

Local Pension Board

23 January 2026

Local Government Reorganisation

Report by the Deputy Chief Executive and Executive Director of Resources (Section 151 Officer)

RECOMMENDATION

- i) **The Committee is RECOMMENDED to note the update**

Purpose

2. The purpose of this report is to provide Local Pension Board an update as requested in the Local Pension board meeting on 17 October 2025, on Local Government Reorganisation.

Executive Summary

3. This report updates the Local Pension Board on the Local Government Reorganisation (LGR) process, which aims to replace the current two-tier council system with larger unitary authorities for greater efficiency and accountability. Oxfordshire has submitted three reorganisation proposals, with a government decision expected in 2026 and new councils likely by 2028.
4. LGR may require a new Administering Authority for the Oxfordshire Pension Fund, updated governance structures, and careful management of increased administrative workloads and communications. The Fund's priorities remain on regulatory compliance, funding stability, and service quality. Officers will continue to monitor developments, focusing on maintaining oversight and supporting members and employers through the transition.

Local Government Reorganisation

5. Local Government Reorganisation (LGR) refers to the plan to replace the current two-tier system (county and district councils) with larger, single-tier unitary authorities, aiming to create efficiencies, clear accountability, and better service delivery.
6. These plans are often linked to devolution, which is transferring central power to bigger, strategically led bodies with mayors.
7. The expectation is new councils will form by 2028.

Key Aspects of LGR

8. Simplify local government, reduce costs, improve services (like social care, waste, planning), and empower local areas with more control.
9. Merging county and district councils (or smaller unitaries) into bigger unitary councils, typically serving 500,000+ people, responsible for all local services.
10. A single council managing all local government functions, replacing the split responsibilities of two-tier systems.
11. LGR often precedes or accompanies devolution, where new, larger councils gain more funding and decision-making power from central government, potentially led by elected mayors.
12. Councils propose structures, which the government reviews and agrees to; areas are actively developing plans, with new bodies expected to be in place by 2028.

Oxfordshire

Local Government Reorganisation

13. Three proposals for Oxfordshire have been submitted to Government – a single council for all Oxfordshire, two Councils including West Berkshire and three Councils, also including West Berkshire.
14. The Government decision is expected in summer 2026.

Devolution

15. Expressions of Interests have been sought by the Government for areas that would wish to establish a Mayoral Strategic Authority (MSA), it seems likely that a Thames Valley MSA (or similar) will be formed in the future.

Oxfordshire Pension Fund - Implications

16. Oxfordshire County Council is the Administering Authority (AA) for the Fund. As part of LGR it may mean a new AA will need to be found. In the event of Oxfordshire County Council ceases to exist, a new AA would need to be found. If this is the case, the mostly likely scenario will be for the new or one of the new unitary authorities in the area covered by the existing AA would become the new host AA.
17. The new AA would require a new constitution and this would need to reflect the terms of reference for the new Pension Fund Committee, Local Pensions Board and officer responsibilities and delegations.
18. As part of this consideration would need to be given to the smooth operations of the Fund, along with ensuring there is sufficient oversight and inclusion of scheme members and employer representatives.

19. This could also create further turnover in Committee and Board representatives and as such a continuation of the robust induction for new Committee and Board members will be critical.
20. We have already seen an impact on administrative work from scheme employers due to redundancy exercises, the administrative workloads are likely to increase and require additional resources to support Fund operations.
21. There is the risk of loss of experience within scheme employers payroll and HR teams could impact on both data quality and service levels at each employer, which would have a knock-on effect on the Fund KPIs.
22. Communications to scheme members will be even more important over the coming years to reassure scheme members that their benefits are safe and therefore minimising disruption and maintaining service levels will be a key priority.
23. The amount of updating of legal contracts and admission agreements should not be underestimated, including the additional complexity from the New Fair Deal and Access and Protections consultations.

Next Steps

24. Fund officers will continue to monitor developments; the key will be the Government decision due in 2026.
25. As part of the considerations the Fund focus will be on maintaining democratic oversight and scrutiny whilst delivering the best value and highest quality service to our scheme members and employers.

Corporate Policies and Priorities

26. The overall priorities of the Pension Fund are summarised as:
 - To fulfil our fiduciary duty to all key stakeholders
 - To administer pension benefits in accordance with the LGPS regulations, and the guidance set out by the Pensions Regulator
 - To maintain a funding level above 100%
 - To ensure there are sufficient liquid resources to meet the liabilities of the Fund as they fall due, and
 - To maintain as near stable and affordable employer contribution rates as possible

Financial Implications

The financial implications section should be completed by a member of the finance service

27. There are no direct financial implications arising from this report.

Comments checked by:

Name, Title, email (Finance)

Legal Implications

The legal implications section should be completed by a member of the legal service

28. The Fund is required to perform a valuation under Regulation 62 of the Local Government Pension Scheme Regulations 2013.

Comments checked by:

Name, Title, email (Legal)

Staff Implications

29. There are no staff implications arising from this report.

Equality & Inclusion Implications

30. There are no direct equality and inclusion implications arising from this report.

Sustainability Implications

31. There are no direct sustainability implications arising from this report.

Risk Management

32. The Local Pension Board provides scrutiny and support to the Pension Fund Committee, in relation to their responsibility to ensure there is effective risk management over the Pension Fund operations.

Consultations

33. Officers of the Fund and the Funds Governance advisers.

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Annex: Nil

Background papers: Nil

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