

Local Government Pension Scheme (England and Wales): Fit for the Future

Local Pensions Partnership Investments (LPPI)

Consultation response

9 Key Points of the Consultation

Chris Rule, CEO, Local Pensions Partnership Investments, summarises the organisations consultation response:

“The Local Government Pension Scheme (LGPS) was created to make sure that public service pensions are paid when they are due. It’s the responsibility and sole purpose of the funds and pools to make this happen whilst working to ensure employer contributions are as stable and affordable as possible.”

“The consultation signifies a clear path forward for LGPS pooling. By setting common standards, aligning investment expertise with decision making, and encouraging further collaboration, the proposals aim to drive greater scale and efficiencies that will ultimately drive better outcomes for LGPS members and employers, and taxpayers.”

“With strong leadership, proactive collaboration and timely action, these changes can make LGPS pooling fit for the future while supporting pension fund committees to achieve their strategic goals and maintaining democratic accountability.”

Response overview

The government’s consultation on the pooling of LGPS assets is a significant change to the way things are currently organised. LPPI is one of eight existing pools and is perhaps closest to the model the government appears to be aiming for.

Below we list the government’s objectives, the reasons for those objectives and our view. In short, LPPI agrees with the government on the importance of simplifying processes, reducing duplication, and improving collaboration between LGPS funds and pools to ensure funds are invested professionally and cost-effectively.

1. Minimum standards of pooling

- **Why it matters:** Ensures all pools operate at the same high standards, making the system fairer and more effective.
- **Current issues:** Some pools lag behind others in meeting these standards.
- **Recommendation:** Encourage pools to share expertise, merge where necessary, and avoid wasting time and resources.

2. Investment strategy

- **Role of councils:** Councils should focus on setting broad investment goals, leaving the technical details to experts in the pools.
- **Proven model:** This is an internationally recognised approach, versions of which have already been used successfully in global pension fund markets including Australia, Canada and the US.
- **Responsible investment:** Pools should work with councils to align investments with climate, social, and local priorities without creating inefficiencies.

3. Fiduciary duties

- **Reassurance:** The proposed changes will help councils fulfil their legal duty to act in the best interests of pension fund members, employers and taxpayers.
- **Better governance:** Ensures clear accountability between councils and pools.

4. Strategic asset allocation (SAA)

- **Simplification:** Use a standard template to define broad investment categories and allow flexibility for market changes.
- **Focus:** Avoid adding unnecessary complexity, keeping the focus on delivering long-term benefits.

5. Transfer of assets

- **Efficiency gains:** Moving all listed investments into pooled vehicles unlocks cost savings and simplifies management.
- **Legacy investments:** Pools can manage older, more complex and illiquid investments, and outside pooled investment vehicles if appropriate, freeing up councils to focus on strategy.

6. Pool governance and expertise

- **Building capacity:** Pools need more experts in areas like risk management, due diligence and legal and compliance to manage complex assets effectively.
- **Independent checks:** Regular reviews by qualified advisers ensure pools deliver on their promises.

7. Local investment

- **What is local?** Local investment should be defined flexibly to reflect local, regional and national opportunities.
- **Working together:** Councils and pools should proactively collaborate on identifying and managing local investments while balancing financial responsibilities.

8. Timeline and implementation

- **Urgency:** The March 2026 deadline is achievable but requires stronger collaboration between pools and administering authorities (councils).
- **Opportunity:** This is a chance to accelerate progress and ensure all pools meet high standards.

9. Reporting and transparency

- **Why it matters:** Clear reporting helps councils and the public see how investments are performing and how costs are managed.
- **Standardised metrics:** Focus on outcomes rather than overly detailed breakdowns to keep reports accessible and meaningful.

The full consultation response is available on the LPPI website [here](#).

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