

Scheme Advisory Board

HYBRID MEETING – 21 JULY 2025

ITEM 12 – PAPER J

INVESTMENT COMMITTEE REPORT

CHAIR'S REPORT FROM MEETING - 7 July 2025

Ministry of Housing, Communities and Local Government (MHCLG) Update

1. The official present from the Ministry of Housing, Communities and Local Government (MHCLG) informed the Committee that the [Pensions Schemes Bill](#) is currently in Parliament, with the second reading being held on the 7 July 2025. Following on from the [Government's response to the Fit for the Future consultation](#) on 29 May 2025, regulations and guidance would need to be developed. Government is also engaging with funds and pools to support them on the next steps following the outcome of the consultation. It was expected that a consultation on the regulations and guidance would be conducted in Autumn with implementation in Spring 2026. Exact timelines could not be confirmed but it is expected that MHCLG and the Board would be working together on pooling governance guidance.

Fit for the Future – pooling governance guidance

2. The Board commissioned legal advice from Burges Salmon on pooling governance which can be found at **Annex C (CONFIDENTIAL)**. The Committee found the legal advice useful but pointed out that some areas needed further clarification which the Secretariat will go back to Burges Salmon with, before publishing on the Board's website.
3. The Committee discussed the areas that the pooling governance guidance would need to address and agreed that the guidance would need to lay out best practice for governance of oversight for funds to follow under the new arrangements and supplement the other regulatory requirements. It was also agreed that a working group be established to develop the guidance and given that work on this is given priority.

Code of Transparency (CoT) data system

4. The Committee received an update on the rate of template completion and noted that this stood at 98% for 2023/24 increasing from 96% at the last meeting. The rate of completion for 2024/25 stood at 51% at the time of the report, which was low due to the end of the reporting year. It was expected that the rate would rise significantly over the summer as signatories continue to upload to the system. The Secretariat would continue to chase any Code signatories with a high number of late templates.

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5. The Committee also received a paper outlining progress with the ongoing project on the new CoT framework. A founder's group for the framework had been established and had met twice to discuss the scope, funding, governance and timeline of the project. The group is also working on the specification for the new framework. It is expected to commence in April 2026. An updated project plan is at **Annex A** for the Board's approval.
6. As part of the wider work to support the move from a centrally procured CoT data system, a review of the Code is also being carried out. The Committee welcomed that a consultation will be conducted on proposed changes to the Code (particularly if this related to changes on submission deadlines). It is expected that final draft of the Code will be submitted to the Board for approval. A project plan for this piece of work can be found at **Annex B**.

Recommendation – that the Board approves the updated CoT project plan at Annex A and notes the project plan at Annex B.

Responsible Investment Advisory Group (RIAG) Report

7. The RIAG chair gave an update of the last meeting where the group discussed the effect of proposed pooling model on responsible investment (RI) policies and how pools should manage differing responsible investment policies between their partner funds.
8. The group also discussed the issue of local investment and what that looks like for differing funds and how this is reported across the scheme. The MHCLG official acknowledged that this would need to be discussed further but in the vast majority of cases, local investment would mean investment in projects local or regional to the fund.
9. The group were informed that the second instalment of the [legal advice on fiduciary duty](#) had been received from Nigel Giffin KC and published on the Board website. The Secretariat had also published a [summary with the Board's interpretation of the advice](#).
10. The group discussed the Board producing guidance to assist funds in obtaining views of scheme members when producing RI policies and agreed, due to the other work planned for the next 12 months that this would be considered at a later date.
11. The group discussed the FRC's [overhaul of the Investment Stewardship Code](#) which takes effect from 1 January 2026 and removes explicit reference to ESG considerations. It was felt that despite the changes made, the Code still made explicit reference to sustainability which is linked to ESG considerations and when taken as a whole can still be utilised to hold managers to account in this area.

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Recommendation – that the Board notes the report, the CoT framework project plan at Annex A and the CoT review project plan at Annex B. That the Board notes the pooling governance legal opinion at Annex C and for the Secretariat to share the final version with the Board, before publication on the Board website, following the comments by the Investment Committee.

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ANNEX A – CODE OF TRANSPARENCY FRAMEWORK PROJECT TIMETABLE

The timetable below sets out the key decision points and proposed timescales. The timetable for the project will remain agile to respond to developments as they emerge.

Project stage	Current timeline and proposed future timescales	Required input	Progress
Byhiras contract extension and novation	December 2023 - April 2024	Secretariat to write formal notification of contract extension to Byhiras	COMPLETE
CoT system working group	January - February 2024	Members to be selected, Secretariat to arrange meetings and collate findings	COMPLETE
Market engagement prep	February – April 2024	LGA Procurement team to assist with shaping of early market engagement questions	COMPLETE
Early market engagement	24 June – 6 August 2024	Secretariat to schedule meetings with providers and collate feedback to present case to Board	COMPLETE
Survey of funds based on early market engagement findings	9 September – 27 September 2024	Secretariat to devise and issue survey using Survey Monkey	COMPLETE
CoT system working group final meeting	w/c 7 October 2024	Feedback on survey results	COMPLETE
Board executive panel recommendation	w/c 21 October 2024	Send updates/information pack pre meeting	COMPLETE
Update Investment Committee	11 November 2024	Secretariat to update the Investment Committee on the	COMPLETE

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Project stage	Current timeline and proposed future timescales	Required input	Progress
		project and the recommendation being made by the panel	
Board final decision	25 November 2024	Secretariat present paper to Board and invite final decision on future of the system. The final decision will be made by the Board on recommendation from an executive panel comprised of members from the Board.	COMPLETE
Ministerial Budget submission for 2025/26	November 2024	Start-up costs for framework development approved by Minister	COMPLETE
Framework development scoping conversations	December 2024 – April 2025	Various – Secretariat, National LGPS Team, fund officers (volunteers as Framework Founders)	COMPLETE
Framework development	April 2025 – April 2026	Various – Secretariat, National LGPS Team, fund officers (volunteers as Framework Founders)	IN PROGRESS
Framework launch and transition from Byhiras system	April 2026 – August 2026	Various – Secretariat, National LGPS Team, fund officers (volunteers as Framework Founders), fund officers (system users to retrieve	

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Project stage	Current timeline and proposed future timescales	Required input	Progress
		data from Byhiras), Byhiras (to support transitional arrangements and comms)	
Byhiras contract end	30 August 2026		

*Rows in grey indicate stages that have been completed.

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ANNEX B – LGPS CODE OF TRANSPARENCY REVIEW PROJECT TIMETABLE

Project timetable

The timetable below sets out the key decision points and proposed timescales. The timetable for the project will remain agile to respond to developments as they emerge.

Project stage	Proposed timescale	Required input	PROGRESS
Initial review of Code	May – June 2025	Secretariat to make initial comments and tracked changes on current Code document	COMPLETE
Present at Founder Meeting 2	13 th June 2025	NLGPS Founders asked for feedback on draft.	COMPLETE
Update Investment Committee	7 th July 2025	Present early draft to Committee, invite feedback	COMPLETE
Consultation with asset owners and Code signatories	14 th July – 15 th August 2025	Email to stakeholders, collate and review feedback. Update to given to the Board at July meeting (21 st July 2025)	IN PROGRESS
Review responses	w/c 15 th – 22 nd August 2025	Secretariat to review comments and make tracked changes if needed.	
Present at Founders Meeting 4	w/c 8 th September 2025	High level overview of consultation responses and any changes that will be made. Present final draft. Feedback limited to areas of significant issue	
Send final draft to Investment Committee with recommendation	w/c 22 nd September 2025	Send final draft to Committee by correspondence with recommendation that it is passed to	

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		the Board for approval	
Send final draft to Board for approval	w/c 6 th October 2025	Send final draft to the Board and request approval	
Publish new Code of Transparency	w/c 13 th /20 th October 2025, comms rollout in following weeks	Publish on Board website, follow comms programme to raise awareness of new Code i.e. emails to stakeholders, LinkedIn, monthly bulletin, DG magazine, LGPS Live SAB update.	

*Rows in grey indicate stages that have been completed.
