

LONDON BOROUGH OF CAMDEN		WARD: All
REPORT TITLE: Ministry of, Housing, Communities and Local Government (MHCLG) Consultation Update		
REPORT OF: Executive Director Corporate Services		
FOR SUBMISSION TO: Pension Committee		DATE: 17 July 2025
SUMMARY OF REPORT: <p>This report provides Camden Pension Committee with an update on the Government's consultation on the Local Government Pension Scheme (LGPS) entitled "Fit for the Future." The consultation, initiated by MHCLG, aims to strengthen LGPS investment management by addressing issues of fragmentation and efficiency. This report summarises the key proposals and Camden's response.</p>		
Local Government Act 1972 – Access to Information No documents required to be listed were used in the preparation of this report.		
Contact Officer: Saul Omuco Head of Finance Treasury and Pensions Finance Corporate Services 5 Pancras Square London N1C 4AG		
Telephone 0207 974 7116 Email saul.omuco@camden.gov.uk		
RECOMMENDATIONS: <p>The Committee is requested to note the contents of this report.</p>		
Signed by		
Director of Finance	Agreed
Date	08/07/2025

1. INTRODUCTION

This report provides Camden Pension Committee with an update on the Government's consultation on the Local Government Pension Scheme (LGPS) entitled "Fit for the Future." The consultation, initiated by the Ministry of Housing, Communities and Local Government (MHCLG), aims to strengthen LGPS investment management by addressing issues of fragmentation and efficiency. This report summarises the key proposals and Camden's response.

2. BACKGROUND

In July 2024, the Government launched a review of the LGPS, focusing on three key areas:

- Reforming LGPS asset pools
- Encouraging investment in local economies
- Strengthening governance and oversight

The consultation proposed that all LGPS funds delegate full investment implementation to their respective asset pools, aligning their structures more closely with models observed internationally. Camden, as a key stakeholder in the London Collective Investment Vehicle (LCIV), responded to the consultation, advocating for measured reforms that align with our strategic objectives.

3. Update: What's New in the Final Pensions Investment Review (May 2025)

Policy Confirmations & Legislative Commitments

The government has confirmed it will legislate via the Pension Schemes Bill to enforce the reforms proposed in the "Fit for the Future" consultation and issue guidance once the bill has received Royal Assent, including:

- Mandatory delegation of investment implementation to asset pools and take their principal investment advice from, their pool.
- All LGPS assets to be managed by Financial Conduct Authority (FCA)-authorised pools by March 2026.
- New power to direct an administering authority (AA) into a specific pool, where needed.
- Procurement barriers to inter-pool collaboration will be removed through legislative change.

Clarifications on Pool Consolidation

The number of LGPS pools will reduce from eight to six.

- Six existing pools received government support for their transition plans.
- Remaining funds must choose a new pool to join; government will intervene if no pool is chosen.

Changes to Pooling Deadlines & Flexibility

- Government now allows some flexibility around the March 2026 deadline for AAs moving to a new pool, where needed to finalise shareholder agreements but remains firm for those AA's and pools which remain in their current partnerships.
- Confirmation that pools must develop capabilities for due diligence and management of local and regional investments.

Enhanced Local Investment Mandate

- Pools (not AAs) will now be responsible for reporting the impact of local investments annually.
- Pools and AAs must collaborate with regional authorities and the National Wealth Fund to identify and deliver local investments aligned with local growth strategies.
- Local investment impact reporting is shifted from AAs to the pools to reduce duplication.

Governance Reforms – Final Position

- The proposal for a voting independent member on pension committees has been revised. AAs must now appoint a non-voting independent adviser instead.
- Governance reviews to occur every three years, aligning with actuarial valuations (original proposal was biennial).
- No single mandated model for how pools represent shareholders or scheme members—flexibility retained.

Support for Implementation

- Pools can now collaborate across each other without being restricted by procurement law.
- Stamp Duty Land Tax barriers affecting property seeding into pooled vehicles are under review—government officials will engage with pools to address this.

4. FINANCE COMMENTS OF THE EXECUTIVE DIRECTOR CORPORATE SERVICES

The finance comments of the Executive Director Corporate Services are contained within the report.

5. LEGAL COMMENTS OF THE BOROUGH SOLICITOR

This report provides an update on the Camden Pension Fund's response to the Ministry of Housing, Communities and Local Government (MHCLG) "Local Government Pension Scheme: Next Steps on Investments" consultation, commonly referred to as the Fit for the Future consultation. The response aligns with the Fund's obligations under the Local Government Pension Scheme Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

