

**2026 No. 544**

**PUBLIC SERVICE PENSIONS, ENGLAND AND WALES**

**The Local Government Pension Scheme (Pooling, Management  
and Investment of Funds) Regulations 2026**

<i>Made</i> - - - -	<i>19th May 2026</i>
<i>Laid before Parliament</i>	<i>21st May 2026</i>
<i>Coming into force</i> - -	<i>30th June 2026</i>

The Secretary of State makes these Regulations in exercise of the powers conferred by sections 1(1) and 3(1) to (3) of, and paragraphs 11, 12 and 13 of Schedule 3 to, the Public Service Pensions Act 2013 (“the 2013 Act”)(**a**), and sections 1 and 2 of the Pension Schemes Act 2026(**b**).

In accordance with section 21(1) and (5) of the 2013 Act(**c**), the Secretary of State has consulted such persons (or the representatives of such persons) as appeared to the Secretary of State to be likely to be affected by these Regulations.

In accordance with section 3(5) of the 2013 Act, these Regulations are made with the consent of the Treasury.

**PART 1**

**Introductory**

**Citation, commencement and extent**

**1.**—(1) These Regulations may be cited as the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026.

(2) These Regulations come into force on 30th June 2026.

(3) These Regulations extend to England and Wales.

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(a) 2013 c. 25 (“the 2013 Act”). See section 2 of, and Schedule 2 to, the 2013 Act as to how the power is exercisable by the Secretary of State. Section 3(1) of the 2013 Act was amended by section 94(2) of the Public Service Pensions and Judicial Offices Act 2022 (c. 7) (“the 2022 Act”) and section 7(2) of the Pension Schemes Act 2026 (c. 22) (“the 2026 Act”). Section 3(2) of the 2013 Act was amended by section 94(3) of the 2022 Act and section 7(2) of the 2026 Act. Paragraph 12 of Schedule 3 to the 2013 Act was amended by section 100 of the 2022 Act.

(b) 2026 c. 22.

(c) Section 21(5) was inserted by section 7(3) of the 2026 Act.

## Interpretation

### 2.—(1) In these Regulations—

“the 2000 Act” means the Financial Services and Markets Act 2000(**a**);

“the 2013 Regulations” means the Local Government Pension Scheme Regulations 2013(**b**);

“the 2014 Regulations” means the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014(**c**);

“the 2026 Act” means the Pension Schemes Act 2026;

“authority” means an administering authority listed in Part 1 of Schedule 3 to the 2013 Regulations (pension funds)(**d**);

“fund money” means money that is or should be in a pension fund maintained by an authority;

“member of the scheme” has the same meaning as in the 2013 Regulations;

“the relevant asset pool company” means, in relation to an authority, the asset pool company in which that authority is participating, in accordance with regulation 7(1) or a direction made under regulation 9(1)(a);

“the relevant strategic authority” means, in relation to an authority, the strategic authority for that authority set out in guidance published by the Secretary of State from time to time;

“the Scheme” means the scheme established by the 2013 Regulations;

“Scheme employer” has the same meaning as in the 2013 Regulations;

“strategic authority” includes, for the purposes of paragraph (d) of the definition of “strategic authorities” in section 2(5) of the 2026 Act, a unitary district council or a county council designated by the Secretary of State from time to time as a single foundation strategic authority under section 3(1) of the English Devolution and Community Empowerment Act 2026 (single foundation strategic authorities)(**e**).

(2) Any restrictions imposed by these Regulations apply to authorities which have the power within section 1 of the Localism Act 2011 (local authority’s general power of competence)(**f**) or section 5A(1) of the Fire and Rescue Services Act 2004 (powers of certain fire and rescue authorities)(**g**) in the exercise of those powers.

(3) Any authority which does not have the powers mentioned in paragraph (2) has, by virtue of these Regulations, the power to do anything authorised or required by these Regulations.

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(a) 2000 c. 8 (“the 2000 Act”).

(b) S.I. 2013/2356.

(c) S.I. 2014/525.

(d) Part 1 of Schedule 3 has been amended by S.I. 2015/755, 2016/653, 2019/615, 2019/1351, 2020/123, 2021/272, 2023/187.

(e) 2026 c. 23.

(f) 2011 c. 20.

(g) 2004 c. 21; section 5A was inserted by section 9(1) of the Localism Act 2011. It was moved under a new heading by paragraph 6 of Part 1 of Schedule 1 to the Policing and Crime Act 2017 (c. 3), and amended by paragraph 7 of Part 1 of Schedule 1, and paragraph 112 of Part 2 of Schedule 2, of that Act.

## PART 2

### Investments, Funds and Borrowing

#### Investments

3.—(1) In these Regulations, “investment” includes—

- (a) a contract entered into in the course of dealing in financial futures, traded options or derivatives;
- (b) a contribution to a limited partnership in an unquoted securities investment partnership;
- (c) a contract of insurance if it is a contract of a relevant class, and is entered into with a person within paragraph (2) for whom entering into the contract constitutes the carrying on of a regulated activity within the meaning of section 22 of the 2000 Act (regulated activities)(a).

(2) A person within this paragraph, for the purposes of paragraph (1)(c), is a person who has permission under Part 4A of the 2000 Act (permission to carry on regulated activities)(b) to effect or carry out contracts of insurance of a relevant class.

(3) A contract of insurance is a contract of a relevant class for the purposes of paragraphs (1)(c) and (2) if it is—

- (a) a contract of insurance on human life or a contract to pay an annuity on human life where the benefits are wholly or partly to be determined by reference to the value of, or income from, property of any description (whether or not specified in the contract) or by reference to fluctuations in, or an index of, the value of property of any description (whether or not so specified), or
- (b) a contract to manage the investments of pension funds, whether or not combined with a contract of insurance covering either conservation of capital or payment of minimum interest.

(4) For the purposes of this regulation—

“limited partnership” has the meaning given by section 3(1) of the Limited Partnerships Act 1907 (interpretation of terms)(c);

“recognised stock exchange” has the same meaning as in section 1005 of the Income Tax Act 2007 (meaning of “recognised stock exchange” etc)(d);

“traded option” means an option quoted on a recognised stock exchange;

“unquoted securities investment partnership” means a partnership for investing in securities which are not quoted on a recognised stock exchange when the partnership buys them.

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(a) Section 22 was amended by section 7(1) of the Financial Services Act 2012 (c. 21), section 27(4) of the Financial Guidance and Claims Act 2018 (c. 10), section 69(3) of the Financial Services and Markets Act 2023 (c. 29), and by S.I. 2018/135.

(b) Part 4A of the 2000 Act was substituted for Part IV by section 11(2) of the Financial Services Act 2012.

(c) 1907 c. 24; the definition of “limited partnership” was inserted by section 109(2) of the Economic Crime and Corporate Transparency Act 2023 (c. 56).

(d) 2007 c. 3; section 1005 was substituted by paragraph 1 of Schedule 26 to the Finance Act 2007 (c. 11), and amended by paragraph 55 of Part 3 of Schedule 2 to the Taxation (International and Other Provisions) Act 2010 (c. 8).

## Management of a pension fund

4.—(1) In addition to any sum otherwise required to be credited by virtue of the 2013 Regulations or the 2014 Regulations, an authority must credit to its pension fund(a)—

- (a) the amounts payable by it or payable to it under regulations 15(3)(b), 67 and 68 of the 2013 Regulations (employer’s contributions and further payments)(b),
- (b) all amounts received under regulation 69(1)(a) of the 2013 Regulations (payment by Scheme employers to administering authorities: member contributions),
- (c) all amounts received under regulation 69(1)(e) of the 2013 Regulations (payment by Scheme employers to administering authorities: members on reserve forces service leave)(c),
- (d) all income arising from investment of the fund, and
- (e) all capital money deriving from such investment.

(2) In the case of an authority which maintains more than one pension fund, as respects sums which relate to specific members, the references in this regulation to the authority’s pension fund are to be read as references to the fund which is the appropriate fund(d) for the member in question in accordance with the 2013 Regulations.

(3) Interest under regulation 71 of the 2013 Regulations (interest on late payments by Scheme employers) must be credited to the pension fund to which the overdue payment is due.

(4) An authority must pay from its pension fund—

- (a) any benefits to which any person is entitled by virtue of the 2013 Regulations or the 2014 Regulations, and
- (b) any interest to which any person is entitled by virtue of regulation 14 of the Local Government Pension Scheme (Amendment) (No. 3) Regulations 2023 (interest on payments under the statutory underpin)(e).

(5) Any costs, charges and expenses incurred in administering a pension fund may be paid from the fund, except for charges prescribed by regulations made under sections 23 (supply of pension information in connection with divorce etc), 24 (charges by pension arrangements in relation to earmarking orders) or 41 (charges in relation to pension sharing costs) of the Welfare Reform and Pensions Act 1999(f).

## Restriction on power to borrow

5.—(1) Except as provided in this regulation, an authority must not borrow money where the borrowing is liable to be repaid out of its pension fund.

(2) Subject to paragraph (3), an authority may borrow, by way of temporary loan or overdraft which is liable to be repaid out of its pension fund, any sums which it may require for the purpose of—

- (a) paying benefits due under the Scheme, or

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(a) An administering authority is required to maintain a pension fund by regulation 53(1) of, and paragraph 1 of Schedule 3 to, the 2013 Regulations.

(b) Regulation 15(3)(b) was amended by S.I. 2015/755. Regulation 67 was amended by S.I. 2026/226. Regulation 68 was amended by S.I. 2018/493.

(c) Paragraph (1)(e) of regulation 69 was inserted by S.I. 2015/755.

(d) See regulation 53(2) and (3) of, and Part 2 of Schedule 3 to, the 2013 Regulations for provisions as to how an administering authority becomes the “appropriate administering authority” in relation to a person. There are no amendments to regulation 53(2) or (3). Part 2 of Schedule 3 was amended by S.I. 2014/1012, 2014/1146, 2015/755, 2016/449, 2016/653, 2017/126, 2017/251, 2018/103, 2018/269, 2018/493, 2018/1133, 2019/615, 2020/123, 2021/272, 2023/187, 2023/402, 2024/232, 2024/402, 2025/113, 2025/115, 2025/117, 2025/118, 2026/158, 2026/159 and 2026/362.

(e) S.I. 2023/972, which was relevantly amended by S.I. 2026/226.

(f) 1999 c. 30.

- (b) meeting investment commitments arising from the implementation of a decision, which is required by its investment strategy(a), to change the balance between different types of investment.

(3) An authority may only borrow money under paragraph (2) if, at the time of the borrowing, the authority reasonably believes that the sum borrowed, and interest charged in respect of that sum, can be repaid out of its pension fund within 90 days of the borrowing.

### **Separate bank account**

6.—(1) An authority must hold all fund money that is not otherwise invested or held by the asset pool company in a separate account kept by it with a deposit-taker.

(2) An authority must secure that the deposit-taker may not exercise a right of set-off in relation to the account referred to in paragraph (1) in respect of any other account held by the authority or any party connected to the authority.

(3) In this regulation, “deposit-taker” means—

- (a) a person who has permission under Part 4A of the 2000 Act (permission to carry on regulated activities) to carry on the activities specified by Article 5 of the Financial Services and Markets Act 2000 (Regulated Activities) Order 2001 (accepting deposits)(b);
- (b) the Bank of England;
- (c) the National Savings Bank.

## **PART 3**

### **Asset pool companies**

#### **Participation in an asset pool company**

7.—(1) On and after the day on which these Regulations come into force, an authority must participate(c) in an asset pool company(d) with a view to that company managing the funds or other assets of the Scheme for which that authority is responsible.

(2) Subject to regulation 23, an authority may only participate in one asset pool company at any time.

#### **Authorisation by the Financial Conduct Authority**

8.—(1) Subject to paragraph (2), before managing any funds or other assets of the Scheme for which an authority is responsible, any relevant asset pool company must be authorised as—

- (a) a full-scope UK AIFM, or
- (b) an investment firm with its head office in the United Kingdom (or, if the firm has a registered office, with its registered office in the United Kingdom).

(2) On and after 30th September 2027, any relevant asset pool company must be authorised as a full-scope UK AIFM.

(3) In this regulation—

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(a) For these purposes, “investment strategy” is defined by section 2(5) of the 2026 Act.  
(b) S.I. 2001/544, amended by S.I. 2002/682 and 2026/102; there are other amending instruments but none is relevant.  
(c) For these purposes, “participate” and related expressions in relation to an asset pool company must be construed in accordance with section 1(9)(b) of the 2026 Act.  
(d) For these purposes, “asset pool company” is defined by section 1(9)(a) of the 2026 Act.

“full-scope UK AIFM” has the same meaning as in section 417(1) of the 2000 Act (definitions)(a);

“investment firm” has the same meaning as in section 424A(1) of the 2000 Act (investment firm)(b).

### **Directions by the Secretary of State - participation**

9.—(1) Subject to paragraphs (2) and (3), the Secretary of State(c) may make a direction requiring—

- (a) that an authority specified in the direction must participate in an asset pool company specified in the direction;
- (b) that an authority specified in the direction must stop participating in an asset pool company specified in the direction;
- (c) that an asset pool company specified in the direction (and any authority already participating in that asset pool company) must take the steps specified in the direction to enable another authority to comply with a direction made under sub-paragraph (a) or (b).

(2) A direction may only be made under this regulation where the Secretary of State considers that the direction which is to be made is in the best interests of—

- (a) any Scheme employer, or member of the Scheme, in respect of which the authority is the appropriate administering authority under Part 2 of Schedule 3 to the 2013 Regulations (pension funds)(d),
- (b) any other authorities participating in the asset pool company which that authority is to be directed to leave or join,
- (c) any Scheme employer, or member of the Scheme, in respect of which an authority specified in sub-paragraph (b) is the appropriate administering authority, or
- (d) the Scheme as a whole.

(3) Before making a decision whether to make a direction under this regulation, the Secretary of State must consult—

- (a) any asset pool company or authority that the Secretary of State intends to specify in the direction,
- (b) any authority participating in an asset pool company falling within sub-paragraph (a), and
- (c) any other person whom the Secretary of State considers that it would be appropriate to consult.

(4) Where the Secretary of State considers that additional information is required in order to decide whether to make a direction under this regulation, or what the direction should require, the Secretary of State may carry out such enquiries as the Secretary of State considers appropriate to obtain that information.

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(a) Section 417(1) was relevantly amended by S.I. 2013/1773.

(b) Section 424A was inserted by S.I. 2006/2975, and amended by paragraph 16 of Schedule 2 to the Financial Services Act 2021 (c. 22), and by S.I. 2019/632.

(c) Section 1(2)(c) of the 2026 Act allows provision to be made under section 1(1) of that Act including provision enabling the responsible authority, in prescribed circumstances, to give certain directions. For these purposes, “the responsible authority” is defined by section 8(1) of the 2026 Act, and means, in relation to a scheme for local government workers in England and Wales, the Secretary of State.

(d) See regulation 53(2) and (3) of, and Part 2 of Schedule 3 to, the 2013 Regulations for provisions as to how an administering authority becomes the “appropriate administering authority” in relation to a person.

(5) An authority or asset pool company must comply with any request from the Secretary of State intended to facilitate the obtaining of information under paragraph (4).

## PART 4

### Investment strategy

#### Formulation of investment strategy

**10.**—(1) The relevant asset pool company must provide an authority with proper advice (whether directly or indirectly) about its investment strategy.

(2) After considering the advice referred to in paragraph (1), an authority must formulate an investment strategy in accordance with the requirements set out in—

- (a) regulation 11, and
- (b) guidance issued from time to time by the Secretary of State.

(3) Where exceptional circumstances apply (as specified in guidance issued from time to time by the Secretary of State), an authority may also take proper advice about its investment strategy from an independent person who is not connected with the relevant asset pool company.

(4) In this regulation, “proper advice” means—

- (a) in a case where the giving of advice constitutes the carrying on of a regulated activity in the United Kingdom, advice given by a person who may give it without contravening the prohibition imposed by section 19 of the 2000 Act (prohibition on carrying on regulated activities unless authorised or exempt), or
- (b) in any other case, the advice of a person whom the authority reasonably believes to—
  - (i) be qualified by their ability in, and practical experience of, financial matters, and
  - (ii) have appropriate knowledge and experience of the management of the investments of pension schemes.

#### Contents of investment strategy

**11.**—(1) An investment strategy must include—

- (a) a requirement to invest fund money in a wide variety of investments,
- (b) the authority’s high-level financial objectives,
- (c) the authority’s approach to risk, including the ways in which risks are to be assessed and managed,
- (d) the authority’s priorities and preferences regarding responsible investment, including how social, environmental and corporate governance considerations are to be taken into account in the selection, non-selection, retention and realisation of investments,
- (e) the authority’s policy on the exercise of the rights (including voting rights) attaching to investments,
- (f) subject to paragraph (5), a high-level objective on local investments<sup>(a)</sup>, including a target range for those investments as a proportion of the total value of the pension fund, and

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(a) For these purposes, “local investments” is defined by section 2(5) of the 2026 Act.

- (g) a high-level strategic asset allocation.
- (2) For the purposes of paragraph (1)(b), the authority’s high-level financial objectives must have regard to—
- (a) that authority’s funding strategy statement, and
  - (b) the matters specified in regulation 62(6)(d) of the 2013 Regulations (actuarial valuations of pension funds: requirement to secure the solvency of the pension fund and the long term cost efficiency of the Scheme, so far as relating to the pension fund).
- (3) Subject to paragraph (4), in setting the high-level objective specified in paragraph (1)(f), an authority must have regard to the local economic priorities of the relevant strategic authority (including any local growth plan, if applicable).
- (4) Paragraph (3) does not apply in a case where the local economic priorities have not been published, or made available, by the relevant strategic authority.
- (5) Paragraph (1)(f) does not apply to an investment strategy formulated by the Environment Agency(a).
- (6) Formulation of the high-level strategic asset allocation referred to in paragraph (1)(g) may be delegated by the authority to the relevant asset pool company.
- (7) An investment strategy may not permit more than 5% of the total value of all investments of fund money to be invested in entities which are connected with that authority, within the meaning of section 212 of the Local Government and Public Health Involvement in Health Act 2007 (entities controlled etc by local authorities)(b).
- (8) In this regulation—
- “combined authority” means an authority established under section 103(1) of the Local Democracy, Economic Development and Construction Act 2009 (“the 2009 Act”) (combined authorities and their areas)(c);
- “combined county authority” means an authority established under section 9(1) of the Levelling-up and Regeneration Act 2023 (“the 2023 Act”) (combined county authorities and their areas)(d);
- “funding strategy statement” means the statement required by regulation 58 of the 2013 Regulations (funding strategy statement)(e);
- “local growth plan” means—
- (a) in respect of a combined authority, a local growth plan under section 107L of the 2009 Act (Local Growth Plans)(f);
  - (b) in respect of a combined county authority, a local growth plan under section 32A of the 2023 Act (Local Growth Plans)(g).

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(a) The Environment Agency refers to the body corporate established under section 1 of the Environment Act 1995 (c. 25).

(b) 2007 c. 28; section 212 was amended by paragraph 369 of Part 3 of Schedule 16 to the Police Reform and Social Responsibility Act 2011 (c. 13) and paragraph 82 of Schedule 12 to the Local Audit and Accountability Act 2014 (c. 2), and by S.I. 2022/372.

(c) 2009 c. 20. Section 103 was amended by sections 12(2) and 14(2) of the Cities and Local Government Devolution Act 2016 (c. 1) and paragraph 189 of Schedule 4 to the Levelling-up and Regeneration Act 2023 (c. 55).

(d) 2023 c. 55.

(e) Regulation 58 was amended by S.I. 2015/755 and 2016/946.

(f) Section 107L was inserted by paragraph 1(1) of Schedule 22 to the English Devolution and Community Empowerment Act 2026.

(g) Section 32A was inserted by paragraph 1(3) of Schedule 22 to the English Devolution and Community Empowerment Act 2026.

### **Consultation on proposed investment strategy**

**12.—**(1) An authority must consult with the persons specified in paragraph (2) on the proposed contents of any strategy formulated in accordance with regulation 10(2).

- (2) The persons specified for the purposes of paragraph (1) are—
- (a) any Scheme employer, or member of the Scheme, in respect of which the authority is the appropriate administering authority under Part 2 of Schedule 3 to the 2013 Regulations (pension funds),
  - (b) the relevant strategic authority,
  - (c) any person specified in guidance issued by the Secretary of State from time to time, and
  - (d) any person that the authority considers that it ought to consult as to the proposed contents of its investment strategy.
- (3) Paragraph (1) may be satisfied—
- (a) in relation to any Scheme employer or member of the Scheme, by consultation with a representative for that employer or member;
  - (b) by consultation before, as well as after, the coming into force of these Regulations.

### **Publication of investment strategy**

**13.—**(1) After consulting in accordance with regulation 12, an authority must publish a statement of its investment strategy formulated under regulation 10(2) (“an investment strategy statement”) in accordance with the requirements set out in guidance issued by the Secretary of State from time to time.

(2) An authority must publish the first investment strategy statement under paragraph (1) on or before 31st March 2027.

(3) For the purposes of paragraph (2), an investment strategy formulated under regulation 7(1) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (investment strategy statement)(a) (“a 2016 strategy”) may be treated as an investment strategy formulated under regulation 10(2), provided that the 2016 strategy—

- (a) was formulated on or after 1st October 2025, and
- (b) complies with the requirements set out in—
  - (i) regulation 11, and
  - (ii) any guidance issued under regulation 10(2)(b).

### **Implementation of investment strategy**

**14.—**(1) The relevant asset pool company must take all reasonable steps to implement an authority’s investment strategy.

(2) In implementing the authority’s high-level objective specified in regulation 11(1)(f), the relevant asset pool company must give proper consideration to local investment opportunities and projects, including those identified and developed in accordance with regulation 18(1).

### **Review of investment strategy**

**15.—**(1) From time to time, and in any case within 18 months of each valuation date, an authority must—

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(a) S.I. 2016/946.

- (a) carry out a review of its investment strategy,
- (b) if necessary, revise its investment strategy,
- (c) subject to paragraph (2), consult with the persons specified in regulation 12(2) on any proposed revisions to its investment strategy, and
- (d) after consultation, publish a statement of its investment strategy as so revised.

(2) Where an authority carries out a review of, and revises, its investment strategy pursuant to a direction given under regulation 16(2)(b)—

- (a) paragraph (1)(c) does not apply, and
- (b) the authority must consult with the persons specified in regulation 12(2) only in relation to any matters specified in that direction in accordance with regulation 16(4)(b).

(3) In this regulation, “valuation date” means the date in respect of which an actuarial valuation of the assets and liabilities of each of the authority’s pension funds is obtained in accordance with regulation 62(1)(a) of the 2013 Regulations (actuarial valuations of pension funds)(a).

### **Directions by the Secretary of State - investment strategy**

16.—(1) Paragraph (2) applies where the Secretary of State is satisfied that an authority has failed to comply with guidance issued under regulation 10(2)(b) in formulating its investment strategy.

(2) Where this paragraph applies, the Secretary of State may make a direction—

- (a) requiring that authority to make such specified changes to its investment strategy as the Secretary of State considers appropriate, within the time period specified in the direction, or
- (b) requiring that authority to carry out a review of its investment strategy and, if necessary, to revise the strategy—
  - (i) in relation to the matters specified in the direction, and
  - (ii) within the time period specified in the direction.

(3) Where the Secretary of State makes a direction under paragraph (2), the direction must specify the date of issue, and the contents, of the guidance with which the authority is required to comply.

(4) Where the Secretary of State makes a direction under paragraph (2)(b), the direction must also specify—

- (a) whether the authority is required to consult on any proposed revisions to the strategy, and
- (b) if applicable, the matters in the investment strategy in respect of which the authority must consult.

(5) Before making a decision whether to make a direction under this regulation, and as to the contents of any direction, the Secretary of State must consult the authority that the Secretary of State intends to specify in the direction.

(6) Where the Secretary of State considers that additional information is required in order to decide whether to make a direction under this regulation, or what the direction should require, the Secretary of State may carry out such enquiries as the Secretary of State considers appropriate to obtain that information.

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(a) Regulation 62(1)(a) requires an authority to obtain an actuarial valuation of the assets and liabilities of each of its pension funds as at 31st March 2016 and on 31st March in every third year afterwards. The first valuation date after these Regulations come into force will be 31st March 2028.

(7) An authority must comply with any request from the Secretary of State intended to facilitate the obtaining of information under paragraph (6).

## PART 5

### Asset management

#### **Management of funds or other assets by the relevant asset pool company**

17. Subject to regulation 24, within the period of three months from the date on which it first participates in an asset pool company under regulation 7(1), an authority must ensure that the funds or other assets of the Scheme for which that authority is responsible (other than money needed for making payments under the Scheme from the pension fund maintained by the authority) are—

- (a) held on behalf of the authority by the relevant asset pool company, and
- (b) properly managed<sup>(a)</sup> by that company with a view to implementing the authority's investment strategy.

## PART 6

### Local Investments

#### **Co-operation with the relevant strategic authority**

18.—(1) Subject to paragraph (2), an authority must co-operate with the relevant strategic authority to identify and develop appropriate local investment opportunities.

(2) The requirement in paragraph (1)—

- (a) may be delegated by the authority to the relevant asset pool company, and
- (b) does not apply to the Environment Agency.

## PART 7

### Guidance and directions

#### **Guidance**

19. The Secretary of State may issue guidance in relation to the following matters from time to time—

- (a) participation by an authority in an asset pool company;
- (b) asset management;
- (c) an authority's role in formulating and maintaining an investment strategy;
- (d) provision of proper advice to an authority on an investment strategy by an asset pool company;
- (e) implementation of an investment strategy by an asset pool company;
- (f) governance of an asset pool company, including managing performance;

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(a) For these purposes, "management" and related expressions, in relation to the funds and assets of a scheme for local government workers, must be construed in accordance with section 8(1) of the 2026 Act.

- (g) transparency and reporting requirements;
- (h) local investment;
- (i) powers for the Secretary of State to make directions under regulations 9, 16 and 20;
- (j) collaboration between asset pool companies.

**Directions by the Secretary of State - asset management**

**20.**—(1) Paragraph (2) applies where the Secretary of State is satisfied that an asset pool company, without good reason, is failing, or has failed, to comply with any guidance issued under regulation 19.

(2) Where this paragraph applies, the Secretary of State may make a direction to that asset pool company under this paragraph requiring it to comply with that guidance.

(3) Any direction made under paragraph (2) must specify—

- (a) the date of issue, and the contents, of the guidance with which the asset pool company is required to comply, and
- (b) the grounds upon which, and the evidence in relation to which, the Secretary of State is satisfied of the matters specified in paragraph (1).

(4) Where paragraph (5) applies to an asset pool company, the Secretary of State may make a direction to that company under this paragraph, requiring it to carry out any investment management activities<sup>(a)</sup> specified in the direction in the manner specified in the direction.

(5) This paragraph applies where the Secretary of State is satisfied that an asset pool company is managing funds or assets of the Scheme for which an authority is responsible in a manner that is detrimental to—

- (a) any authority already participating in that asset pool company, or
- (b) the Scheme as a whole.

(6) Before making any direction under this regulation, the Secretary of State must consult—

- (a) any asset pool company that the Secretary of State intends to specify in the direction,
- (b) any authority participating in an asset pool company falling within sub-paragraph (a),
- (c) the Financial Conduct Authority<sup>(b)</sup>, and
- (d) any other person whom the Secretary of State considers that it would be appropriate to consult.

(7) Where the Secretary of State considers that additional information is required in order to decide whether to make a direction under this regulation, or what the direction should require, the Secretary of State may carry out such enquiries as the Secretary of State considers appropriate to obtain that information.

(8) An asset pool company must comply with any request from the Secretary of State intended to facilitate the obtaining of information under paragraph (7).

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<sup>(a)</sup> For these purposes, “investment management activities” is defined in section 1(3) of the 2026 Act.

<sup>(b)</sup> The Financial Conduct Authority refers to the body corporate established by section 1 of the 2000 Act (the Financial Services Authority), and subsequently re-named as the Financial Conduct Authority. Section 1 of the 2000 Act was substituted by section 6(1) of the Financial Services Act 2012 (c. 21).

## PART 8

### Consequential amendments, revocation and transitional provisions

#### Consequential amendments

21.—(1) The 2013 Regulations are amended as follows.

(2) In regulation 57 (pension fund annual report)—

(a) in paragraph (1), for sub-paragraph (i)(a) substitute—

“(i) the current version of the investment strategy statement published under regulation 13 (publication of investment strategy), or the revised investment strategy statement published under regulation 15 (review of investment strategy), of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026;

(ia) a report explaining the authority’s progress during the year against the high-level objective on local investments included in the investment strategy pursuant to regulation 11(1)(f) (contents of investment strategy) of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026;”;

(b) after paragraph (1) insert—

“(1A) Paragraph (1)(ia) does not apply to the Environment Agency.”.

(3) In regulation 58(4) (funding strategy statement), for sub-paragraph (b)(b) substitute—

“(b) the current version of the investment strategy statement published under regulation 13 (publication of investment strategy), or the revised investment strategy statement published under regulation 15 (review of investment strategy), of the Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026.”.

(4) In regulation 69(2) (payment by scheme employers to administering authorities), in sub-paragraph (b)(c), for “The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016” substitute “The Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026”.

(5) The amendments made by paragraph (2) apply in relation to a scheme year beginning on or after 1st April 2026.

(6) In this regulation, “scheme year” has the same meaning as in the 2013 Regulations.

#### Revocations and transitional provisions

22.—(1) The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 are revoked.

(2) For the period starting at the time that these Regulations come into force and ending on the earliest of—

(a) the date that an authority publishes the first investment strategy statement under regulation 13(1), or

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(a) Regulation 57(1)(i) was substituted by S.I. 2016/946.

(b) Regulation 58(4)(b) was substituted by S.I. 2016/946.

(c) Regulation 69(2)(b) was substituted by S.I. 2016/946.

(b) 30th March 2027,

Part 4 of these Regulations only applies to an authority to the extent necessary to enable that authority to formulate and publish the first investment strategy statement under regulation 13(2).

#### **Transitional provisions - participation in an asset pool company**

23.—(1) Where, on and after the day on which these Regulations come into force—

(a) an authority participates in an asset pool company (“Company A”) (whether under regulation 7(1) or otherwise), and

(b) that authority participates in another asset pool company (“Company B”) either—

(i) under regulation 7(1), or

(ii) in accordance with a direction made under regulation 9(1)(a),

regulation 7(2) does not apply to that authority during the period of three months beginning with the date on which the authority first participates in Company B.

(2) Regulation 7(2) does not apply to an authority to the extent that the authority is participating in an additional asset pool company solely for the purposes of winding up that company.

(3) In this regulation, “winding up” has the same meaning as in the Insolvency Act 1986(a).

#### **Transitional provisions - management of funds or other assets by the relevant asset pool company**

24.—(1) Paragraph (2) applies to any funds or other assets of the Scheme, for which an authority is responsible, and which the relevant asset pool company has determined would not be reasonably practicable to transfer to that company within the period specified in regulation 17.

(2) Where this paragraph applies to a fund or other asset, the relevant asset pool company may determine that that fund or other asset must be transferred to that company to be held on behalf of the authority in accordance with such transitional arrangements as that company may determine.

We consent to the making of these Regulations.

18th May 2026

*Gen Kitchen*  
*Christian Wakeford*  
Two of the Lords Commissioners of His Majesty’s Treasury

Signed by authority of the Secretary of State for Housing, Communities and Local Government

19th May 2026

*Alison McGovern*  
Minister of State  
Ministry of Housing, Communities and Local Government

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(a) 1986 c. 45.

## EXPLANATORY NOTE

*(This note is not part of the Regulations)*

These Regulations make provision in relation to the management and investment of pension funds by asset pool companies on behalf of administering authorities which are required to maintain such funds by the Local Government Pension Scheme Regulations 2013 (S.I. 2013/2356) (“the 2013 Regulations”). They revoke and replace the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 (S.I. 2016/946) (“the 2016 Regulations”).

Part 1 of the Regulations makes introductory provision.

Regulation 1 deals with citation, commencement and extent. These Regulations extend to England and Wales. Regulation 2 defines certain key terms used in the Regulations.

Part 2 of the Regulations makes provision about investments, funds and borrowing.

Regulation 3 defines what is meant by an “investment” for the purposes of these Regulations. Regulations 4, 5 and 6 set out which payments must be made into and out of the pension fund, restrict powers of borrowing, and require pension fund money to be held in a separate account.

Part 3 of the Regulations makes provision about asset pool companies.

Regulation 7 requires administering authorities to participate in an asset pool company, in order for that company to manage the investments of the pension fund. In general, an administering authority must only participate in one asset pool company at any time (but see regulation 23).

Regulation 8 makes provision about the Financial Conduct Authority authorisation which asset pool companies are required to hold.

Regulation 9 allows the Secretary of State to make a direction about certain matters related to participation in an asset pool company. It also makes provision about who should be consulted before such a direction is made, and provides that the Secretary of State may carry out appropriate enquiries to obtain any additional information required to decide whether or not to issue such a direction.

Part 4 makes provision about the investment strategy which must be formulated by administering authorities.

Regulation 10 requires an asset pool company to provide proper advice to an administering authority about its investment strategy (whether directly or indirectly). Regulation 10(4) specifies what is meant by “proper advice” for these purposes. Once that advice has been provided, regulation 10 requires administering authorities to formulate an investment strategy. Regulation 10(2)(b) confers a power on the Secretary of State to issue guidance from time to time about the required contents of an investment strategy. Regulation 10(3) permits administering authorities to take further advice about its investment strategy from a suitably qualified independent person in exceptional circumstances which will be specified in guidance issued by the Secretary of State.

Regulation 11 contains requirements as to the contents of an investment strategy.

Regulation 12 provides that, after an administering authority has formulated its investment strategy, it must consult on the proposed contents of its investment strategy with the persons specified in regulation 12(2). Regulation 12(3) makes further provision as to how this consultation requirement may be satisfied in particular cases.

Regulation 13 requires each administering authority to publish its investment strategy after consulting the persons specified in regulation 12(2). It requires that the first such strategy must be published on or before 31 March 2027. Regulation 13(3) makes provision as to how an authority may meet this requirement by publishing an investment strategy formulated under the 2016 Regulations, provided that the strategy was formulated on or after 1 October 2025, and complies with the requirements contained in regulation 11 and in any guidance issued under regulation 10(2)(b).

Regulation 14 provides that asset pool companies must take all reasonable steps to implement the investment strategy of an authority participating in that pool company. Regulation 14(2) provides that an asset pool company must give proper consideration to local investment opportunities in implementing an authority's high-level objective on local investments.

Regulation 15 requires each administering authority to carry out a review of its investment strategy from time to time, and in any case within 18 months of the date in respect of which an actuarial valuation of the assets and liabilities of each of its pension funds is obtained under regulation 62(1)(a) of the 2013 Regulations. Regulation 15(1)(c) provides that administering authorities must consult with the persons specified in regulation 12(2) in relation to the contents of the proposed revised investment strategy. Regulation 15(2) makes specific provision about a limited consultation procedure where an administering authority carries out a review of, and revises, its investment strategy as a result of a direction given by the Secretary of State under regulation 16(2)(b).

Regulation 16 confers a power on the Secretary of State to make a direction to an authority to make specified changes to its investment strategy in circumstances where the Secretary of State is satisfied that the authority has failed to comply with guidance issued under regulation 10(2)(b) as to the required contents of an investment strategy. Regulation 16(2)(a) provides that such a direction may require the administering authority to make such specified changes to the investment strategy as the Secretary of State considers appropriate, within a specified time period. Regulation 16(2)(b) provides that such a direction may require the administering authority to carry out a review of and, if necessary, revise its investment strategy in relation to specified matters, within a specified time period. Regulation 16 also makes provision about who should be consulted before such a direction is made, and provides that the Secretary of State may carry out appropriate enquiries to obtain any additional information required to decide whether or not to issue such a direction.

Part 5 makes provision about asset management.

Regulation 17 requires that each administering authority must ensure that, subject to transitional arrangements provided for under regulation 24, pension funds are held on its behalf by the relevant asset pool company within three months of first participating in that pool company, and are properly managed by the pool company with a view to implementing the authority's investment strategy.

Part 6 makes provision about local investments.

Regulation 18 requires administering authorities to co-operate with the relevant strategic authority to identify and develop appropriate investment opportunities. This requirement does not apply to the Environment Agency, and may be delegated to the asset pool company in which the authority is participating.

Part 7 makes provision about guidance and directions.

Regulation 19 confers a power on the Secretary of State to issue guidance to authorities and asset pool companies about various matters connected to these Regulations.

Regulation 20(2) confers a power on the Secretary of State to make a direction to an asset pool company which is failing, or has failed, without good reason, to comply with guidance issued under regulation 19, requiring the asset pool company to comply with that guidance. Regulation 20(4) confers a power on the Secretary of State to make a direction to a specified asset pool company to carry out specified investment management activities in a specified manner, where the criteria in paragraph (5) are satisfied. Regulation 20 also makes provision about who should be consulted before a direction is made under paragraph (2) or paragraph (4), and provides that the Secretary of State may carry out appropriate enquiries to obtain any additional information required to decide whether or not to make such a direction.

Part 8 makes one revocation, and contains consequential and transitional provisions.

Regulation 21 makes consequential amendments to the 2013 Regulations to insert references in appropriate places to the investment strategy required by regulation 10, and makes other consequential amendments.

Regulation 22 revokes the 2016 Regulations, and makes transitional provision that will apply until an administering authority has published its first investment strategy under these Regulations.

Regulation 23(1) makes transitional provision about participation in an asset pool company, which disapplies regulation 7(2) for a specified period of time in circumstances where an administering authority participates in an alternative asset pool company. Regulation 23(2) disapplies regulation 7(2) in relation to any administering authority which is participating in an asset pool company solely for the purposes of winding up that company.

Regulation 24 makes provision for transitional arrangements in relation to the transfer of funds or other assets to an asset pool company to be held on behalf of an administering authority in specific circumstances.

An impact assessment in relation to the Pension Schemes Act 2026 was updated and re-published on 5th December 2025 and can be found here: <https://bills.parliament.uk/bills/3982/publications>. A hard copy of the impact assessment is available on request from the Ministry of Housing, Communities and Local Government, 2 Marsham Street, London SW1P 4DF. That document remains an accurate assessment of the impacts of this instrument.

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