

Minutes of a meeting of the Local Pension Committee held at County Hall, Glenfield on Friday, 20 March 2026.

PRESENT

Leicestershire County Council
Mr. P. King CC (in the Chair)
Dr. J. Bloxham CC
Mr. J. McDonald CC

Leicester City Council
Cllr. G. Whittle

In Attendance

Mr. D. Grimley CC (online)

LGPS Central

Mr. Louis Hill
Mr. Fuad Ahmed
Mr. David Kane (online)

Hymans Robertson

Mr. Tom Hoare (online)
Mr. Richard Warden (online)

Apologies

Mr. J. Henry, Mr. M. Durrani CC, Mr. B. Piper CC and Cllr. Bhupen Dave

127. Minutes of the Previous Meeting.

The minutes of the meeting held on 30 January 2026 were taken as read, confirmed and signed.

128. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 35.

129. Questions asked by members under Standing Order 32(1).

The Chief Executive reported that no questions had been received under Standing Order 7(3) and 7(5).

130. Urgent Items.

There were no urgent items for consideration.

131. Declarations of Interest.

The Chairman invited members who wished to do so to declare any interest in respect of items on the agenda for the meeting.

Mr. Bechar declared an other disclosable interest in Agenda Item 7, Pension Fund Valuation – Funding Strategy Statement and Results, in that he had recently become a governor of Leicester College.

132. LGPS Central Presentation.

The Committee considered a report of the Director of Corporate Resources, which provided an update on the public markets investments in the Fund holds with LGPS Central (Central). A copy of the report marked 'Agenda Item 6' is filed with these minutes.

The Chairman welcomed Mr. Louis-Paul Hill and Mr. Fuad Ahmed from Central, who delivered a presentation as part of this item.

Arising from discussion, the following points were made:

- i. A Member asked about progress with pooling in line with Government's deadline by 31 March 2026 and asked whether the remaining days were sufficient to meet the deadline, if there were difficulties affecting final completion, and the nature of those challenges if any. Officers explained that a significant number of legal agreements needed to be agreed between the existing shareholders and the new participants. It was confirmed that the agreements were close to being finalised for signing and sealing, noting that the project was operating very close to the deadline, but that completion was very close.
- ii. A Member queried exchange rates and the management of currency risk. Officers explained that currency hedging operated as an overlay, mainly on equities. Foreign exchange movements might result in gains or losses, though some might reverse over the long term. Around 30% of foreign exchange exposure was hedged through Aegon which could offset losses, with responsibility for managing transferring to Central in due course.
- iii. A Member questioned whether the pooling of significant amounts of money of other funds would become an increasing problem without sufficient opportunities for investment. Officers responded that the joining funds were already investing in areas such as infrastructure, property and private credit, and it would not result in additional money chasing the same opportunities. In addition, the increased scale was seen to be advantageous, with the ability to commit larger investment amounts and secure larger mandates with managers, leading to stronger negotiation on fees for all participants and improved outcomes.
- iv. A Member commented that the diversification of underlying assets meant that they would perform differently, for example, infrastructure and private equity, and questioned whether portfolio-wide risks, such as, leverage in private equity, could amplify losses during a credit crunch. Central responded that while all assets were exposed to some risk, such as economic shocks, infrastructure remained relatively stable due to secure long-term cash flows.
- v. Central confirmed that there was no leverage in property, but with private credit it was leveraged, with any limited use of leverage confined to underlying companies and carefully assessed, high-quality assets rather than at fund level.

- vi. Capital drawdowns were noted to vary by asset class, with open-ended core infrastructure funds typically drawn within 12–18 months, closed-ended value-added and private equity strategies over four to five years, infrastructure more generally over three to four years, and a significant proportion of existing commitments expected to be drawn in the near term.
- vii. A Member stressed the Committee’s fiduciary duty to consider all returns and questioned the value of lower-return private investments, asking whether strategy might shift towards public markets. Central responded that private credit underperformance reflected foreign exchange effects, private equity remained on track, and diversification was essential despite recent public market outperformance.
- viii. It was reported that fees were payable on funds of funds in recognition of leverage provided, however, the Fund’s scale enabled preferential terms and aggregation benefits to be achieved. Members noted that certain infrastructure co-investments were structured without management fees and that, while internal management costs were incurred, no additional fee was charged.
- ix. The Committee briefly discussed private credit, noting recent press coverage and market interest. Central explained that concerns had centred on certain retail-focused private credit funds, such as those managed by Blue Owl, which targeted high-net-worth individual investors. These funds had experienced significant withdrawal requests, creating liquidity pressures because the underlying assets were illiquid. It was confirmed that the Fund did not invest in these retail vehicles. Instead, investments were made through closed-ended private credit funds with institutional investors, where capital was expected to be locked in, thereby reducing the risk of forced asset sales.

RESOLVED:

That the Committee note the report and presentation.

133. Pension Fund Valuation - Funding Strategy Statement and Results.

The Committee considered a report of the Director of Corporate Resources which sought the Committee’s approval of the Fund’s Funding Strategy Statement (FSS). The Committee was also asked to note the Fund’s valuation report that included the Rates and Adjustments Certificate. A copy of the report marked ‘Agenda Item 7’ is filed with these minutes.

The Chairman welcomed Mr. Tom Hoare and Mr. Richard Warden from Hymans Robertson who had joined the meeting online.

Arising from discussion, the following points were made:

- i. In response to a question, officers explained that some employers had wished to see a greater contribution rate reduction, and that the Funding Strategy Statement (Appendix H, section 3.1) set out when employers could request a rate review. It was noted that the Pensions Bill was progressing through Parliament, with its third reading in the House of Lords expected the following week. The Bill clarified the process for requesting a rate review and the factors the Fund must consider, with guidance from the Secretary of State to be issued within six months of the Bill being passed.

- ii. In addition, officers stated that, of the stabilised employers they had met with collectively, only one employer had expressed disappointment with the level of reduction. Members discussed the importance of smoothing contribution rates to avoid significant increases and decreases, and the risk of future rate review requests. Members also noted that Local Government Reorganisation would add further complexity.
- iii. Mr Bechar declared an other disclosable interest, having recently become a governor of Leicester College.
- iv. A Member expressed strong support for the 3% negative cap, citing intergenerational fairness. Members then reflected on past experiences where pension holidays and low contribution rates had led to significant increases later on, causing long-term financial pressure. Members agreed that maintaining stable contribution rates was necessary to protect the Fund and ensure benefits were paid.

RESOLVED:

- a) That the Fund's Funding Strategy Statement, coming into force from 1 April 2026, be approved.
- b) That the Fund's 2025 Valuation Report be noted.

134. Risk Management and Internal Controls.

The Committee considered a report of the Director of Corporate Resources which provided information on any changes relating to the risk management and internal controls of the Pension Fund, as stipulated in The Pension Regulator's Code of Practice. A copy of the report marked 'Agenda Item 8' is filed with these minutes.

Arising from discussion, the following points were made:

- i. A Member noted that earlier in the meeting the Committee had discussed the delay in receiving guidance under the Deregulation Act, and that reliance on guidance being issued within six months was overly optimistic. The Chairman stated that progress remained dependent on the passage of the Pensions Bill, which contained over 200 amendments, and highlighted government proposals to seek greater control over pension fund investment decisions.
- ii. A Member identified the principal risk as potential government nationalisation of the fund, citing high debt-to-GDP levels as increasing long-term risk to pensions under current rules. The Chairman responded that this scenario was considered unlikely and would require primary legislation.
- iii. In response to a query, officers confirmed that (LGR) local government reorganisation-related uncertainties were captured under risk 18, and advised that further clarity was anticipated in July.

RESOLVED:

That the Committee:

- a) Note the Risk Management and Internal Controls report.
- b) Approve the updated Risk Register attached as Appendix A to the report.

135. Valuation of Pension Fund Investments.

The Committee considered a report of the Director of Corporate Resources, which provided an update on the investment markets and how individual asset classes were performing, and the total value of the Fund's investments as at 31 December 2025. A copy of the report marked 'Agenda Item 9' is filed with these minutes.

Mr. David Kane, LGPS Central, was present online for this agenda item.

Arising from discussion, the following points were made:

- i. Members queried the extent of US exposure within global equity funds, noting that weighting in monetary terms tended to be overweight towards US companies. Officers confirmed that while the MSCI World Index consisted of approximately 60–65% US equities, this exposure was partially rebalanced through a dedicated UK allocation.
- ii. The Committee considered comments in the report that equities and credit markets appeared stretched relative to long-term assumptions. Officers explained that the assessment was based on historically high price-to-earnings (PE) ratios, particularly within large US technology stocks, and on credit spreads, which had previously been at historically low levels. It was noted that since the report was written, equity markets had declined modestly, credit spreads had widened, and corporate bond values had fallen, indicating some easing in market conditions.
- iii. Members raised concerns regarding the level of cash held by the Fund and the length of time taken for private market investment commitments to be drawn down. Officers explained that cash returns were currently around 4%, while private credit investments were expected to deliver returns of approximately base rate plus 4% over the investment lifetime. It was acknowledged that this created a return differential while capital remained uninvested.
- iv. The Committee sought clarification on figures within the report relating to cash balances and outstanding commitments. Officers confirmed that although outstanding commitments exceeded £1 billion, these were called over several years and were offset by regular cash inflows from existing investments. The actual cash held at the time was approximately £450 million, with commitments managed carefully.
- v. Members expressed ongoing concern about the duration of uncalled commitments and the opportunity cost of holding cash, noting that similar concerns had been raised over several years. While acknowledging that Fund performance remained strong overall, the Committee agreed that greater clarity was required regarding the expected timeline for drawdowns and whether the current asset allocation remained appropriate.
- vi. The Director of Corporate Resources undertook to bring a future report setting out cash flows which were managed in various ways, and how illiquidity was managed through the phasing of investments, in order to provide greater transparency and assurance to the Committee.

RESOLVED:

- a) That the report on the valuation of pension fund investments be noted.
- b) That it be requested that the Director of Corporate Resources bring a future report setting out cash flows, the phasing of commitments, and how liquidity and investment drawdowns were managed, in order to provide greater transparency and assurance to the Committee.

136. Outcome of the Responsible Investment Survey and Responsible Investment Update.

The Committee considered a report of the Director of Corporate Resources, which advised on the key findings from the survey on responsible investment (RI) views, sought approval of the Responsible Investment Plan 2026/27 in line with the outcome of the survey, and presented an update on the Fund's quarterly voting and stewardship activities undertaken on its behalf via LGPS Central (Central) < LGIM, and the Local Authority Pension Fund Forum. A copy of the report marked 'Agenda Item 10' is filed with these minutes.

Arising from discussion, the following points were made:

- i. Members discussed the response rate to the Responsible Investment survey. Officers confirmed that 2,400 responses had been received from a total membership of approximately 110,000, noting that email contact details were held for around 45,000 members registered for the self-service portal. This equated to a response rate of approximately 5% of those who were able to respond, which was considered strong when compared with similar surveys. Members commended officers for achieving an excellent level of engagement.
- ii. Officers clarified that legal advice from the Scheme Advisory Board indicated that employer views should not be given greater weight than scheme member views. All responses were considered collectively, and employer responses did not materially affect the overall survey outcome.
- iii. Members sought clarification on the voting activity set out in Appendix B of the report, noting that a significant proportion related to board structure decisions. Officers explained that voting against directors could form part of responsible investment practices, for example where directors were considered over-committed or unable to dedicate sufficient time to their role. It was agreed that providing clearer examples and a breakdown of voting specifically linked to responsible investment matters would be helpful at a future meeting.

RESOLVED:

- a) That the outcome of the responsible investment survey be noted.
- b) That the 2026 Responsible Investment Plan be approved.
- c) That the update on responsible investment matters be noted.

137. Pension Fund - Business Plan and Budget 2026/27.

The Committee considered a report of the Director of Corporate Resources which sought the approval of the Pension Fund's Administration, Investment and Governance Business Plans and the Training Plan for 2026, and the Pension Fund Budget for 2026/27. A copy of the report marked 'Agenda Item 11' is filed with these minutes.

The Chairman welcomed Mr. David Kane from LGPS Central to the meeting who was present online. Mr. Kane delivered a presentation as part of this agenda item.

Arising from discussion, the following points were made:

- i. Members welcomed the appointment of additional staff to support the administration of the Fund, noting that the department had been under sustained pressure for a considerable period, but queried whether the need for additional staff would reduce. Officers explained that the staff had largely been appointed on permanent contracts due to the anticipated duration of the work arising from McCloud, the Pensions Dashboard, and other regulatory changes, including the Access and Fairness regulations, all of which were increasing administration costs.
- ii. With regards to Local Government Reorganisation (LGR), Officers reminded members that a report had been presented at a previous meeting and suggested that an update could be brought forward once a decision had been reached, potentially before the summer recess. Officers highlighted the complexity of pensions administration, explaining that it typically took four to five years to fully train staff to undertake most tasks, making succession planning essential. In discussing upcoming changes, including LGR, it was likely to generate further work, even if only temporarily.
- iii. Members were advised that although staffing numbers had increased marginally, scheme membership had continued to grow, meaning that the cost per member remained broadly stable and within a reasonable range. Officers confirmed that staffing levels were kept under regular review and reassured members that officers would seek to avoid any position of overstaffing, while noting that workloads remained high and were expected to continue for some time.
- iv. A Member reiterated the view that the team operated very efficiently and delivered a high volume of work with limited resources and wanted to formally place this appreciation on record.

RESOLVED:

That the Pension Fund's Administration, Investment and Governance Business Plans and the Training Plan for 2026, and the Pension Fund Budget for 2026/27 be approved.

138. Pension Fund Policy Report.

The Committee considered a report of the Director of Corporate Resources which sought approval of the Pension Fund's (the Fund) current strategies and policies. A copy of the report marked 'Agenda Item 12' is filed with these minutes.

RESOLVED:

- a) That the revised policies and strategies set out in Appendices A to E attached to the report be approved.
- b) That the Director of Corporate Resources be authorised to make any necessary revisions to the Training Strategy and Conflict of Interest Policy to ensure that it remained up to date and relevant, provided that it did not constitute material changes.

139. Date of next meeting.

RESOLVED:

That is be noted that the date of the next meeting would be 3 July 2026, at 10.00am.

140. Exclusion of the Press and Public.

RESOLVED:

That under Section 100(A) of the Local Government Act 1972 the public be excluded from the meeting for the remaining items of business on the grounds that they involve the likely disclosure of exempt information as defined in Part 1 of Schedule 12(A) of the Act.

141. LGPS Central Quarterly Investment Report

The Committee considered an exempt report of LGPS Central. A copy of the report marked 'Agenda Item 16' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

142. Leicestershire Total Fund Summary

The Committee considered an exempt report of Hymans Robertson. A copy of the report marked 'Agenda Item 17' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

143. Adams Street Partners Quarterly Report

The Committee considered an exempt report by Adams Street Partners. A copy of the report marked 'Agenda Item 18' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

144. Legal and General Investment Manager Quarterly Report

The Committee considered an exempt report by Legal and General Investment Manager. A copy of the report marked 'Agenda Item 19' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

145. LGPS Central PE Primary Partnership 2018 LP Quarterly Report

The Committee considered an exempt report by LGPS Central PE Primary Partnership 2018 LP. A copy of the report marked 'Agenda Item 20' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

146. LGPS Central PE Primary Partnership 2021 LP Quarterly Report

The Committee considered an exempt report by LGPS Central PE Primary Partnership 2021 LP. A copy of the report marked 'Agenda Item 21' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

147. LGPS Central PE Primary Partnership 2023 LP Quarterly Report.

The Committee considered an exempt report of LGPS Central PE Primary Partnership 2023 LP. A copy of the report marked 'Agenda Item 22' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

148. Patria SOF Quarterly Report

The Committee considered an exempt report by Patria SOF III. A copy of the report marked 'Agenda Item 23' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

149. Ruffer Quarterly Report

The Committee considered an exempt report by Ruffer. A copy of the report marked 'Agenda Item 24' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

150. KKR Global Infrastructure Investors Fourth Quarterly Report

The Committee considered an exempt report by KKR Global Infrastructure Investors. A copy of the report marked 'Agenda Item 25' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

151. Saltgate UK AVPUT

The Committee considered an exempt report by Saltgate UK AVPUT. A copy of the report marked 'Agenda Item 26' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

152. Stafford Timberland

The Committee considered an exempt report of Stafford Timberland. A copy of the report marked 'Agenda Item 27' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

153. Christofferson Robb & Company CRC Capital Release Fund Quarterly Report

The Committee considered an exempt report by Christofferson Robb & Company CRC. A copy of the report marked 'Agenda Item 28' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

154. IFM Global Infrastructure Quarterly Investor Report

The Committee considered an exempt report by IFM Global Infrastructure. A copy of the report marked 'Agenda Item 29' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

155. Infracapital Greenfield Partners LP

The Committee considered an exempt report by Infracapital Greenhill Partners LP. A copy of the report marked 'Agenda Item 30' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

156. LaSalle Leicestershire County Council Pension Fund Quarterly Report

The Committee considered an exempt report by LaSalle Leicestershire County Council Pension Fund. A copy of the report marked 'Agenda Item 31' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

157. LGPS Central

The Committee considered an exempt report by LGPS Central Core/Core Plus Infrastructure Partnership LP. A copy of the report marked 'Agenda Item 32' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

158. M&G Investments Debt Opportunities Quarterly Report

The Committee considered an exempt report by M&G Investments Debt Opportunities Fund II. A copy of the report marked 'Agenda Item 33' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

159. Partners Group

The Committee considered an exempt report of Partners Group. A copy of the report marked 'Agenda Item 34' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

160. Savilles LCCPF Valuation Report

The Committee considered an exempt report of Savilles. A copy of the report marked 'Agenda Item 35' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

161. Aegon Asset Management Quarterly Report

The Committee considered an exempt report by Aegon Asset Management. A copy of the report marked 'Agenda Item 36' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

162. LCCPF IL and FX Update

The Committee considered an exempt report of Aegon Asset Management LCCPF IL and FX Update. A copy of the report marked 'Agenda Item 37' is filed with these minutes. The report was not for publication by virtue of paragraph 3 of Part 1 of Schedule 12(A) of the Local Government Act 1972.

RESOLVED:

That the report be noted.

10.00am to 12.01pm
20 March 2026

CHAIRMAN