

 Brent	Brent Pension Fund Sub-Committee 9 July 2026
	Report from the Corporate Director, Finance and Resources
LGPS 'Fit for the future' Update	

Wards Affected:	All
Key or Non-Key Decision:	N/A
Open or Part/Fully Exempt:	Open
List of Appendices:	One Hymans Robertson Briefing Note - Government response to technical consultation
Background Papers:	LGPS 'Fit for the future' Consultation Outcome - 24 June 2025
Contact Officer(s):	Minesh Patel, Corporate Director, Finance and Resources minesh.patel@brent.gov.uk ; 020 8937 4043 Amanda Healy, Deputy Director of Finance amanda.healy@brent.gov.uk ; 020 8937 5912 Sawan Shah, Head of Finance sawan.shah@brent.gov.uk ; 020 8937 1955)

1.0 Executive Summary

- 1.1 This report provides an update on the Government's Fit for the Future reforms to the Local Government Pension Scheme (LGPS), following the laying of final regulations before Parliament on 21 May 2026, which came into force on 30 June 2026.
- 1.2 This report summarises the final position and outlines the implications for the Fund.

2.0 Recommendation(s)

- 2.1 The Committee is asked to note the report.

3.0 Detail

3.1 Contribution to Borough Plan Priorities & Strategic Context

- 3.1.1 The work of the Pension Fund is critical in ensuring that it undertakes statutory functions on behalf of the Local Government Pension Scheme and complying with legislation and best practice. Efficient and effective performance and service delivery of the Pension Fund underpins all Borough Plan priorities.

4.0 Background

- 4.1 In July 2024, the Chancellor launched the UK Pensions Investment Review, which included proposals to improve the scale and efficiency of the UK's defined contribution (DC) pension schemes and the LGPS. In November 2024, the Government published its Fit for the Future consultation which included proposals in three key areas of the LGPS, namely to reform asset pooling, boosting investment in local areas of the UK, and strengthening the governance of administering authorities and LGPS pools.
- 4.2 The Government published its response to the Fit for the Future consultation in 2025 confirming that it will move ahead with its core proposals. These are summarised in the report *LGPS 'Fit for the future' Consultation Outcome* to the Pension Fund Sub-committee on 24 June 2025.
- 4.3 Since then, various technical consultations have taken place on how to deliver the proposals. The Pension Schemes Act 2026 received Royal Assent on 29 April 2026 and provides the statutory basis for a strengthened LGPS pooling and governance framework.
- 4.4 The final LGPS regulations (The LGPS (Pooling, Management and Investment of Funds) Regulations 2026 and The LGPS (Amendment) (Governance) Regulations 2026) were laid before Parliament on 21 May 2026 and will take effect from 30 June 2026. Accompanying guidance on pooling, the investment strategy statement, and fund governance was published before the end of June.

Summary of new requirements

- 4.5 The Pension Fund already operates within a robust governance framework. However, the new legislative requirements will require several enhancements to existing governance arrangements.
- 4.6 The most significant change will see the Pension Fund Sub-committee continue to retain responsibility for determining funding and investment strategy with greater emphasis placed on oversight, scrutiny and assurance of pooling arrangements rather than direct investment implementation.
- 4.7 The following tables summarise the key requirements of the regulations and the implications on the Fund:

Area	Requirement	Implications on the Fund
Investment Pooling	Requirement to transfer all assets to the management of the LCIV pool	At 31/3/2026, 93% of The Fund's assets were managed directly/indirectly by LCIV. An Investment Management Agreement (IMA) has been signed with LCIV enabling them to manage assets that are currently held "off-pool".
Investment Pooling	Requirement for asset pool companies to have FCA authorisations	LCIV meets this requirement.
Investment Pooling	Requirement to manage the performance of LCIV	Committee to receive regular reports from LCIV. Continue engagement with London CIV regarding implementation of the new pooling arrangements, governance framework and performance.
Investment Pooling	The deadline for publishing an updated Investment Strategy Statement (ISS) is 31 March 2027 and 18 months after the valuation date thereafter	ISS to be agreed in October 2026.
Investment Pooling	Requirement to take principal investment advice from pool	Fund to transition to pools' investment advice.
Local Investment	Funds required to set out approach on local investment, including target range, in the ISS	Review guidance, to be included in 2026 ISS review
Governance	Publication of a governance and training strategy including conflicts of interest policy	Requirements generally covered in existing Fund documents. Training strategy refreshed in July 2026. Update existing governance compliance statement and conflicts of interest policy in line with final guidance.
Governance	Pension committee members and officers will be required to have an appropriate level of knowledge and understanding of their roles and responsibilities.	Training strategy refreshed in July 2026.
Governance	The fund will be required to set out in its governance and training strategy how it will ensure that committee members and officers will meet the new knowledge requirements within a reasonable time period.	Training strategy refreshed in July 2026.
Governance	The Governance Strategy must explain when an administering authority will allow the use of substitutes for committee members	Ensure governance strategy covers use of substitutes
Governance	Requirement for all Funds to have an administration strategy	The fund has an administration strategy
Governance	Requirement to appoint a senior LGPS officer (SRO) by 31/12/2026 with overall delegated responsibility to be the strategic lead on the management and administration of the scheme	The Fund does not currently have a SRO. Recruitment process to commence.

Governance	Appointment of an independent person by 31/12/2026 to support the pension committee on all areas of the pension fund including administration, governance and investments	The Fund does not currently have an independent adviser. Recruitment process to commence.
Governance	Requirement to complete an independent governance review (IGR) once per valuation cycle with the first one taking place by 31 March 2028	Appoint an individual or named individual at a firm to carry out IGR by 31 March 2028.

4.8 The Fund's actuarial and investment advisors, Hymans Robertson, have published a briefing note on the differences between the original draft regulations and the final confirmed position, which is enclosed as Appendix 1.

5.0 Stakeholder and ward member consultation and engagement

5.1 Not applicable.

6.0 Financial Considerations

6.1 The new regulations are likely to have significant resource implications, in particular the requirements in relation to the requirement to appoint an independent person, complete an independent governance review and, additional training and development opportunities. All costs will be funded by the Brent Pension Fund.

7.0 Legal Considerations

7.1 Not applicable.

8.0 Equity, Diversity & Inclusion (EDI) Considerations

8.1 Not applicable.

9.0 Climate Change and Environmental Considerations

9.1 Not applicable.

10.0 Human Resources/Property Considerations (if appropriate)

10.1 Not applicable.

11.0 Communication Considerations

11.1 Not applicable.

Report sign off:

Minesh Patel

Corporate Director of Finance and Resources