good Governance Review, including appointing a senior LGPS officer, publishing an administration strategy, and ensuring appropriate knowledge and training for committee members and officers.
- 6.14. Administering Authorities (AAs) must undergo an independent governance review every three years (not two as originally proposed) and appoint an independent advisor without voting rights, rather than an independent committee member.
- 6.15. The Government reaffirmed that pension fund budgets must be set independently from the wider authority's budget and not be subject to general resource constraints, with formal guidance to follow. Which is being implemented by the fund with the development of the Business Plan.
- 6.16. The Pension Schemes Bill includes powers for the Secretary of State to regulate governance reviews and enforce these changes, reinforcing the Government's commitment to stronger LGPS governance.

Pool governance outcomes

- 6.17. The Government will not mandate a single model for Pool Board governance or shareholder representation, instead working with the Scheme Advisory Board (SAB), Pools, and Administering Authorities (AAs) to develop flexible guidance.
- 6.18. While Scheme Member representation on Pool Boards is not required, Pools and AAs must ensure members' views are considered and publish a policy outlining how this is achieved, with best practice guidance to follow.
- 6.19. The Government will collaborate with the SAB to create guidance on Pool reporting, focusing on transparency and accountability, including cost and performance metrics.

7. Contribution to Strategic Outcomes

- 7.1. Not applicable

8. Carbon and climate change

- 8.1. Haringey Pension Fund is committed to being a responsible investor, which involves engaging with and encouraging companies to take positive action on ESG issues.

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

- 9.1. There are no financial implications arising from this report.

Director for Legal and Governance [Fiona Alderman]

- 9.2. The Director for Legal and Governance has been consulted on the content of this report. There are no specific legal implications arising from this report.

Equalities

9.3. Not applicable.

10. Use of Appendices

10.1. Appendix 4: Haringey Independent advisors LGPS fit for the future paper

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.