

## Question from Caz Dennett

Last week the Chancellor Rachel Reaves announced planned changes to Local Government Pension Schemes structures and governance, aiming to create a unified governance framework like the model used in Canadian pensions schemes.

The strategy is very detailed and quite complex, however, South West Action on Pensions understand the following summarised key takeouts affecting Administrating Authorities:

1. AAs will be required to fully delegate the implementation of investment strategy to the pool, and to take their principal advice on their investment strategy from the pool (regulated by the Financial Conduct Authority).
2. AAs must have an independent advisor who can challenge advice from the pool
3. All assets currently managed by AAs must be transferred to their pool
4. The AA's responsibility in respect of investments is to set the investment strategy
5. AAs must set out their approach to local investment in their investment strategy including a target range for the allocation, and having regard to local growth plans and priorities.
6. AAs will define Environmental Social and Governance matters and Responsible Investment policy for their assets
7. The new model will be in place by 1st March 2026
8. AAs and Pools need to propose how they will operate under the new proposals by 1st March 2025
9. The consultation runs to the 16th January 2025
10. The Ministry of Housing, Communities and Local Government (MHCLG) consultation requests views on how "scheme members' views and interests are properly understood and taken into account by the pools" and is open until 16<sup>th</sup> January 2025 <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-fit-for-the-future/local-government-pension-scheme-england-and-wales-fit-for-the-future>

The proposed changes would appear to impact the role of Pension Fund Committees.

Some commentators express concerns with regards:

- periodic reviews of investments and exclusions
- the flexibility to align pension fund investments with, for example, Dorset's transition planning
- the Pension Fund's decarbonisation goals
- diminishes local democratic decision making and scheme member / public engagement
- robust discussions on the financial risks associated with climate change and pension fund investments will be lost

How does the Dorset Pension Fund Committee view the proposed governance changes, how comfortable are you to transfer decision making on mass to Brunel?