

POLICY BRIEFING NOTE:

LGPS draft guidance on pooling, the Investment Strategy Statement and governance



Iain Campbell
Head of LGPS Investment



Ian Colvin
Senior Governance, Administration & Projects
Consultant

Building on the Fit for the Future consultation, the Pensions Scheme Bill and draft regulations released in November, on 8 December 2025, the England & Wales LGPS Scheme Advisory Board shared three pieces of draft guidance under a closed consultation. These cover asset pooling, preparing and maintaining an Investment Strategy Statement (ISS) and fund governance. As a closed consultation, only Administering Authorities (AAs) are invited to provide feedback, with a deadline of 12 January. Government is clear that feedback is being asked on whether the guidance delivers on their policy objectives, rather than on the policy objectives themselves. A lot of the detail is a repeat of regulations, which we summarise in our previous [policy briefing note](#). This update focuses on some areas of note for AA's responses.

1. Pooling guidance

This guidance covers the wide range of changes on how the asset pools and funds in the LGPS will interact in the future. The guidance sets out a range of activities that funds may be allowed or not allowed to undertake in future, including certain limitations on how best-practice governance can be applied to pool oversight, the testing of advice, and the management of contracts. In its current form, the guidance does not fully take advantage of the opportunity to strengthen and embed best practice in implementing these changes or in shaping business-as-usual operations.

Areas of new information or points of interest for the consultation feedback include:

Working with pools

- The guidance reinforces the essential requirement for funds to participate in an asset pool company as shareholder or client and for *all* fund assets to be managed by the asset pool company within 21 days of the fund beginning to participate in the asset pool company (Reg 16).
- It is not necessary for an asset pool company to be the legal owner of assets, but it will be the “sole decision maker” on buy, hold or sell decisions on all assets including legacy assets.

- The asset pool company must be solely owned by LGPS administering authorities.
- Asset pool companies must have regard to maximising benefits of scale when deciding how to advise upon and implement partner fund investment strategies. Although they must take account of partner fund preferences as stated in the ISS, the asset pool company may override these preferences in order to maximise benefits of scale.
- Further information is provided on the FCA permissions required and the level of outsourcing pools can undertake, with the expectation set that pools must not outsource the bulk of their regulated activity and must deliver the role of alternative investment fund manager in-house. It also states that pools are expected to increase the number of activities they perform in-house over time.
 - *The list of mandated FCA permissions covered by the schedule in the draft regulations and required by the guidance was not explicit in the “Fit for the Future” consultation. It includes obvious requirements for asset pool companies such as advising, dealing and making arrangements in investments but also some functions that are routinely outsourced by asset managers such as the fund “operator” function (“Establishing, operating or winding up a collective investment scheme”).*
- A requirement for AAs to take appropriate steps to ensure that their pool company has the required permissions and has complied with FSMA 2000 legislation, noting this need not duplicate what the FCA do in their role of regulatory oversight.
- Pools must be “adequately resourced” with funds agreeing how this is achieved, including delivering value for money and how costs are shared.
- The draft regulations clarified that “investment cash” must be managed by the pool, but that “operational cash” (to pay pensions) can be held by funds. This guidance states that funds must inform their pools of how much operational cash they are holding.
- Although it may be necessary for asset pool companies to have different offerings where Responsible Investment (RI) beliefs and preferences of partner funds are “irreconcilable”, the guidance allows pools to not implement a fund’s RI policy if it is deemed too prescriptive to deliver scale e.g. if it contained a long exclusions list that would require its own investment solutions. Similarly, on local investment, funds within the same pool are encouraged to set as aligned an approach as possible, on the region, asset classes and sectors.

Advice

- Funds must take all investment advice from their pools, and pools must be able to advise on all areas of their funds’ strategies, including RI and Local Investment. Advice must be in the individual funds’ best interests. Funds are only permitted to take advice from other parties in exceptional circumstances, and government go as far as to say contracts with external advisors should be “ended as soon as possible and not renewed”.
 - *The guidance strongly suggests that funds should quickly discontinue the use of their current advisers. This approach introduces unnecessary risk for both funds and pools. To meet requirements within the time-pressured transition period, funds will need access to support from trusted advisers who have an in-depth understanding of the fund. Likewise, for pools—many of which are only beginning to develop their advisory capabilities—accelerating timescales to being*

the only source of advice offers no clear benefit. Instead, it heightens the risk of rushed decisions, poor-quality structures, and inadequate advice, ultimately undermining trust from partner funds.

- *Would pools not yet being able to provide advice, or funds not yet having full confidence in their pool's advice, count as "exceptional circumstances"? Many officers and pension committees are concerned that they would not be able to properly fulfil their duties if they are unable to access trusted advice. While the pools are building out their capabilities and developing experience, funds may wish, or indeed deem it necessary, to continue their advisory relationships for at least a transitory period to fill the gaps.*
- Funds are also not permitted to routinely test the advice that they receive from their pool. Where testing of advice is carried out, it should only be done once per actuarial valuation cycle and funds should consider procuring this service collectively.
 - *It is unusual that an investor's ability to test the advice they receive is limited. Best practice is that any investor would be able to test advice against a wide range of differing opinions and at the time/frequency which is most appropriate. Currently, within the LGPS, where investment advice is provided by investment consultants, funds can test that with a range of parties, including other investment consultants, independent advisors, their pool, their appointed actuary, asset managers, etc. This leads to more robust advice, a greater consideration of alternative options and greater confidence in and buy-in to the advice that is put to the pension committee. Why would the government want to weaken this by unnecessarily curtailing the options and ability of the fund? This may also be of particular concern when funds are receiving advice from their pool for the first time, when the pool has not provided the service before and is doing so through a new team, processes, systems and models. Currently, advisor relationships are also subject to regular competitive tendering ensuring both advice and costs are robustly reviewed, while the pool model is a captive fiduciary model with little or no option to change. This implies that funds ought to have access to greater resources and capacity to evaluate the advice they get. Proper governance would strongly suggest the ability to gain external opinions. Funds should have the option of testing advice (including RI and local investment advice) at the time it is received, not up to 3 years later.*

Local investment

- On local investment, funds may recommend specific projects to their pool for consideration. Funds should also work together and with their pool to agree a minimum size of investment to strike a balance between accessing smaller opportunities and managing costs of delivery.
- When investing locally, funds are allowed to take account of non-financial outcomes for residents and the local economy, and to accept greater flexibility with regards to return, risk, scale and cost. However, it is stated that pools should not invest in unsuitable assets just to meet a fund's target local investment allocation. Where investments are deemed unsuitable, the pool should provide clear feedback.

Reporting

- The guidance sets some requirements for reporting in addition to those required by the FCA. One example includes reporting investment returns at an asset class level for all nine asset classes in the government's template. For each partner fund, the pool should report their returns against a passive version of their strategic asset allocation.

- *Funds will of course expect greater granularity of reporting than set out in the guidance. Presumably this is a minimum standard rather than an exhaustive list – it would be beneficial for this to be made clear. Also, how would reporting against a passive benchmark work for investments where there is no passive option, such as in private markets?*
- Pools must report on their local investments, both the amount and the “contribution to regional economic development”. No metrics for this reporting are put forward, however the guidance states that the pools may adopt a reporting framework themselves.
- On climate reporting, pools must comply with the FCA rules on investment products and entities. Pools must also include reports for their partner funds to include in or alongside their annual reports.

Pool governance and oversight

- Pools must have governance structures in place to hear the views of shareholders and clients, but the government accepts that the best model will vary by pool. These include having shareholder representatives attend pool company board meetings or appointing an independent NED to the board to represent shareholders and client views. On gaining the views of members and employers, it is expected that these will come from the pension boards, and it is for funds to decide how these will be communicated to pools.
- Similarly, on broader governance, the guidance is not prescriptive on areas such as whether particular decisions require majority or unanimous votes or the structure of bodies that will determine the strategic direction of the pool.
- On holding the pool to account, shareholder AAs are responsible for this and the senior officer and independent person (as defined in the governance guidance) will play a key role, monitoring performance regularly based on reports from the pool, and reporting this to the pensions committee. It states that “reports from external consultants and advisors should not normally be necessary”.
 - *The guidance appears to prioritise restricting oversight and scrutiny, rather than promoting the consistency of good practice which would underpin positive outcomes and ensure a robust audit trail for taxpayers' and scheme members' money.*
 - *For example, this guidance could be interpreted that funds must use the reports provided by their pools. Many funds would prefer to receive independent reports where this adds value. Will this still be permitted? Similarly, on the regular monitoring of performance, most LGPS funds work with investment consultants to do this robustly. Interpreting and appropriately scrutinising performance data and reports can often require access to research (often in highly specialised expertise) that would likely be beyond a single officer or independent person..? Funds should have the option to use consultants to advise them on industry best practice reporting (performance, RI, climate risk, etc) to ensure the pool company reporting continues to evolve to meet standards appropriate to funds' requirements as fiduciaries.*
- It is also accepted that larger reviews may be required to understand how a pool is performing overall. An option put forward is that funds may collectively procure an external fiduciary oversight provider, but this may only be done once in a valuation cycle. Also, recourse options should be clear for escalating performance concerns.

- *In this new world, pool oversight will be incredibly important for funds. Funds are required to invest all their assets with a single manager, who will also provide them with advice. This single manager will implement that advice, including RI and local investment. If performance is unsatisfactory, it will have a significant impact on a fund, and it will be very difficult and costly for funds to leave that manager if they are dissatisfied. Proper oversight will be the only tool funds have to ensure that their investments are being managed well and that their pools are operating properly. Why is this being limited to once every three years? This means that it may take up to three years for funds as clients to identify the need for, and request, appropriate remedial action by their pool company. And why must it be done collectively, which will likely limit a fund's ability to oversee issues particularly important to them? The guidance should be designed to assist AAs in identifying and implementing best practice oversight to drive positive outcomes in this evolving landscape. This should encompass clear criteria and triggers that would necessitate immediate or more in-depth oversight reporting, rather than concentrating on restricting funds' ability to oversee their pool and imposing an arbitrary three-yearly review period. At the very least, we would argue that a three-year cycle is unsuitable during the upcoming transition and development phase for pools, when more frequent and regular oversight will be essential.*
- Pools will need to consider how the advisory and investment management functions will operate to mitigate conflicts of interest, and how to manage the interests of different funds. Care should be taken to ensure that staff remuneration does not promote behaviour that could lead to conflicts of interest.
 - *We don't think it is appropriate for guidance to dismiss or trivialise perceived or actual conflicts (as set out in 6.17). The guidance should be focussed on supporting the LGPS to understand, monitor and manage these conflicts effectively.*
 - *Government have long pushed funds' concerns of conflicts of interest aside, stating there would not be any due to the pools being owned by their partner funds. However, there now appears acceptance that some may exist and will need to be managed. A [whitepaper](#) we worked on with a large number of funds sets out the long list of conflicts that the contributing funds are concerned about and can inform the development of fund responses. The Scheme Advisory Board also commissioned legal [advice](#) on conflicts of interest arising from the Fit for the Future proposals which highlighted a range of conflicts that would need to be managed.*
- On the power of government to issue direction, the guidance sets out some criteria for the consultations required before any direction is issued.

2. Investment Strategy Statement (ISS) guidance

This piece of guidance covers what funds must include within their ISS under the new regulations. Areas of new information or points of interest for the consultation feedback include:

- Certain individuals have specific roles in the setting of the investment strategy included in the ISS. The senior officer is responsible for ensuring that the strategy is prepared in line with legislation and guidance. The independent person will play a role in developing the ISS, including interpreting and considering the advice received. Local Pension Boards should provide oversight of the formulation of the ISS and ensure the process includes the perspectives of employers and members.

- The guidance sets out what funds must include as their “high-level investment objectives” including objectives on risk, return, cashflow and local investment. For local investment, this must include a target range of the fund to be invested locally and on returns (which can be lower to achieve positive impact), the target area (which cannot be wider than the pool area) and desired impact (which should be a “high-level goal”). These objectives must all be consistent with the funding strategy.
 - *Many funds will have already carried out reviews of their investment strategy in conjunction or ahead of their actuarial valuations. While this is likely to have resulted in a clearly defined strategy asset allocation it may not map to the asset groupings set by government or the objectives set out in the guidance. This may require funds to revisit strategy reviews to ensure the new requirements have been addressed and to do so by the 30 September 2026 deadline in the draft regulations. This is frustrating rework during exceptionally busy period for funds. However, the most efficient way to carry this work out will be for the funds, current advisers and new pool advisers to work together. This would not be possible if current advisers are to be removed from the process, as encouraged by the guidance.*
- When setting the objectives, funds must consider “relevant factors”, including risk appetite, fund maturity and risk management.
- The guidance also lists areas that objectives should not include (as they are the decision of the pools), including views on investment managers, including their selection and combinations, views on geographical exposure, decisions on individual holdings and style of management, including active and passive.
 - *Whilst it has been clear since the launch of the Fit for the Future consultation that government wants implementation decisions to be taken by the pools rather than by funds, funds should still be able to set beliefs around these issues to help inform the pools’ implementation of their strategy. Whilst these may not be allowed to be set out in the ISS, funds should not be restricted from having separate beliefs documents to this effect. Indeed, we would recommend that this approach be considered best practice.*
- The ISS must be reviewed within 18 months of each actuarial valuation date. Funds must include their strategic asset allocation (SAA) in their ISS, whether set by their pool or the pensions committee, and be limited to the table provided in the Fit for the Future consultation. The nine asset classes within that table must not be split into more granular asset classes. The cash figure must include both operational and investment cash. The ISS must also set out the rationale for the SAA and identify the risks associated with it.
 - *The template for the SAA is not new but the guidance on implementation is more rigid under the proposed guidance. Previous updates from MHCLG indicated the ability for funds to set out preferences on a range of important areas which have not been included in the guidance.*
- On RI, the ISS must set out the fund’s approach to this, being “as clear and succinct as possible” in setting out the objectives, priorities and preferences. These should also be reviewed in every actuarial valuation period, and the policy should take employer and member views into account (but the guidance warns against campaign groups having “undue influence”). Funds can take a position that a lower return on a limited proportion of their assets is acceptable to achieve RI goals.

- *This reads as though RI is the only area in which a fund can set out objectives, priorities and preferences. As noted under the comment on beliefs above, funds should not be restricted from setting these on areas they wish to help inform the pools' implementation of their strategy. Whilst the pools may not need to reflect them, funds need to act within their fiduciary duty to state what they believe is the best reflection of their objectives.*
- RI policies, including on stewardship, should be set in conjunction with the pool and partner funds within the same pool to “maximise the alignment”. This is to enable the pools to implement with greater scale. Funds are expected to agree common priorities and use the collective scale of the pool to better influence real-world change. To achieve this, the guidance states that RI policies should be high-level, and stewardship and engagement will be based on a pool-wide policy. The pools are given the ability to ignore RI policies if they are restrictive enough to prevent implementation at scale. Funds should not engage in stewardship activities themselves.
 - *It is no understatement that achieving common RI policies across pools will be very challenging to do, as it has been already. Simply stating that it should happen does not make this process easier. Forcing funds to relinquish important RI beliefs, because not enough other funds share them, can have one of two negative consequences: funds become disengaged and less impact is achieved through the LGPS's actions, or the relationship between partner funds and the pools become fraught and harms the pools' operations. Whilst the pools are somewhat protected by the wording of these regulations, it ignores the fact that the funds are shareholders and clients who can act against their asset pool if they are particularly unsatisfied at the implementation of their strategy.*
- The draft ISS must be formally consulted on with employers, scheme members and the strategic authority (if applicable) as well as anyone else the fund deems should be included. Engagement with members should be done through unions.
- On the power of government to issue direction, the guidance sets out that the Secretary of State may issue a direction to require a fund to change its investment strategy if they feel the guidance has not been complied with. However, the guidance also sets out the criteria that must be first met for a direction to be issued.

3. Fund governance guidance

Fund officers may wish to consider the following points when drafting their responses:

Knowledge and understanding

- Para 2.28 sets out 9 core technical areas as a basis for knowledge and understanding requirements. We agree that “key skills and behaviours” should be one of these areas as effective committees rely on more than just technical knowledge.
- Given the increasing outside pressures placed on committees we would suggest a topic that covers fiduciary duty, disinvestment and pressure groups.
- Para 2.15 reads “It is encouraged that substitute members should ideally have sufficient knowledge and understanding to fulfil the role effectively and be provided with access to training as required”. We believe this should be stronger. No committee member should be making decisions if they lack sufficient knowledge and understanding to carry out the role.

General points

- The knowledge and understating guidance will extend to committees, board members, officers exercising delegated responsibility (including the senior LGPS Officer), the independent person and other individuals involved in management or a decision-making, scrutiny or oversight role relating to the LGPS. It is recognised that the level of knowledge required will vary by role.
- Committee knowledge and understanding will be an individual requirement, so each member must reach the required standard in each area. The guidance also requires administering authorities to be able to evidence individual member knowledge and skills, as follows;
 - *Administering authorities must be able to demonstrate and explain that the individual knowledge and understanding of each pension committee member, together with the advice available to the committee, enable them to properly exercise their delegated functions.*
- The guidance goes beyond just technical knowledge and requires individuals to demonstrate their engagement with training and ability to participate in decision making in a constructive fashion.
- In order to demonstrate compliance, pension committee and board reporting must demonstrate how knowledge and understanding requirements have been considered and applied when decisions are being discussed or taken during meetings. This suggests that training plans should be explicitly linked to agenda items, so there is a clear thread from the training that is provided and the decisions that are made.
- A record of training attended (or not) should be kept up to date and made available to stakeholders in committee and board reports and in the fund's annual report and accounts each year.
- Administering authorities must assess annually whether members and senior officers have the knowledge and understanding required to undertake their role in line with the planned activities of the fund's workplan. The training strategy, individual training needs assessments and training plan will form part of the independent governance review.

Senior Officer

- Para 3.5 states "Where the administering authority chooses to delegate functions to an officer under Regulation 55(1)(a), it should be to the senior LGPS officer". Our understanding is that functions themselves are not delegated under 55(1)(a). That regulation simply requires that where such a delegation is made it is set out in the governance compliance statement.
- The actual delegation is made under s.101(1)(a) of the Local Government Act 1972.
- Furthermore, the draft Local Government Pension Scheme (Amendment) Regulations 2026 will delete regulation 55 and replace it with 55A.
- The guidance is unclear as to whether the senior LGPS role can be delegated to an officer of another authority. S.101(1)(b) of the Local Government Act 1972 permits a local authority to delegate a function to another local authority. There are examples of local authorities sharing some statutory roles such as s.151 officers, chief executive officers and even entire senior management teams. It would be useful to include something in the guidance setting out what expectations are in this area.

- In our view, where a single function, such as pensions administration, has been delegated to another local authority under a shared service arrangement, having a single senior LGPS officer across both authorities would not be appropriate. However, we are aware of situations where all LGPS functions of one fund are carried out by another fund, with appropriate oversight. Where one officer supported by a single team is responsible for investment, funding, governance and administration for two separate funds, then it seems appropriate that they are the senior LGPS officer for both.
- As we would expect the senior LGPS officer will be appointed by the Head of Paid Service, typically the chief executive. The Guidance says;
 - *It is a local decision whether the pension committee should have the right to comment on the proposed appointment or not, but the final decision lies with the Head of Paid Service.*

Our view would be that the pension committee should not be involved, even if only to comment, in the appointment process for the senior LGPS officer. This follows precedent that elected members do not typically get involved in employment matters, except for the appointment of the chief executive.

General points

The guidance adds some additional information, which broadly confirms expectations. We set out the main points below.

- The senior LGPS role must not be combined or attached to other significant senior roles, either in the administering authority or elsewhere in the scheme. The clear intention is that the senior LGPS officer does not also have, for example, other significant treasury responsibilities but allows enough flexibility for the individual to carry out minor or ad hoc duties from time to time. For example, in many authorities, officers above a certain grade will be required to be on call at certain times for emergency response reasons.
- There is flexibility over the reporting lines for senior LGPS officers. Local structures will determine whether they report directly to the s151 officer. Where there is potential for responsibilities to fall to either the s151 or the senior LGPS officer, these should be agreed and clearly documented. Suggested areas include;
 - Risk management and mitigation through the Council Internal Audit and Risk Board (or equivalent body)
 - Management of contracts with service providers
 - Responsibility for reporting to The Pensions Regulator

We note that the monitoring officer may also have a role in reporting breaches to TPR.

- It will be possible for the role to be carried out as part of a job share as long as the responsibilities are not split between the individuals. In other words, if the job is shared between two people, both must be equally responsible for investment, funding, governance and administration.
- The expectation within the guidance is that the role would be undertaken by a Director, Assistant Director or Head of Service, i.e. at a grade that will be part of the administering authority's senior leadership team and operate effectively in that environment.

- There is no requirement for the senior LGPS officer to have a particular qualification, but they are required to have appropriate knowledge and understanding.

Independent Person

- Para 4.5 states that the Independent Person's role should "cover all functions of the pension committee or its equivalent, including decisions on investment strategy, governance, and the role of the administering authority as a shareholder or client with its asset pool company".
- In our view, there could be potential advantage in separating the role of a shareholder in an asset pool company from the client role. The administering authority in its scheme manager role should be focused solely on building and maintaining its relationship with the pool and ensuring that as a client it receives the service it requires.
- The shareholder responsibilities of the pool should lie elsewhere in the organisation. This reflects the fact that the interest of an individual fund and of the pool as a whole may not always be aligned.

General points

The guidance is largely as expected with the main points set out below.

- The independent person should contribute to pension committees by providing additional independent and professional expertise including supporting committees to scrutinise and challenge the advice given to them. The role is similar to that of a non-executive director or professional trustee. They will also be expected to support the local pension board with its role.
- The independent person must have one or more of the following;
 - Qualifications from Pensions Management Institute (PMI) – the award in pension trusteeship, diploma in professional trusteeship, certificate in professional trusteeship, accreditation for professional trustees
 - Member of, and accredited by, the Association of Professional Pension Trustees (APPT)
 - Significant experience of pensions (preferably but not necessarily in the LGPS)
- The role must not be filled by someone who is employed by a firm that provides any other pensions advice to the authority.
- The role is likely to be legally defined as a politically restricted post, meaning that the holder cannot stand for elected office as a member of a local authority.
- In accordance with the UK Corporate Governance Code, the independent person should not sit on the same committee for longer than nine years in total and appointments should not be for more than three years at a time.

Independent Governance Reviews (IGRs)

- According to para 5.10 "government expects the administering authority to publish the report and action plan without unnecessary delay after the committee has agreed upon the action plan". It might be helpful to specify a time period in which the report should be published here.

- Para 5.13 states “the IGR assessor must not be the same company or person who conducts the actuarial valuation, nor any other ongoing paid advice”. This suggests that where a company or person has completed a time limited piece of work or project for a fund, and has no ongoing relationship, they would not be excluded.
- Para 5.18 requires the IGR to assess against the fund’s “effective systems of governance and internal controls”. This terminology could be confusing. S.249A(1) of the Pensions Act 2004 requires trustees or managers of occupational pension schemes to operate “an effective system of governance including internal controls”. However, S.249A(3) of the Pensions Act 2004 specifically excludes public sector schemes from this requirement. S.249B of the Pensions Act 2004 sets out the requirements placed on public sector schemes which is to “establish and operate internal controls”. The guidance should use the same language and terminology as the Act.
- The heading to 5.24 also refers to “Effective systems of governance”.
- 5.13 states that one of the things the administering authority should agree when planning meetings is “the basis of attendance (for example, in person or online) and the circumstances where this might change”. We note that currently local authority meetings in England cannot be held remotely, and that members who wish to fully participate and vote in proceedings must attend in person.
- 5.33 refers to the need for a “Remuneration and fee policy”. We don’t believe this is appropriate within the typical LGPS set up. Allowances for elected members are set by full council following advice from an independent remuneration panel. This is not something that LGPS funds can have influence over. There may be some flexibility over what the fund pays to pension board members but that will be limited and, in our view, should not be a component of a governance review. Similarly, pay for officers working for the pension fund will be based on nationally agreed pay scales. While the fund may have some ability to determine how individual posts are graded, we are not convinced this is a particularly fruitful area for a governance review to include.

General points

- The first IGR must take place before 31 March 2028, covering the period from 1 April 2025 to the date of the review. In reality funds will want some time to prepare and identify a suitable reviewer meaning it is unlikely that many funds will commission a review early in 2026. This means we could see all 86 reviews being compressed into an 18 month period.
- Ad hoc reviews can be mandated by the Secretary of State, in which case it should be commissioned within 3 months of a direction being given, and the fieldwork of the review should start within 6 months of a direction being given. Ad hoc reviews will only occur in exceptional circumstances.
- The guidance provides core areas that must be included in the review but does not provide set questions or a template format.
- As well as compliance with legislation and guidance the review is expected to assess leadership at the fund (such as the committee and senior LGPS officer), expected behaviours and standards for leadership. Funds will need to think about how they can evidence that leaders are acting honestly and with integrity or in the interest of scheme members and beneficiaries.

- The review should provide a rating in each of the key areas on a traffic light basis. There is no expectation that a single overall rating is provided. The ratings are
 - GREEN: meets legal requirements, national guidance, and displays excellent practice as set out in this guidance or deemed to be best in sector.
 - AMBER: meets legal requirements, national guidance, and displays effective implementation of policies and procedures as intended.
 - RED requires improvement as it does not appear to meet legal requirements or industry standard practice, but operation of the fund is still proceeding effectively. A 'RED' rating does not necessarily mean the fund will be subject to intervention from MHCLG.

London | Birmingham | Glasgow | Edinburgh

T 020 7082 6000 | www.hymans.co.uk

This communication has been compiled by Hymans Robertson LLP® (HR) as a general information summary and is based on its understanding of events as at the date of publication, which may be subject to change. It is not to be relied upon for investment or financial decisions and is not a substitute for professional advice (including for legal, investment or tax advice) on specific circumstances. HR accepts no liability for errors or omissions or reliance on any statement or opinion. Where we have relied upon data provided by third parties, reasonable care has been taken to assess its accuracy however we provide no guarantee and accept no liability in respect of any errors made by any third party.

Hymans Robertson LLP is a limited liability partnership registered in England and Wales with registered number OC310282. Authorised and regulated by the Financial Conduct Authority and licensed by the Institute and Faculty of Actuaries for a range of investment business activities.

© Hymans Robertson LLP 2025. All rights reserved.