



Meeting: **Local Pension Committee**

Date/Time: **Friday, 3 July 2026 at 10.00 am**

Location: **Sparkenhoe Committee Room, County Hall, Glenfield**

Contact: **Mrs Angie Smith (0116 305 2583).**

Email: **Angie.Smith@leics.gov.uk**

AGENDA

<u>Item</u>	<u>Report By</u>	<u>Marked</u>
1. Appointment of Chairman.		
2. Appointment Vice-Chairman.		
3. Minutes of the meeting held on 20 March 2026.		(Pages 5 - 18)
4. Question Time.		
5. Questions asked by members under Standing Order 32(1).		
6. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.		
7. Declarations of interest in respect of items on the agenda.		
8. LGPS Central Presentation.	Director of Corporate Resources	(Pages 19 - 50)
9. Responsible Investment Update.	Director of Corporate Resources	(Pages 51 - 80)
10. Cash Management Policy and Forecast.	Director of Corporate Resources	(Pages 81 - 88)



11.	Valuation of Pension Fund Investments.	Director of Corporate Resources	(Pages 89 - 104)
12.	Fit for the Future Update.	Director of Corporate Resources	(Pages 105 - 110)
13.	Risk Management and Internal Controls.	Director of Corporate Resources	(Pages 111 - 120)
14.	Terms of Reference Update.	Director of Corporate Resources and Assistant Director Law and Governance	(Pages 121 - 136)
15.	Date of next meeting.		
	The date of the next meeting is scheduled for 11 September 2026 at 10.00am.		
16.	Any other items which the Chairman has decided to take as urgent.		
17.	Exclusion of the Press and Public.		
	The public are likely to be excluded during consideration of the remaining items in accordance with Section 100(A)(4) of the Local Government Act 1972 (Exempt Information).		
18.	Leicestershire Total Fund Summary.	Fund Manager	(Pages 137 - 140)
19.	LGPS Central Quarterly Investment Report	Fund Manager	(Pages 141 - 194)
	Growth		
20.	Adams Street Partners Quarterly Report	Fund Manager	(Pages 195 - 304)
21.	Fulcrum Diversified Core Absolute Return Quarterly Report	Fund Manager	(Pages 305 - 342)
22.	Legal and General Investment Manager Quarterly Report.	Fund Manager	(Pages 343 - 368)
23.	Patria SOF Quarterly Report.	Fund Manager	(Pages 369 - 416)
24.	Ruffer Quarterly Report	Fund Manager	(Pages 417 - 422)
	Income		
25.	KKR Global Infrastructure Investors Quarterly Report	Fund Manager	(Pages 423 - 468)
26.	Stafford Timberland Quarterly Report	Fund Manager	(Pages 469 - 534)
27.	Saltgate UK AVPUT	Fund Manager	(Pages 535 - 538)
28.	Christofferson Robb & Company CRC Capital	Fund Manager	(Pages 539 -

	Release Fund Quarterly Report		564)
29.	IFM Global Infrastructure Quarterly Investor Report	Fund Manager	(Pages 565 - 640)
30.	Infracapital Greenfield Partners LP - Unaudited Valuation Statement	Fund Manager	(Pages 641 - 730)
31.	JP Morgan Asset Manager Infrastructure Investments Fund Quarterly Report	Fund Manager	(Pages 731 - 802)
32.	LaSalle Leicestershire County Council Pension Fund Quarterly Report	Fund Manager	(Pages 803 - 834)
33.	M&G Investments Debt Opportunities Quarterly Report	Fund Manager	(Pages 835 - 866)
34.	Partners Group	Fund Manager	(Pages 867 - 926)
35.	Quinbrook Infrastructure Partners Quarterly Report	Fund Manager	(Pages 927 - 984)
36.	Savilles LCCPF Valuation Report	Fund Manager	(Pages 985 - 1000)
	Protection		
37.	Aegon Asset Management Quarterly Report	Fund Manager	(Pages 1001 - 1024)
38.	LCCPF IL and FX Update	Fund Manager	(Pages 1025 - 1032)

TO:

Leicestershire County Council

Mr. P. King CC
Mr. D. Grimley CC
Dr. J Bloxham CC

Mr. B. Piper CC
Mr. M. Durrani CC

Leicester City Council

Cllr. A. Bora
Cllr. G. Whittle

District Council Representatives

Cllr. L. Breckon
Cllr. M. Cartwright

University Representative

Mr. J. Henry

Scheme Member Representatives

Mr. V. Bechar
Mr. N. Booth
Mr. R. Simms



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

District Council Representatives
Cllr. M. Cartwright
Cllr. R. Denney

Leicester City Council
Cllr. G. Whittle

Scheme Member Representatives
Mr. V. Bechar
Mr. N. Booth

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

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LOCAL PENSION COMMITTEE – 3 JULY 2026
REPORT OF THE DIRECTOR OF CORPORATE RESOURCES
LGPS CENTRAL PRESENTATION

Purpose of the Report

1. The purpose of this report is to provide the Local Pension Committee (LPC) with an update the public markets investments the Fund holds with LGPS Central (Central or the Pool).
2. An overview of how Central will develop investment solutions to be able to meet a range of client investment strategies and how they will be implemented.
3. A PowerPoint presentation is appended to the report, which will be delivered at the meeting by representatives from Central.

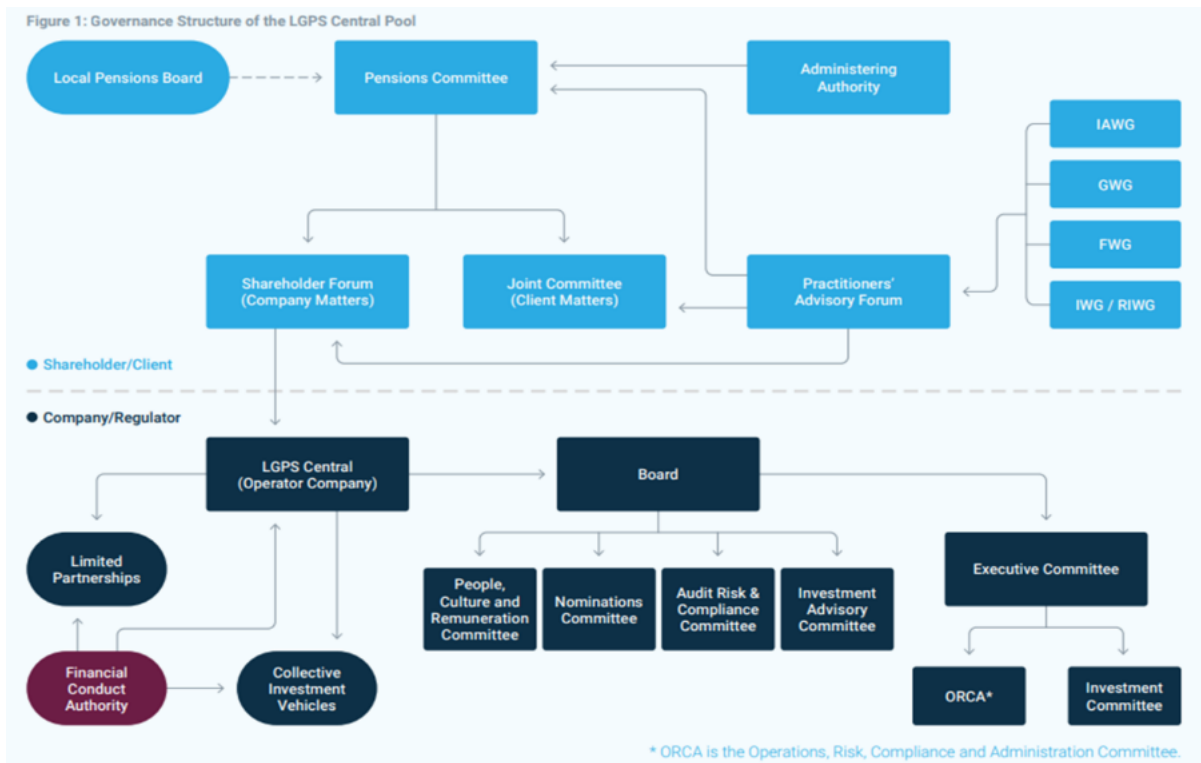
Policy Framework and Previous Decisions

4. In 2016 the Local Government Pension Scheme Regulations 2016 came into force. These regulations mandate that the separate LGPS funds in England and Wales combine their assets into a small number of investment pools. To meet the requirements of these regulations Leicestershire County Council, alongside Cheshire, Derbyshire, Nottinghamshire, Shropshire, Staffordshire, West Midlands, Worcestershire helped develop and launch LGPS Central Limited, which they each jointly owned.
5. The Leicestershire County Council Pension Fund (the Fund) is an equal owner of Central, which is authorised and regulated by the Financial Conduct Authority as an asset manager and operator of alternative investment funds. The Fund owns Central alongside Cheshire, Derbyshire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. As set out in the Investment Strategy Statement (ISS) it is the Fund's intention to invest its assets through Central as and when suitable pool investment solutions become available.
6. Central has been in operation since 1 April 2018. As of 31 March 2026, the Fund has circa £4.6bn invested with Central products or those where they have

investment oversight. This accounts for 62% of the Fund's total assets. The Fund also has as over £900m in uncalled commitments which will increase its overall pooled exposure over time.

Background

7. Leicestershire County Council (LCC) is the administering authority for the Local Government Pension Scheme (LGPS) within Leicestershire and Rutland. LCC has a statutory obligation, as defined under the Public Service Pensions Act 2013, to administer a Pension Fund for eligible employees of all local authorities within the County boundary and also the employees of certain other scheduled and admitted bodies.
8. In accordance with Section 101 of the Local Government Act 1972, the County Council has delegated the responsibility for decisions relating to the investment of the Fund's assets to the LPC.
9. By leveraging the scale of the underlying partner funds, Central aims to reduce costs, enhance investment returns, and expand the range of available asset classes, all for the benefit of local government pensioners, employees and employers.
10. The Fund is a stakeholder in Central from two different perspectives:
 - a. A co-owner of the company (shareholder) alongside the other owners;
and,
 - b. As a recipient of investment services (client)
11. These interests are managed through the Shareholders' Forum and the Joint Committee as well as Leicestershire Pension Fund's Funding Strategy (FSS) Statement, Investment Statement Strategy (ISS) and Conflict of Interest Policy. The figure below illustrates the relationships between the various bodies. This structure is currently under review and will be updated to reflect the post Fit For the Future changes.



12. In November 2024 Government initiated the 'Local Government Pension Scheme (England and Wales): Fit for the Future' consultation. The focus of which was to look at how tackling 'fragmentation and inefficiency' can unlock the investment potential of the scheme, including through asset pooling and enhanced governance, while strengthening the focus on local investment. On 29 November 2024 the LPC considered key themes and initial views, and authorised the Director of Corporate Resources, following consultation with the Chairman of the LPC to prepare a detailed response.
13. From 1 April 2026, in accordance with 'Fit for the Future' (FFTF) regulations which the Fund, other existing shareholders of Central and prospective new shareholders are working towards, all investment mandates will come within the Pool's oversight remit as they transition toward a larger asset management business. From 1 April 2026 all assets will become essentially pooled with common oversight by Central.

Fit for the Future Developments

14. Since early 2025, officers, Central, partner funds and new prospective partners from the disbanded Access and Brunel pools have been working closely to progress the outcomes from the FFTF consultation, including:

- a. All Administering Authorities will be required to delegate investment strategy implementation and take their principal investment advice from their pool.
- b. A 31 March 2026 deadline for funds and pools to meet these minimum requirements, including transferring all assets to the pool for management.
- c. Local and Regional Investment - Funds will be required to set target ranges for local investment in their ISS's and be required to collaborate with local authorities, regional mayors and pools. Pools will conduct due diligence on local investment opportunities, including the final decision whether to invest and be responsible for impact reporting.
- d. Commencing work on the legal agreements that need to be amended in order for administering authorities and the pool to adhere to the FFTF requirements.

15. To enact these proposals the Government have introduced the UK Pensions Bill which achieved Royal Assent on 29 April 2026 becoming the Pension Schemes Act 2026.

16. Of eight original pools across England and Wales, Government support was expressed for six (including Central). The two other pools represent 21 LGPS funds who Government invited to engage with the remaining pools to determine which they wish to form a new partnership with.

17. On 1 April 2026 the original eight partners admitted six new partners. Together, these fourteen LGPS funds collectively formed one of the largest LGPS Pooling companies in the UK with more than £100 billion of assets. All fourteen partners are equal owners of the larger LGPS Central.

LGPS Central Presentation

18. Representatives from Central will be in attendance to deliver a presentation to Committee, appended to this report. This quarter the highlight will be on public market investments and will also cover:

- a. The four public market investments the Fund holds with Central; the global active equity fund, global climate multi factor fund, global investment grade bond fund and the global multi asset credit fund.

- b. Development of investment products to meet a variety of investment strategies

Resource Implications

19. It is noted that while pooling has delivered substantial benefits so far, these proposals will accelerate the transfer of assets and responsibilities to pools.
20. Officers will address potential resource implications as part of working through the outcome of the consultation and further awaited guidance to consider how this may impact Fund resources.

Recommendations

It is recommended that the Local Pension Committee note the report and presentation.

Background papers

31 January 2025 Local Pension Committee: Fit for the Future Consultation response
<https://democracy.leics.gov.uk/ieListDocuments.aspx?MIId=7986>

Equality Implications

21. There are no direct implications arising from the recommendations in this report. The Fund and LGPS Central incorporates financially material Environmental, Social and Governance (“ESG”) factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund’s fiduciary duty.

Human Rights Implications

22. There are no direct implications arising from the recommendations in this report. The Fund and LGPS Central incorporates financially material Environmental, Social and Governance (“ESG”) factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund’s fiduciary duty.

Appendix

LGPS Central presentation

Officer to Contact

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LGPS Central Limited

LGPS Central Updates

Leicestershire Local Pension Committee

3 July 2026

For Professional Investors Only

Agenda



AGENDA ITEM

PRESENTER

Market & Performance Update

- Global Equity Active MMF
- All World Equity Climate Multi Factor Fund
- Sterling & Global Active Investment Grade Credit MMF
- Global Active Multi-Asset Credit Fund MMF

Mark Davies, Head of Public Markets

Fit for Future update

- Asset class solution design

Louis-Paul Hill, Partner Fund Client Director

Investment decision update

- Gilts

Louis-Paul Hill, Partner Fund Client Director

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LGPS Central Limited

Market & Performance Overview

Leicestershire Local Pension Committee

3 July 2026

For Professional Investors Only

Market Performance



Asset Class	Sub Asset Class	Return	Annualised Total Returns to 31/3/26 (GBP unless stated)					Since Valuation*
		3 Months	1 Year	3 Years	5 Years	10 Years	20 Years	
Equity	Global	-1.2%	18.0%	14.6%	11.0%	12.8%	9.8%	18.0%
	US	-2.4%	15.3%	15.8%	13.1%	15.1%	12.0%	15.3%
	UK	2.4%	21.5%	13.2%	11.0%	8.6%	6.7%	21.5%
	EM (USD)	-2.3%	20.8%	13.8%	4.1%	8.0%	5.7%	20.8%
Fixed Income	US Investment Grade	1.2%	2.4%	2.1%	1.2%	3.7%	6.0%	2.4%
	US Non Investment Grade	1.3%	4.6%	6.0%	5.0%	6.5%	7.1%	4.6%
	UK Investment Grade	-1.9%	2.9%	1.2%	-3.6%	-0.1%	2.7%	2.9%
	European High Yield (EUR)	-1.7%	2.7%	7.0%	2.5%	3.8%	5.6%	2.7%
	Emerging Markets	-1.3%	10.2%	9.0%	1.7%	2.7%	4.9%	10.2%
	UK Gilts	-1.9%	2.5%	0.4%	-4.2%	-0.7%	2.4%	2.5%
	UK Index Linked Gilts	1.1%	3.9%	-3.1%	-6.8%	-0.7%	3.3%	3.9%
Cash	Cash	0.8%	4.4%	5.0%	3.4%	2.1%		4.4%
Other	Gold	10.1%	45.9%	30.3%	23.3%	15.2%	12.5%	45.9%
	Cat Bonds	3.7%	9.9%	12.5%	11.3%	8.0%	9.5%	9.9%

Private Markets	Sub Asset Class	Return	Annualised Total Returns to 31/12/25 (USD)				Since Valuation*	
		3 Months	1 Year	3 Years	5 Years	10 Years		15 Years
Private Markets	Private Equity	2.4%	8.5%	7.5%	11.5%	13.8%	13.6%	7.2%
	Private Credit	1.4%	5.7%	8.0%	9.6%	8.7%	9.0%	4.2%
	Real Estate	2.2%	4.0%	0.1%	5.7%	7.0%	8.9%	3.9%
	Infrastructure	-0.9%	5.2%	7.1%	10.2%	9.4%	9.1%	3.3%

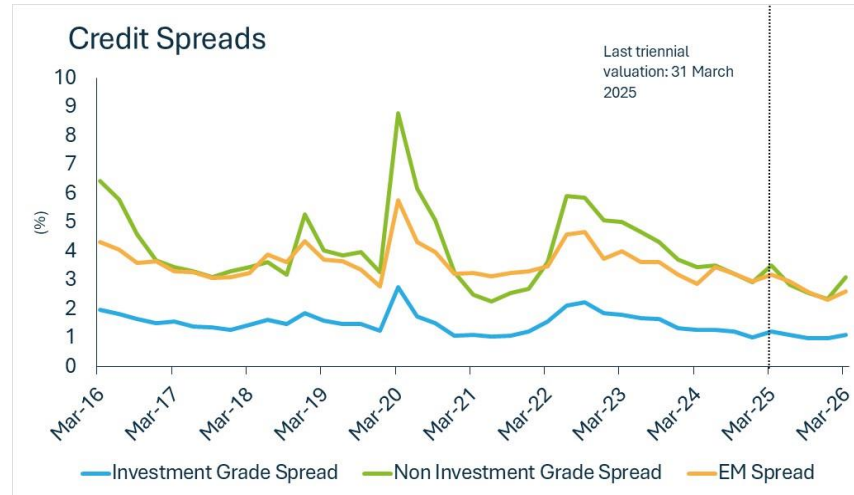
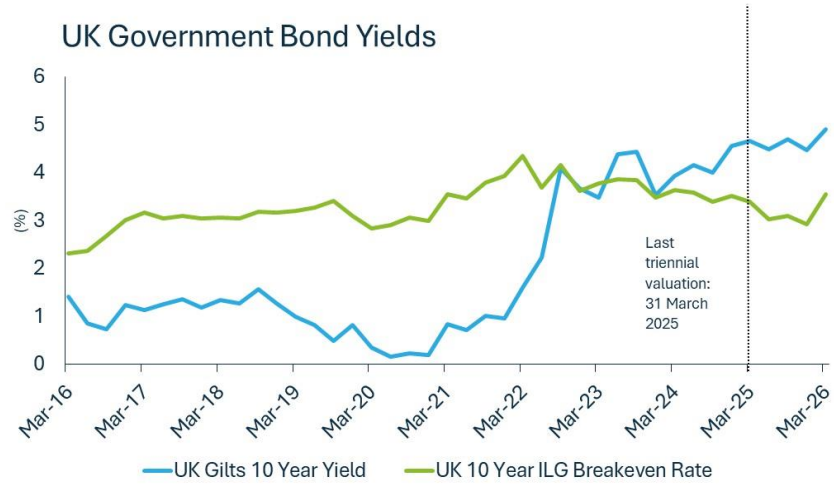
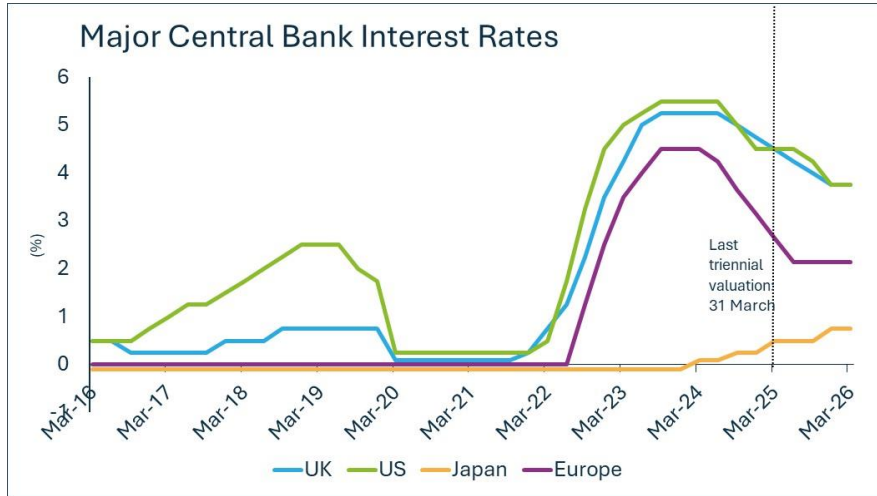
* Last triennial valuation date: 31 March 2025

Source: See Appendix. Past results are not an indicator of future performance.

Key Takeaways

- Equities were weaker on the quarter on the back of the Iran War. The UK outperformed, supported by Energy exposure.
- Fixed Income assets produced mixed returns with US outperforming other areas which were hit by inflation concerns.
- Gold produced the best returns over the quarter and has outperformed US equities over the last 20 years.
- Private markets made gains with Private Equity and Real Estate performing best.

Market Data



Key Takeaways

- Inflation is well below 2023 highs but remains sticky.
- Following the conflict in Iran, the outlook for interest rates is more uncertain. The bias is now towards higher rates, especially in the UK with three hikes expected by Q1 27.
- Long-term bond yields have increased, and credit spreads have continued to tighten.
- Equity valuations remain elevated in North America compared to other countries, although they are off recent high levels.

Source: See Appendix,. Past results are not an indicator of future performance.

Public Markets Investment Overview



Fund Name and Benchmark	Valuation 31/03/2026 (£m)	Date of First Investment	Performance (% p.a.)							
			Since First Investment		5 Years		3 Years		1 Year	
			Fund	B'mark	Fund	B'mark	Fund	B'mark	Fund	B'mark
Global Equity Active Multi Manager Fund	827.2	March 2019	11.05	12.20	8.97	10.96	10.30	14.60	5.60	17.97
All World Equity Climate Multi Factor Fund	1,063.7	December 2020	12.34	12.16	12.44	12.27	15.88	15.71	25.91	25.88
Sterling & Global Active Investment Grade Credit Fund	201.9	April 2020	1.23	0.70	0.24	-0.03	6.18	4.86	5.15	4.48
Global Multi-Asset Credit Multi Manager Fund	453.5	April 2021	2.20	3.45	-	-	6.30	4.72	6.43	3.97
Under Pool Management (LGIM Oversight)*	Valuation 31/03/2026 (£m)									
UK Equity Index Fund	172.7	December 2013	7.3	7.2	11.17	11.11	13.36	13.33	21.53	21.54
All World Equity Index Fund	867.9	November 2023	15.7	15.9	-	-	14.36	14.54	17.89	17.91
Low Carbon Transition Global Equity Index Fund	286.1	November 2023	15.5	15.2	-	-	14.47	14.15	17.17	16.87
Cash/Other	0.5	-	-	-	-	-	-	-	-	-
Total Public Markets Under Pool Management	3,873.5									

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Source: See Appendix. Past results are not an indicator of future performance.



LGPS Central Limited

Global Equity Active Multi Manager Fund

March 2026



Market Backdrop And Performance

Summary

- Conditions have been difficult for Active Managers over the last decade which have favoured Passive strategies. The Fund delivered five consecutive years of second quartile performance since inception; but has faced headwinds over the last 12-18 months.
- Passive Investing (index tracking) has seen better returns than Active over the past decade (2016 – 2025), although in the previous 20 years (1996 – 2015), Active Managers outperformed more often.
- Passive Investing has been boosted by the Magnificent 7 phenomenon (annualised return of 39% from 2016 – 2025) and indexation effect which favours larger stocks. This has led to above average benchmark returns of 13.3% in the last decade.

Investing approach	Active Investing: Years of Outperformance	Passive Investing: Years of Outperformance
Years 1996 – 2015 (During this period of 20 years, Passive Investing (index tracking) has seen better returns than Active over the past decade (2016 – 2025), although in the previous 20 years (1996 – 2015), Active Managers outperformed more often. Benchmark returned 6.9% p.a.)	13	7
Years 2016 – 2025 (During this period of 10 years, the Benchmark returned 13.3% p.a.)	1	9

Source: See Appendix. Past results are not an indicator of future performance.

Looking Ahead

- The Fund remains well positioned to benefit from potential broadening of equity returns, with ongoing enhancements expected to strengthen resilience across varying market conditions.

Global Equity Active Multi Manager Fund Performance



Annual Commentary

Performance (%)	Quarter	1 Year	3 Years	5 Years	Since Inception (12 Mar 19)
Fund	-5.05	5.60	10.30	8.97	11.05
Benchmark	-1.16	17.97	14.60	10.96	12.20
Target	-0.79	19.47	16.10	12.46	13.70
Harris	-5.52	6.95	7.86	6.94	9.39
Schroders	-2.54	16.38	14.42	11.48	13.54
Union	-3.47	2.32	10.77	9.66	11.37
Longview	-13.45	-13.46	-	-	-8.18

Source: See Appendix. Past results are not an indicator of future performance.

Portfolio	Q1 2026 Quartile vs Peers	1 year Quartile vs Peers	3-year Quartile vs Peers	5-year Quartile vs Peers
GEAMMF	4	4	3	2

Source: See Appendix. Past results are not an indicator of future performance.

- Sub-fund returned **5.60%**, underperforming the **FTSE All World (17.97%)** by **12.37%**; all four managers lagged (Schroders -1.59%, Harris -11.02%, Union -15.65%, Longview -31.43%).
- Strong equity markets driven by **easing inflation, resilient growth and less restrictive policy**, despite early volatility from US tariff measures.
- **Soft landing expectations** strengthened through most of the period; performance broadened beyond large-cap growth, with **Europe and EM outperforming**.
- **Shift to monetary easing in 2025** (Fed, ECB, BoE cutting rates) supported risk appetite; BoJ moved in the opposite direction, normalising policy.
- **Q1 2026 sell-off** driven by Middle East conflict and oil price spike (> \$100), reigniting inflation concerns and risk-off sentiment.
- **Stock impacts:** Glencore top contributor (+0.35%) on commodities strength; **underweight Nvidia** largest detractor (-0.74%) amid strong AI-driven earnings growth.



LGPS Central Limited

All World Climate Multi Factor Fund

March 2026

All World Equity Climate Multi Factor Fund: Performance



Performance to 31 March 2026

Performance (%)	Quarter	One Year	Three Years	Five Years	Since Inception (24 Oct 19)
Fund	3.01	25.91	15.88	12.44	12.54
Benchmark - FTSE	3.03	25.88	15.71	12.27	12.36
Difference	-0.02	0.03	0.17	0.17	0.18
FTSE All World (net of tax)	-1.26	17.49	14.09	10.46	11.38

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Source: See Appendix. Past results are not an indicator of future performance.

- Over the quarter, the Fund underperformed the benchmark by two basis points but continued to perform in line with its target tracking range.
- Relative to the FTSE All World Index, the Fund's benchmark outperformed by 427 basis points over the quarter. This was driven by the index's lower exposure to Technology (relative to the All World) and overweight to a strong performing Industrials sector.
- The Fund's AUM at the quarter-end was £5.9 billion



LGPS Central Limited

Sterling & Global Investment Grade Credit Multi Manager Fund

March 2026

Sterling and Global Active Investment Grade Credit



Performance (%)	Q1 2026	1 Year	3 Years	5 Years	Since Inception (17 Dec 20)
Fund Return	-1.25	5.15	6.18	0.24	2.57
Benchmark	-1.14	4.48	4.86	-0.03	2.09
Target	-0.94	5.28	5.66	0.77	2.89
Neuberger Berman	-1.30	5.29	5.91	0.46	2.95
Neuberger Berman vs Benchmark	-0.16	0.81	1.05	0.49	0.86
Neuberger Berman vs Target	-0.36	0.01	0.25	-0.31	0.06
Fidelity	-1.19	5.06	6.51	0.05	2.36
Fidelity vs Benchmark	-0.05	0.58	1.65	0.08	0.27
Fidelity vs Target	-0.25	-0.22	0.85	-0.72	-0.53

Source: See Appendix. Past results are not an indicator of future performance.

- Fidelity outperformed the market median over the first quarter, whilst outperforming over the three-year period, however, remain behind the median since inception.
- Neuberger Berman outperformed the market median over the first quarter while remaining the stronger performing manager over the longer term and since inception.



LGPS Central Limited

Global Active Multi-Asset Credit Fund

March 2026

Global Active Multi-Asset Credit



Performance (%)	Q1 2026	1 Year	3 Years	Since Inception (15 Apr 21)
Fund Return	-0.38	6.43	6.30	2.20
Benchmark	0.90	3.97	4.72	3.45
Target	1.89	7.97	8.72	7.45
Western Asset	-0.37	6.22	6.06	3.45
Western Asset vs Benchmark	-1.27	2.25	1.34	0.00
Western Asset vs Target	-2.26	-1.75	-2.66	-4.00
CTI	-0.38	6.70	6.56	2.66
CTI vs Benchmark	-1.28	2.73	1.84	-0.79
CTI vs Target	-2.27	-1.27	-2.16	-4.79

Source: See Appendix. Past results are not an indicator of future performance.

- Both managers have outperformed their market median over the longer term.
- Over the quarter, WAM has outperformed their market median whilst CTI was flat.

Asset Class Design Project Update

Leicestershire Local Pension Committee

3 July 2026

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Deciding Asset Class Solutions – Process So Far

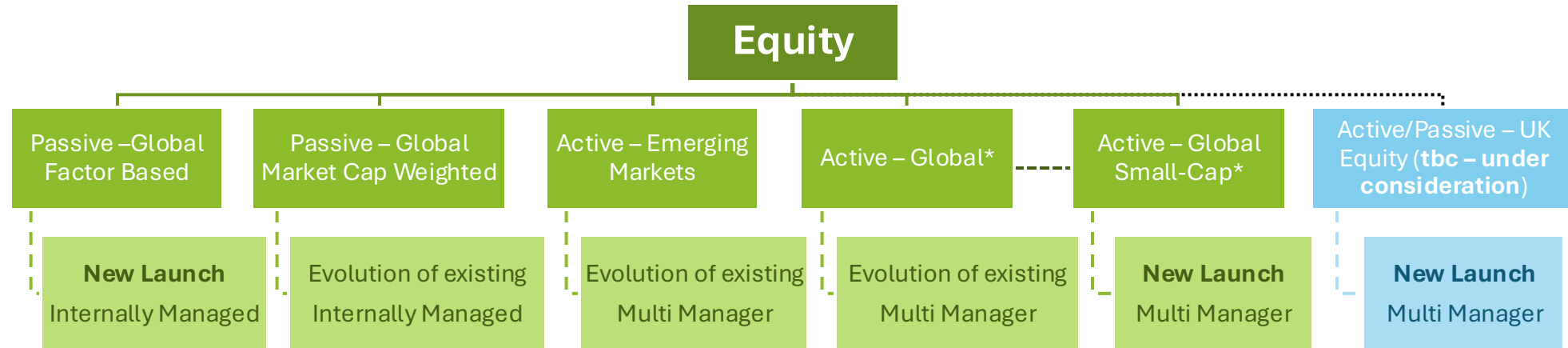


1. LCCPF and other clients shared their investment beliefs, preferences and how their current SAA maps to the government asset class categories and underlying components – *Complete October 2025*
2. LGPSC shared with clients, for feedback: asset class design principles, high-level asset class characteristics, analysis of all client investment beliefs, preferences & mapping – *Complete December 2025*
3. LGPSC researched “best idea” asset class components and combinations, including input from Mercer and clients – *Complete February 2026*
4. LGPSC proposed asset class components and “house view” combination, including rationale, to clients for client feedback – *Complete March 2026*
5. LGPSC reviewed feedback and rationale and decided asset class components – *Complete May 2026*

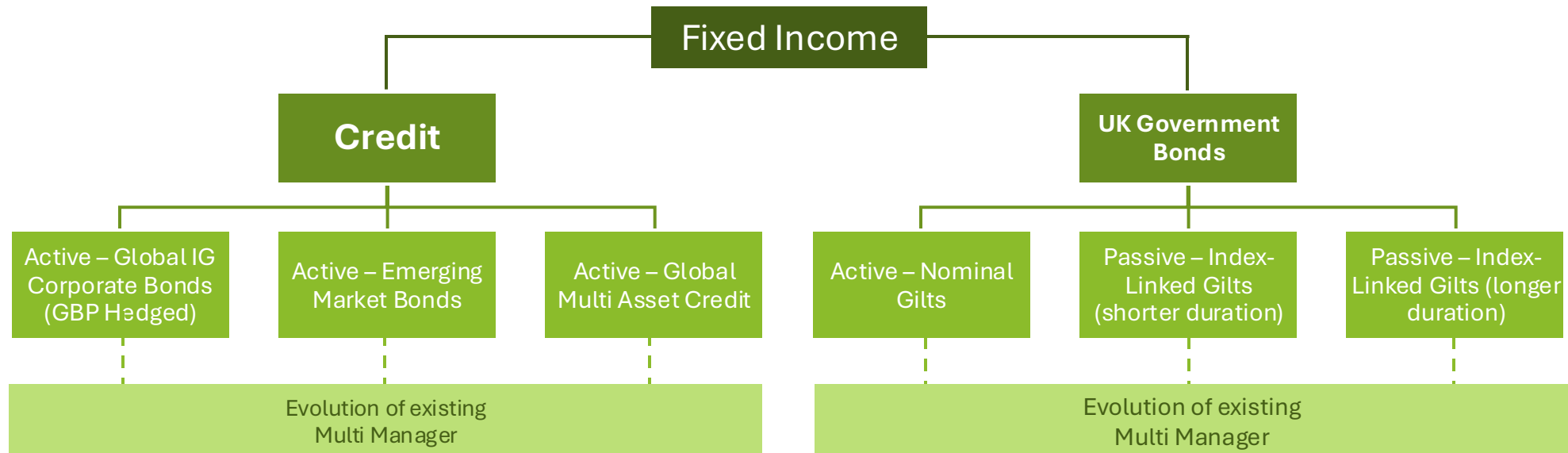
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Note: LGPSC, in collaboration with clients, continue to work on our investment solutions for: responsible investment targeted approach, other alternatives, investment cash, short-dated credit, property, including natural capital, local and risk solutions, including LDI, equity protection and currency hedging.

Public Market Components and Variations



*LGPS are considering consolidating active global and active small cap – outcome tbc



Next steps



- There will be **no big bang** – LGPSC will not transition out of legacy funds into LGPSC solutions until we have suitable solutions in place and consultation has taken place.
- The Investment team will proceed with the steps required for **implementation** (e.g. evolving existing funds, design, approval & launch of any new vehicles needed and refinement of house view).
- The Advisory team will begin the process of **communicating with clients**. LGPSC to progress research & client discussion to enable decisions on any **investment solutions still under consideration**, including “**RI targeted approach**”.
- In due course LGPSC will organise **efficient transition** of assets to asset class solutions when appropriate.
- **Ongoing review** of asset class solutions.
- **Client & Advisory team** focus on Fund strategic perspective of asset class solutions alongside **Investment teams** focuses on underlying implementation including managers and implementation of asset class solutions.

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LGPS Central Limited

Investment Decision Update

Leicestershire Local Pension Committee

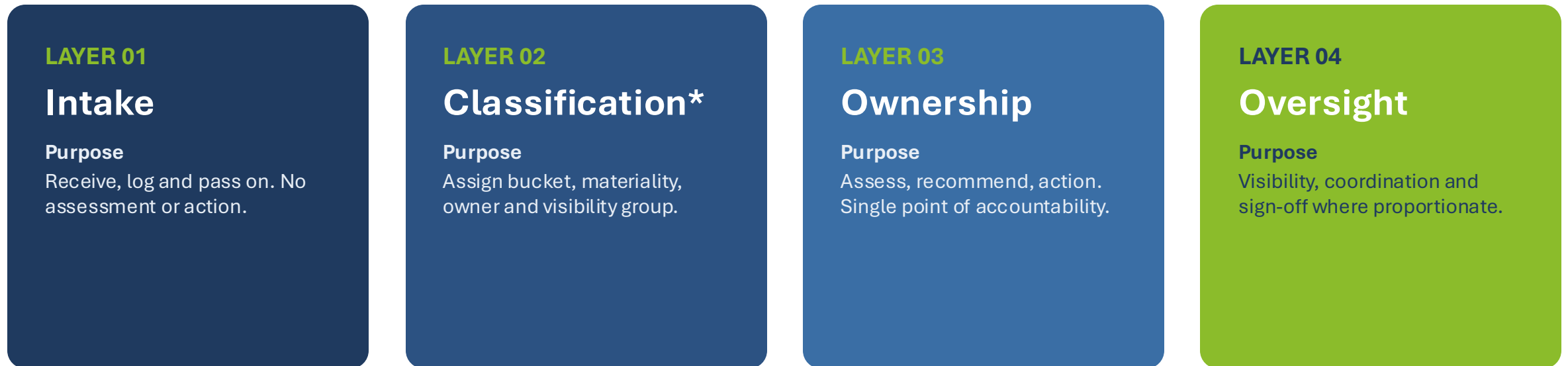
3 July 2026

For Professional Investors Only



LGPSC Four-Layer Operating Model

- Clients to direct to LGPSC in the first instance via their Client Director.
- LGPSC will then apply the four-layer operating model set out below.
- Confirmation will be sent back to Clients, either via the Client Director or directly from the relevant investment team (copying in Client Directors for confirmation)
- All decisions captured and logged
- LGPSC developing Client Dashboards which will include a summary of all decisions in progress.



Ownership is permanent for the duration of a request and in line with LGPSC delegations and internal process.
Oversight is selective, proportionate and decoupled from ownership.

**As per Classification Framework - see Appendix*



LCCPF gilts investment decision

- The Fund has previously agreed a strategy which includes a 2% move from MAC to Gilts. In practice, this will be funded from cash. LGPSC is not commenting on the original advice and decision.
- To implement this, we used **L&G All Stocks Gilts Index Fund** because:
 - It was the quickest route to implement
 - L&G are “green” rated passive manager
 - The All-Stocks index provides broad exposure to the market, including all gilts in issuance and is highly liquid. Yields are reasonably attractive without taking significant duration risk, i.e. the risk yields could increase further, and values fall is higher with longer duration benchmarks.
 - We are reviewing the LGPSC conventional gilts solution. It is highly likely to use the All-Stocks Gilt Index as a benchmark, although the solution may be internally actively managed. The solution is still in the early design phase and we expect very low to no t-costs to move across.
- Transition costs are expected to be close to zero and we can review once LGPSC solutions are developed.
- To take advantage of current yield, while reducing the impact of potential market volatility, implementation was done in 3 tranches (£45m, £45m and £50m – c.2% of total Fund) over June and early July.

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LGPS Central Limited

Appendices

July 2026

Sources



- **Market Performance, slide no. 4**
 - Bloomberg: Global: FTSE All-World TR Index, UK: FTSE All-Share Index, US: Standard & Poors 500 TR GBP, EM: FTSE All-World Emerging. Fixed Income: US IG: iShares USD Liquid Investment Grade (GBP Hedged) TR, US Non-IG: iShares USD Liquid High Yield (GBP Hedged) TR, UK IG: ICE BofA Sterling Broad Market Index, European High Yield: ICE BofA Euro High Yield Index EUR, Emerging Markets: J.P. Morgan EMBI Global Diversified Hedged GBP, UK Gilts: FTSE Actuaries UK Conventional Gilts All Stocks TR Index, UK ILG: ICE BofA All Maturity UK Gilt Inflation-Linked Government Index. Cash: Market iBoxx GBP Liquid Investment Grade Ultrashort Index. Gold: GBP Spot, Cat Bonds: Swiss Re Cat Bond TR Index.
 - Preqin: All Preqin Private Capital Indices
- **Market Data, slide no. 5**
 - Bloomberg
- **Public Markets Investment Overview, slide no. 6**
 - LGPS Central, L&G and Hymans Robertson as at 31 March 2026.
- **Market Backdrop & Performance, slide no. 8**
 - eVestment, Bloomberg, comparing median active manager in broad Global Equity Universe against FTSE All World total return in GBP.
 - Northern Trust, eVestment against All Global Equity Universe, as at 31 March 2026 in GBP.
- **Global Equity Active Multi Manager, slide no. 9**
 - Northern Trust, as at 10 June 2026, unaudited data in GBP. Inception Date: 12/3/19.
 - Northern Trust/eVestment (against eVestment All Global Equity universe), data as at 31 March 2026; using % Returns in GBP net of total fees; returns annualised except for the first quarter.
 - Northern Trust, 31 March 2026, yearly data from 31/03/2025 to 31/03/2026. LGPS Central Global Equity Active Multi Manager Fund against the FTSE All World Total Return Benchmark.
- **All World Equity Climate Multi Factor Fund, slide no. 11**
 - Northern Trust as at 31 March 2026. Returns in GBP, net of all fees. Periods in excess of one year show annualised performance.
- **Sterling and Global Active Investment Grade Credit, slide no. 13**
 - Northern Trust as at 31 March 2026. Returns in GBP, net of all fees. * Inception Date: 17/12/20.
- **Global Active Multi-Asset Credit, slide no. 15**
 - Northern Trust as at 31 March 2026. Returns in GBP, net of all fees. Periods in excess of one year show annualised performance.

Classification Framework



Bucket	Defining Test	Example Requests	LGPSC Sign-off Required
Portfolio Decisions	Does this require fresh investment judgement about exposure, allocation or risk?	Buy / sell changes due to SAA changes, rebalancing beyond tolerance, transitions with material exposure change, new commitments	Yes – LGPSC to sign-off implementation of changes, i.e. buy/sell of asset/fund, following analysis undertaken by Partner Funds
Governance Decisions	Are we exercising a formal right, consent or election on an existing investment?	Most Favoured Nation (MFN) elections, fund extensions, continuation vote requests, General Partner (GP)-led secondaries, side letter elections, Limited Partnership Advisory Committee (LPAC) matters, amendment consents	Yes – LGPSC to sign-off changes / updates forwarded on by Partner Funds or received directly from managers in due course
Operational Decisions	Is this execution of a pre-committed action, with no fresh investment judgement required?	Capital call processing, distributions, settlements, Net Asset Value (NAV) updates, routine operational notices, valuation receipts, document collection, tax forms (e.g. W8-BEN)	Blanket approvals in place for any decisions from cash accounts (or any others agreed on Partner Fund specific basis) If requirement to meet operational decision from asset portfolio, decision classed as a Portfolio decision and LGPSC sign-off required.
Exceptions & Escalations	Has the activity departed from policy, mandate, control or expected behaviour?	Mandate breaches, limit breaches, settlement failures, operational errors, late notices, regulatory escalations, counterparty events	LGPSC to be notified; any actions required to be considered on case-by-case basis.

LGPSC Governance

Oversight of all assets is governed by the process set in place for the Investments team under approval of the Investment Committee (“IC”)

The terms of reference for the IC confirm delegations in place to relevant Heads of / Investment Directors regarding certain investment decisions.

Delegations are currently being considered and reviewed in order to streamline decision-making whilst ensuring a robust process is in place.

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Thank you **for listening**

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All information is prepared as of **25 June 2026**.

This document is intended for PROFESSIONAL CLIENTS only.

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LOCAL PENSION COMMITTEE – 3 JULY 2026
REPORT OF THE DIRECTOR OF CORPORATE RESOURCES
RESPONSIBLE INVESTMENT UPDATE

Purpose of the Report

1. The purpose of this report is to provide the Local Pension Committee (LPC) with an update on:
 - a. Progress against the Responsible Investment (RI) Plan 2026 (Appendix A)
 - b. The Fund's quarterly voting report (Appendix B) and stewardship activities.

2. A presentation will also be provided by LGPS Central on LGPS Central's approach to stewardship.

Policy Framework and Previous Decisions

3. Responsible investment factors have long been a consideration for the Leicestershire County Council Pension Fund, having satisfied itself that potential investment managers take account of RI as part of their decision-making processes before they are considered for appointment.

4. The Fund undertook an engagement with scheme members at the end of 2025, and agreed **the following** key issues and engagement themes where these were financially material which are set out in the Fund's Investment Strategy Statement:
 - Good Corporate Governance
 - Human and Rights
 - Natural Capital and Climate Risk

Background

5. The term 'responsible investment' refers to the integration of financially material Environmental, Social and Governance ("ESG") factors into investment processes. It has relevance both before and after the investment decision and is a core part of the Fund's fiduciary duty. It is distinct from

'ethical investment', which is an approach in which the moral persuasions of an organisation take primacy over its investment.

6. Engaging companies on ESG issues can create value for those businesses and the Fund as an investor by encouraging better risk management and more sustainable practices, which therefore should generate sustainable investment returns.
7. Failure to consider these aspects, or exercise effective stewardship of the Fund's assets risks inferior investment performance which would negatively impact contributing employers.
8. The Committee also received a report as part of the 30 January 2026 Strategic Asset Allocation review included recommendations from Hymans Roberston on the Fund's approach to engagement and divestment this included setting clear escalation expectations with Central, strengthening RI themes beyond climate risk, and maintain a practical engagement first approach.

Responsible Investment (RI) Plan 2026 Progress

9. The Local Pension Committee approved the RI Plan in March 2026. The Plan was developed following discussion with LGPS Central's in-house RI team. The Fund has a continual focus on raising RI standards. Progress made to date on the 2026 is set out in Appendix A.
10. Key items like the Net Zero Climate Strategy review have been delayed while awaiting final guidance from Government on funds approach to responsible investment, alongside LGPS Central's development of their investment approach and advice.

LGPS Central Stewardship Strategy

11. LGPS Central have a Stewardship Strategy agreed in 2024 with the following themes:
 - a. Climate Change
 - b. Natural Capital
 - c. Human Rights
 - d. Sensitive/Topical Issues.

12. LGPS Central will be in attendance to set out their approach to Stewardship and the links to materiality factors (Appendix C). This includes examples of outcomes of previous engagements and next steps and provide an opportunity for Committee to feedback their views on stewardship activities and Central's approach to escalation
13. Officers have communicated the outcome of the Fund's recent engagement with scheme members and are feeding in as part of pool engagement alongside other partner funds.

Voting and Engagement

14. Appendix B sets out the Fund's voting report from January to March 2026.
15. This incorporates circa 43.3% of the Fund's assets (LGIM passive funds, Central Climate balanced fund, global emerging markets fund and the global active equity fund). A brief breakdown is set out below.
16. LGPS Central voted on behalf of the Fund at 918 meetings (9992 resolutions)
 - At 502 meetings the Central opposed one or more resolutions.
 - Central supported management on all resolutions at the remaining 415 meetings.
 - The majority of votes where the Fund voted against management were related to board structure (42%). These votes include issues such as over boarding (when a director may sit on too many boards for example), diversity, and inadequate management of climate risk.
17. Some highlights from engagement activity from partners are set out below.

[LGPS Central – Annual Stewardship Report 2025](#)

18. LGPS Central do not prepare a quarterly report for Q1. Instead it produces an Annual Stewardship Report consolidating the previous year's activity in detail which is linked above.
19. As set out earlier in this report Central will be in attendance to set out their approach to stewardship, including some engagement examples.

Legal and General Investment Management – January to March 2026

20. Legal and General Investment Management (LGIM) manage the majority of the Fund's passive equity which accounts for 17.9% of the Fund. LGIM's latest engagement report highlights some key activity in the Investment Stewardship team.
21. The latest report highlights the importance of holding investee companies to account to ensure companies have people that are well-equipped to create resilient long-term growth and encourage management to control risks while seeking to benefit from emerging opportunities.

Company	Theme	Action	Outcome
Shell	Climate	Request greater transparency regarding their natural gas business.	From the positive constructive engagement Shell produced disclosures aligned with LGIM's request. This provided LGIM with assurance on Shell's consideration of transitional scenarios.

Local Authority Pension Fund Forum – January to March 2026

22. The Fund is a member of the Local Authority Pension Fund Forum (LAPFF), which acts to promote the highest standards of corporate governance to protect the long-term value of local authority pension fund assets. The latest report features an update on climate change adaptation, with a focus on food and agricultural supply chains, aviation, water utilities, zero-hour contracts and the employment rights act, conflict affected and high-risk areas and electric vehicles.

Topic	Action
Conflict affected And High-risk Areas (CAHRA)	LAPFF expects companies with exposure to CAHRAs to demonstrate and explain how they identify, prevent, mitigate and accounts for these risks, including where heightened human rights due diligence is applied, in line best practice principals set out by international standards such as the United Nations Guiding Principles on Business and Human Rights (hHRDD), amongst others.

	<p>LAPFF wrote to 31 companies considered to have operations, or business activities linked to the Occupied Palestinian Territories. The letter contains a 12-question survey, requesting information on companies' policies, policy and governance, identification of risks, action and hHRDD, and transparency</p> <p>LAPFF is currently reviewing responses to the questionnaire, which will be presented to members in due course. Escalation will be considered based on responses and non-responses, through either voting alerts or at company AGMs.</p>
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Other Updates

23. The Scheme Advisory Board received a letter from Local Government Minister Alison McGovern MP setting out the government's view on making investment decisions based on boycott, divestment and sanctions reasons, in response to a letter from the Scheme Advisory Board on 13 October 2025 in response to the Palestine Solidarity Campaign letter and position paper received by funds.

24. The Minister's letter sets out that 'The Government's position is clear: decisions on boycotts, divestment and sanctions are matters of UK foreign policy and are for central government, not local authorities. It is therefore not appropriate for local authorities to adopt investment policies that go beyond or differ from UK Government sanctions or foreign policy positions.

Background papers

30 January 2026 Overview of the current Asset Strategy and Proposed 2026 Asset Strategy Local Pension Committee

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=740&MId=8372>

18 November 2022 Outcome of engagement on net zero climate strategy targets and draft strategy and responsible investing update and Fiduciary duty advice

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=740&MId=6761&Ver=4>

Equality Implications

There are no direct implications arising from the recommendations in this report. The Fund and LGPS Central incorporates financially material Environmental, Social and Governance (“ESG”) factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund’s fiduciary duty.

Human Rights Implications

There are no direct implications arising from the recommendations in this report. The Fund and LGPS Central incorporates financially material Environmental, Social and Governance (“ESG”) factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund’s fiduciary duty.

Appendices

Appendix A – RI Plan

Appendix B – LCC Pension Fund Voting Report

Appendix C – LGPS Central Stewardship Presentation

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RESPONSIBLE INVESTMENT PLAN 2026

Qtr.	Date	Title	Description	Complete
Q4	30 January 2026	RI Plan	Communication and publication of the Fund's 2026 RI Plan	
		Engagement and Divestment	Report from Hymans on the Fund's existing approach	
		Strategic Asset Allocation	Consideration of the Fund's Net Zero Climate Strategy progress within the asset allocation.	
	4 February 2026	Local Pension Board Report	Update to the Local Pension Board on progress against the Fund's net zero targets and any RI matters.	
	Date	LPC Workshop	Outcome of RI Survey	
	20 March 2026	RI Report	Quarterly reports to the Local Pension Committee on voting, engagement, and stewardship activities of LGPS Central, LGIM and the Local Authority Pension Fund Forum, and developments on responsible investment matters with themes of interest to the Committee. Update on outcome of RI Survey and Net Zero Climate Strategy proposals.	
	Summer	Newsletter	Outcome of RI Survey update to scheme members, steps being taken as set out in report to 20 March LPC.	Will align with NZCS.
		LGPS Central RI and External Managers	Consideration of how the Fund works with LGPS Central to oversee legacy external managers and how that can be reported to LPC.	In development
	July 2026	Manager Presentation	As part of Manager report to Committee and provide an overview of the approach to ESG. LGPS Central to provide a specific stewardship presentation, reflecting considerations from the RI survey outcome.	
		NZCS Review	Draft Strategy for LPC consideration following RI survey outcomes, focus on climate risk management.	Delayed to take into account

Appendix A

				draft guidance.
		RI Report	Quarterly reports to the Local Pension Committee on voting, engagement, and stewardship activities of LGPS Central, LGIM and the Local Authority Pension Fund Forum, and developments on responsible investment matters with themes of interest to the Committee.	
Q2	September 2026	Manager Presentation	As part of Manager report to Committee and provide an overview of the approach to ESG.	
		RI Report	Quarterly reports to the Local Pension Committee on voting, engagement, and stewardship activities of LGPS Central, LGIM and the Local Authority Pension Fund Forum, and developments on responsible investment matters with themes of interest to the Committee. To include deeper dive on outcomes and key votes from the AGM season and consider any outcomes from the RI survey and areas for focus.	
Q3	29 November 2026			
		Climate Risk Report	The Fund will engage with LGPS Central and partner funds on future reporting and increase monitoring for legacy mandates. The Fund will ensure it is reviewed in light of reporting on NZCS and seek to expand data coverage, and the possibility of expanding targets to corporate bonds and other available asset classes.	
		Policy Review	Regular Fund policy review as needed to incorporate fit for the future requirements.	
		Manager Presentation.	Manager TBC. As part of Manager report to Committee overview of approach to ESG.	
		RI Report	Quarterly reports to the Local Pension Committee on voting, engagement, and stewardship activities of LGPS Central, LGIM and the Local Authority Pension Fund Forum, and developments on responsible investment matters with themes of interest to the Committee.	
	TBC	Pension Fund AGM	Presentation as part of Pension Fund Annual General Meeting progress on NZCS and RI matters of interest from Ri Survey Outcome.	

Appendix A

Q4	January 2026	Strategic Asset Allocation Committee	Consider recommendations from Climate Risk Report	
	January 2027	RI Plan	Or consider as part of ongoing business plan 2027/28.	

Ongoing Activities throughout the year or without date

Date (where applicable)	Area	Commentary
TBC 2026	LGPS Central are expecting to host an Annual RI Day/and or/ Stakeholder Day with topics of interest to members, this date will be circulated to Committee once confirmed	Date to be circulated.
2026	Responsible Investment considerations from fit for the future and integration with LGPS Central and other partner funds to support alignment. Officers will feedback specific findings and priorities from RI Survey Outcome as part of LGPS Central’s stewardship review.	Awaiting final guidance.
Investment Subcommittee throughout the year	Implementation and further inclusion of actions positively correlated with broader Net Zero Climate Strategy through LGPS Central to support the Fund’s approach to responsible investment and managing climate risk.	
Quarterly	RI Working Group with LGPS Central and Partner Funds. Including Working with LGPS Central to continue to develop climate reporting more broadly and on their work to engage companies highlighted in the Climate Stewardship Plan, and that LGPS Central are following their escalation framework.	Governance structure under review.
Mid-Year 2026	Following review of the Stewardship Code 2020, review whether the Fund should apply, subject to value being evidenced, and requirements on the Fund. To consider if the Fund is sufficiently covered through LGPS Central reporting.	
Ad hoc		

Appendix A

Continue review of best practice with regards to the Fund’s asset classes and climate reporting, and international industry standards.



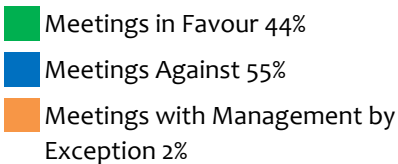
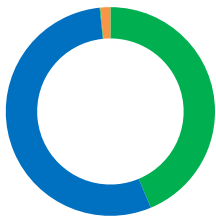
Leicestershire County Council Pension Fund

Voting Report, Q1 2026 (Jan-Mar 2026)

Over the last quarter we voted at **918** meetings (**9,992** resolutions). At **502** meetings we opposed one or more resolutions. We abstained at **one** meeting. We voted with management by exception at **14** meetings. We supported management on all resolutions at the remaining **415** meetings.

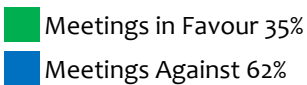
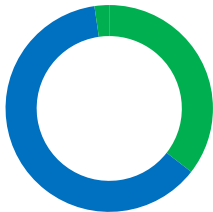
Global

We voted at 918 meetings (9992 resolutions) over the last quarter.



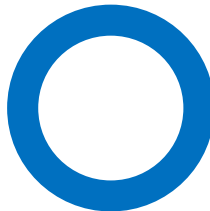
Developed Asia

We voted at 262 meetings (2803 resolutions) over the last quarter.



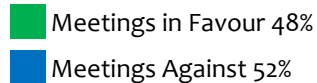
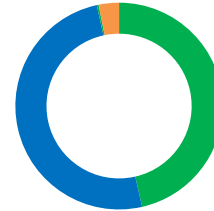
Australia and New Zealand

We voted at 3 meetings (18 resolutions) over the last quarter.



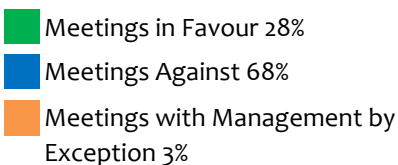
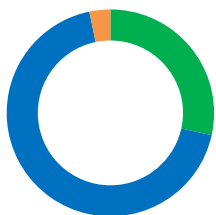
Emerging and Frontier Markets

We voted at 341 meetings (2744 resolutions) over the last quarter.



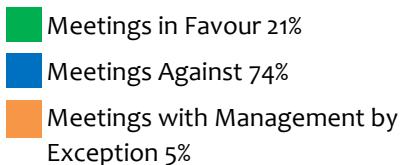
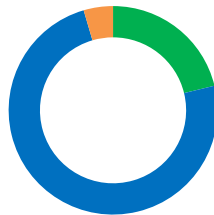
Europe Ex-UK

We voted at 123 meetings (2476 resolutions) over the last quarter.



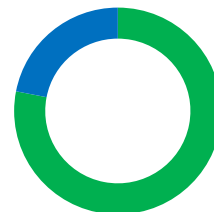
North America

We voted at 66 meetings (743 resolutions) over the last quarter.



United Kingdom

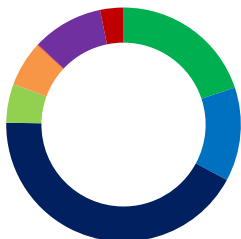
We voted at 123 meetings (1208 resolutions) over the last quarter.



The Issues on which we voted against management or abstaining on resolutions are shown below.

Global

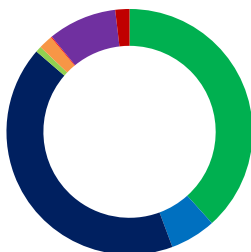
We voted against or abstained on 5923 resolutions over the last quarter.



- Amend Articles 20%
- Audit + Accounts 13%
- Board Structure 42%
- Capital Structure + Dividends 5%
- Other 6%
- Remuneration 10%
- Shareholder Resolution 3%

Developed Asia

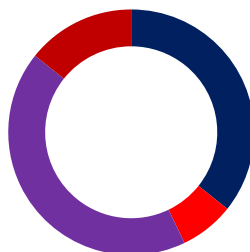
We voted against or abstained on 1662 resolutions over the last quarter.



- Amend Articles 38%
- Audit + Accounts 6%
- Board Structure 42%
- Capital Structure + Dividends 1%
- Other 2%
- Remuneration 9%

Australia and New Zealand

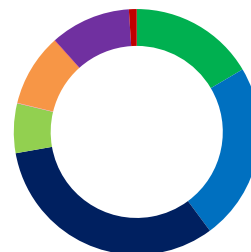
We voted against or abstained on 14 resolutions over the last quarter.



- Board Structure 36%
- Poison pill/ Anti-Takeover Device 7%
- Remuneration 43%
- Shareholder Resolution 14%

Emerging and Frontier Markets

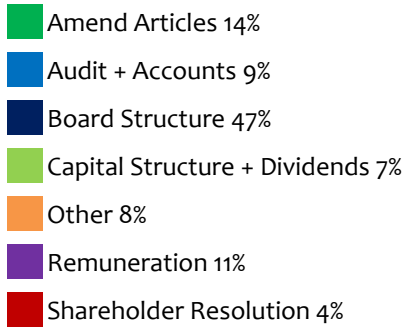
We voted against or abstained on 1854 resolutions over the last quarter.



- Amend Articles 17%
- Audit + Accounts 23%
- Board Structure 32%
- Capital Structure + Dividends 7%
- Other 10%
- Remuneration 11%

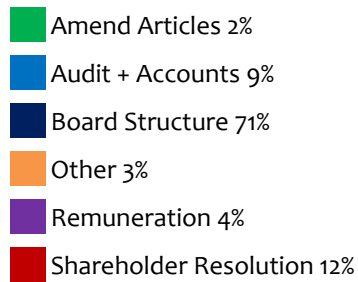
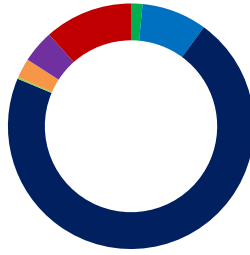
Europe Ex-UK

We voted against or abstained on 1643 resolutions over the last quarter.



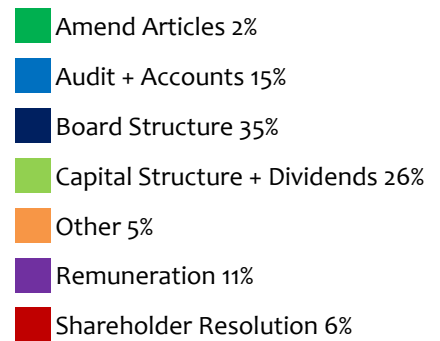
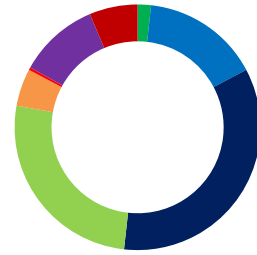
North America

We voted against or abstained on 466 resolutions over the last quarter.



United Kingdom

We voted against or abstained on 284 resolutions over the last quarter.



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LGPS Central Limited

Stewardship Update

Leicestershire Local Pension Committee

3 July 2026

For Professional Investors Only

Stewardship: What & Why



What

- Stewardship Definition:

“Responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries”.

- In practice, it means acting as active owners, voting and engaging companies/managers, to protect and enhance investment value over time.

Stewardship targets financially material issues. By engaging companies on such issues (e.g. risk oversight, strategy, governance), investors aim to mitigate risks and unlock value, aligning stewardship with the fiduciary goal of maximising long-term returns for beneficiaries.

Why

- Financial Materiality:

- An issue is financially material if it could alter a company’s valuation or a reasonable investor’s decision.
- This could involve governance quality, workforce practices, supply chain management.

Stewardship Approach



Direct Approach

Stewardship Overlay Services

Themes

Process



Climate



Natural Capital



Human Rights



Sensitive / Topical Issues

Key Performance Indicators (KPIs)

KPIs allocated to each engagement

Measures of Success

Tracking engagement outcomes using the Measures of Success framework

LGPSV Voting Guidelines

Encompassing robust procedures on corporate governance, climate, human rights, natural capital, and human capital.

Outcome-based reporting

Biannual reporting on engagement outcomes, KPI performance and next steps



Next Step: Stewardship Approach



Additional areas for potential enhancements:

- Integration of managers' engagement activity into reporting
- Re-organisation of stewardship priorities and inclusion of market confidence engagement programme (including AI)
- Further dialogue on escalation
- Advocacy Approach

Timeline

1:1 consultation with PFs	April – May 2026
Internal Research	May – June 2026
1 st Draft of Stewardship Strategy	June – July 2026
Internal Governance	August 2026
Share Final Draft of Stewardship Strategy with PFs	September – December 2026
Stewardship Strategy Launch	1 st January 2027

Stewardship Tools - Voting



Investors with voting rights should seek to vote shares held and make informed and independent voting decisions, applying due care, diligence, and judgment across their entire portfolio in the interests of beneficiaries or clients. (Principle 5, Investor Corporate Governance Network, Global Stewardship Principles)



Voted at **4,202** MEETINGS and on **49,670** RESOLUTIONS

Supported **40.9%** (498) SHAREHOLDER PROPOSALS

Number of resolutions voted

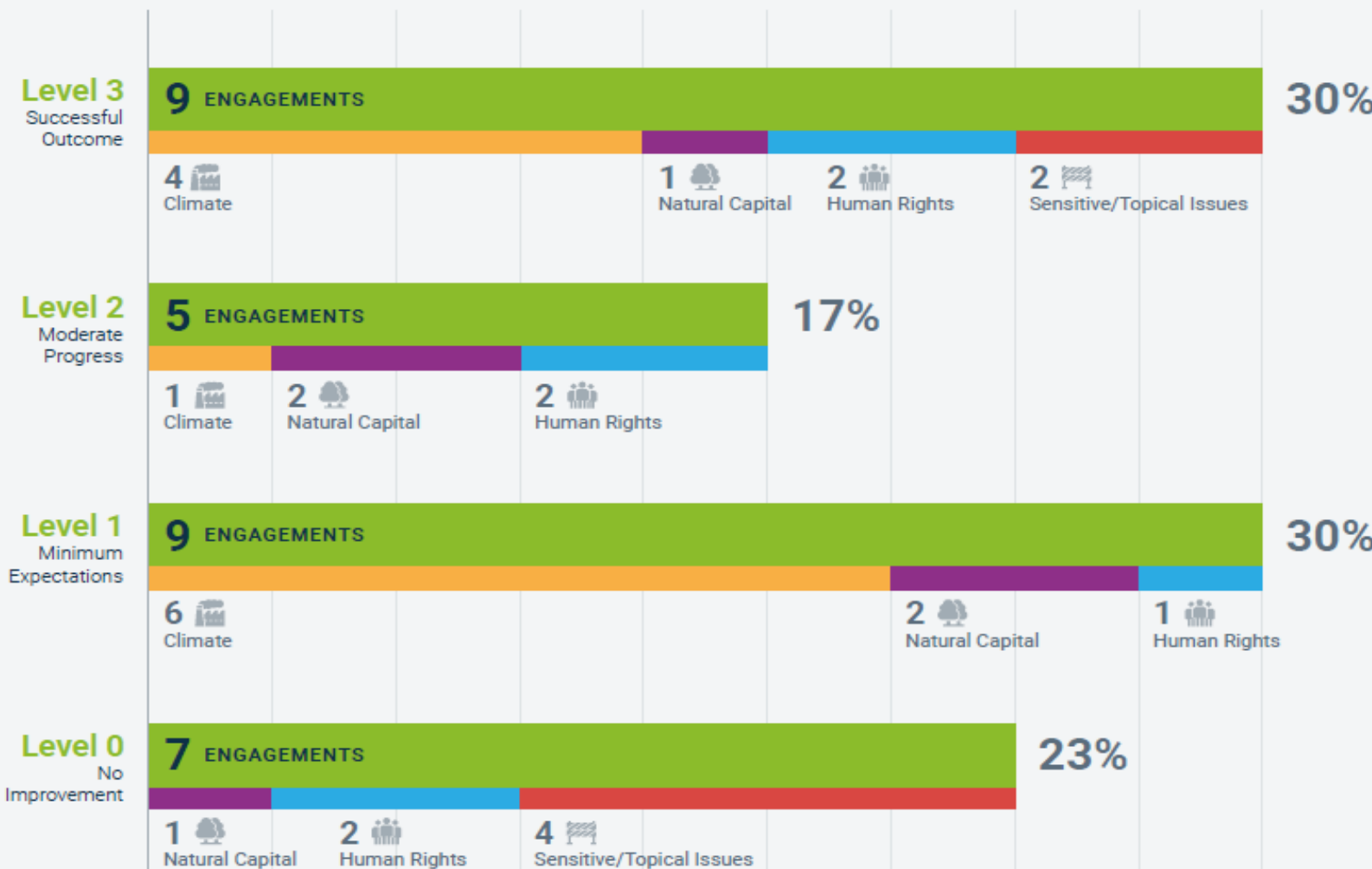
FOR	41,913	84.4%
AGAINST/WITHHELD	6,734	13.6%
ABSTAIN	791	1.6%
OTHER	232	0.5%

Number of resolutions voted on by theme

AMEND ARTICLES	4,317	8.7%
AUDIT + ACCOUNTS	6,783	13.7%
BOARD STRUCTURE	25,510	51.4%
CAPITAL STRUCTURE + DIVIDENDS	4,397	8.9%
INVESTMENT/M&A	11	0.0%
OTHER	1,373	2.8%
POISON PILL/ ANTI-TAKEOVER DEVICE	44	0.1%
REMUNERATION	6,021	12.1%
SHAREHOLDER RESOLUTION ENVIRONMENT	155	0.3%
SHAREHOLDER RESOLUTION GOVERNANCE	872	1.8%
SHAREHOLDER RESOLUTION SOCIAL & ETHICAL	187	0.4%
TOTAL	49,670	100%

Statistics are taken from LGPS Central's 2025 Stewardship Code report

2025 Engagement Outcomes



Statistics are taken from LGPS Central's 2025 Stewardship Code report
 A successful outcome is achieved when an engagement objective has been met, i.e. Level 3 – Effectiveness Matrix.

77%

of priority engagements led to some progress during the reporting period, including 9 successful outcomes



100%

of stewardship priority companies engaged

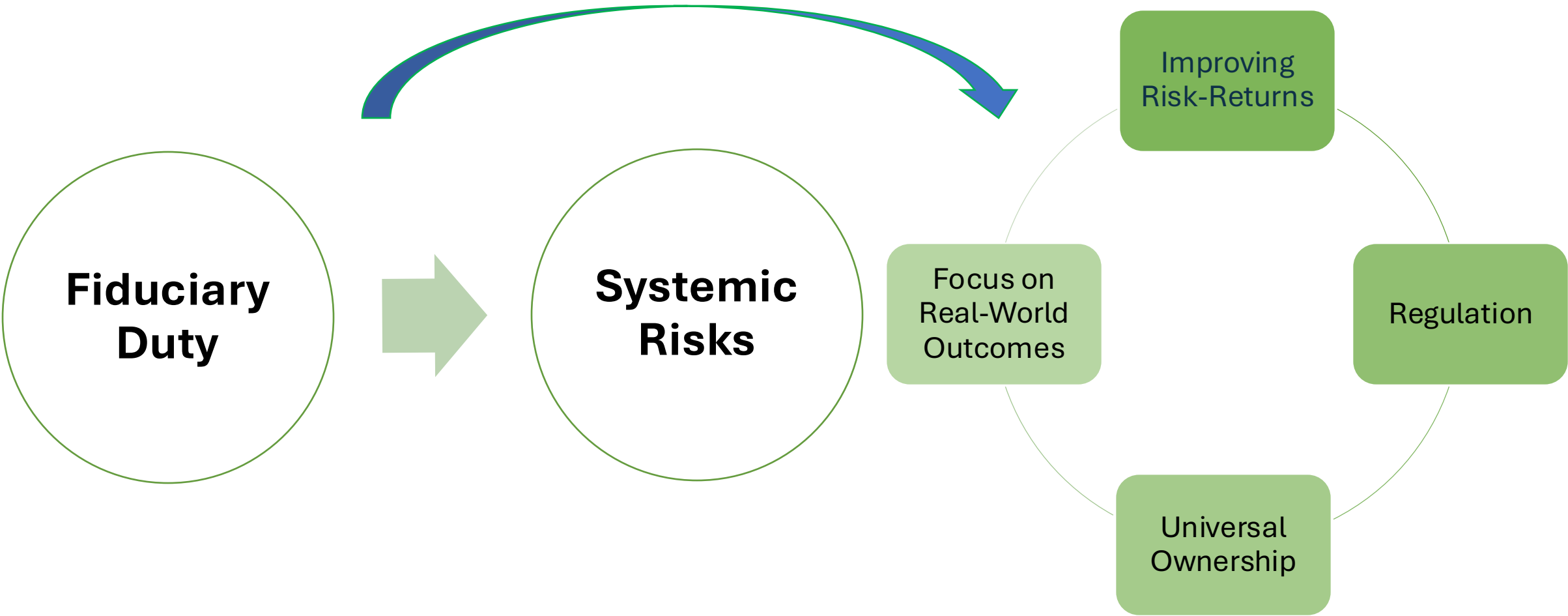
100%

allocation KPIs to stewardship priority companies

9

companies have been removed due to engagement objective being achieved or due to portfolio turnover

Why investors steward their assets?

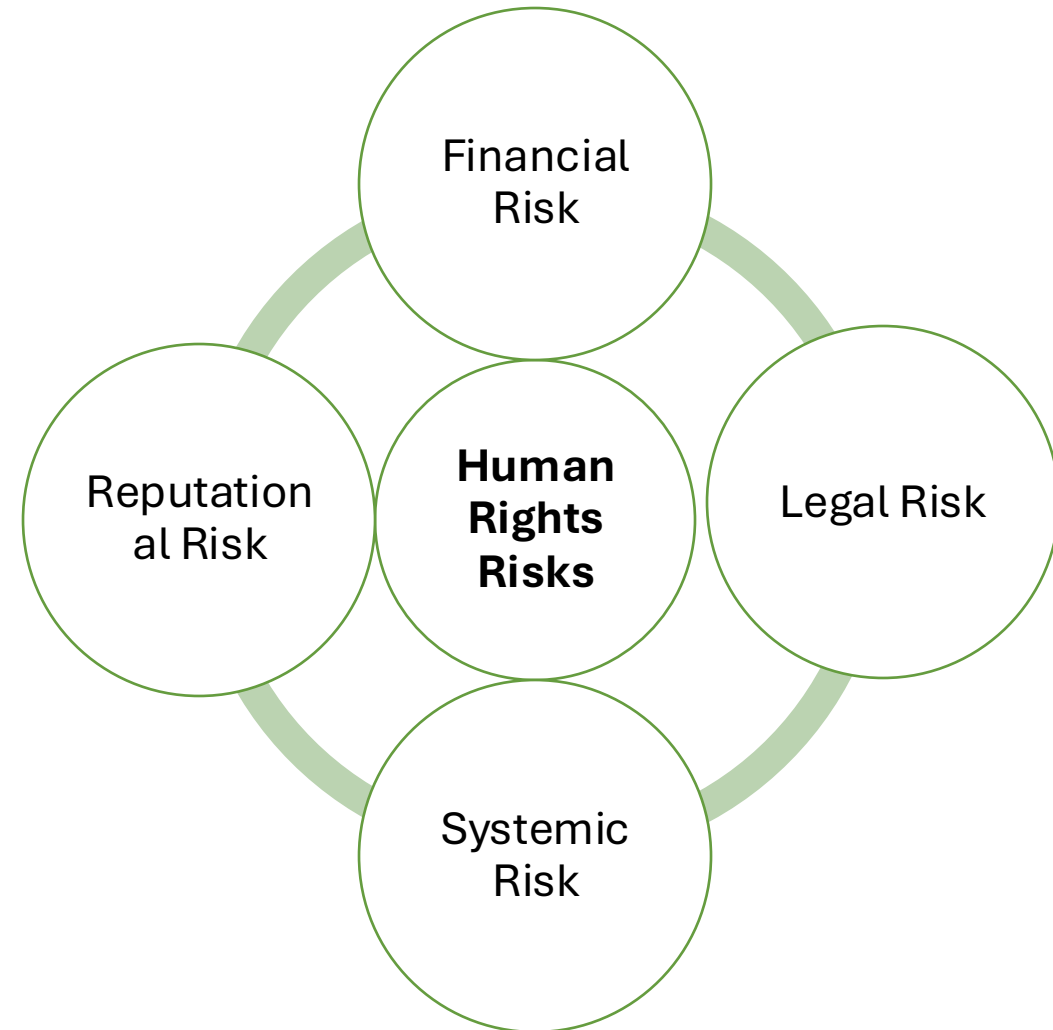


The materiality of human rights



Human rights abuses by companies or in their supply chains can impact financial performance due to:

- Legal action and fines.
- Reputational damage to the brand.
- Supply chain disruption.
- Non-compliance with regulation (e.g. UK Modern Slavery Act).



The materiality of corporate governance



- Governance relates directly to how a company is run.
- Poor governance often leads to low investor confidence.
- Good governance can protect long-term shareholder value.



75

Stewardship: In Practice



Objective: Assess whether the UNGPs are fully integrated into the business strategy

Engagement: OCP operates in areas with contested boundaries and issues raised by the UN Special Rapporteur. While the company cites the International Bill of Human Rights, the UNGPs, and discloses grievance and due diligence processes, LGPSC sought assurance that these commitments are applied across the supply chain and embedded for the long term. This was necessary given OCP's corporate structure, regulatory context, and its business relationship in the European Union.

Outcome: After several attempts, in October 2024, LGPSC, along with another investor, met with the OCP Group's Investor Relations and OCP's Head of Sustainability. The Company confirmed that its human rights policy and approaches are fully integrated within OCP Group's business strategy, including regular supplier due diligence and ambitions to strengthen grievance reporting. The Company also requested that we remain in regular contact to further discuss the challenges for emerging market companies in integrating human rights' best practices.

Financial Materiality: Failure to align with the regulatory context in their buyer market is deemed financially material because it threatens revenue continuity, customer retention, and long-term market access.



Objective: To ensure that the executive pay package incentivises long-term value creation.

Engagement: We opposed the say-on-pay resolution. Annual bonus targets were lowered year-on-year while payout opportunities were maintained, resulting in above-target awards. The LTI relied heavily on one-year performance periods and duplicated STI metrics, and most non-CEO NEO equity was time-vesting. Hence, the management was not incentivised by stretching targets and enhanced returns to shareholders. Executives also received a one-time award, part of which could be earned on one-year performance.

Outcome: Say-on-pay received only 35.6% support (vs. 88.8% in 2024). In January 2026 we met the Corporate Secretary and Investor Relations to outline our concerns. The 2026 proxy demonstrated strong shareholder responsiveness: outreach to holders of 56% of outstanding shares, discussions with holders of 47%, and disclosure of investor feedback. The compensation committee made meaningful improvements, including extending PRSU performance periods to 3 years, removing metric duplication, and increasing PRSU awards to 50% of the NEO award value.

Financial Materiality: Excessive pay is financially material because it raises costs, weakens incentives, and increases governance risk, thereby potentially diluting long-term shareholder returns.



LGPS Central Limited

Appendices

July 2026

Effectiveness Matrix

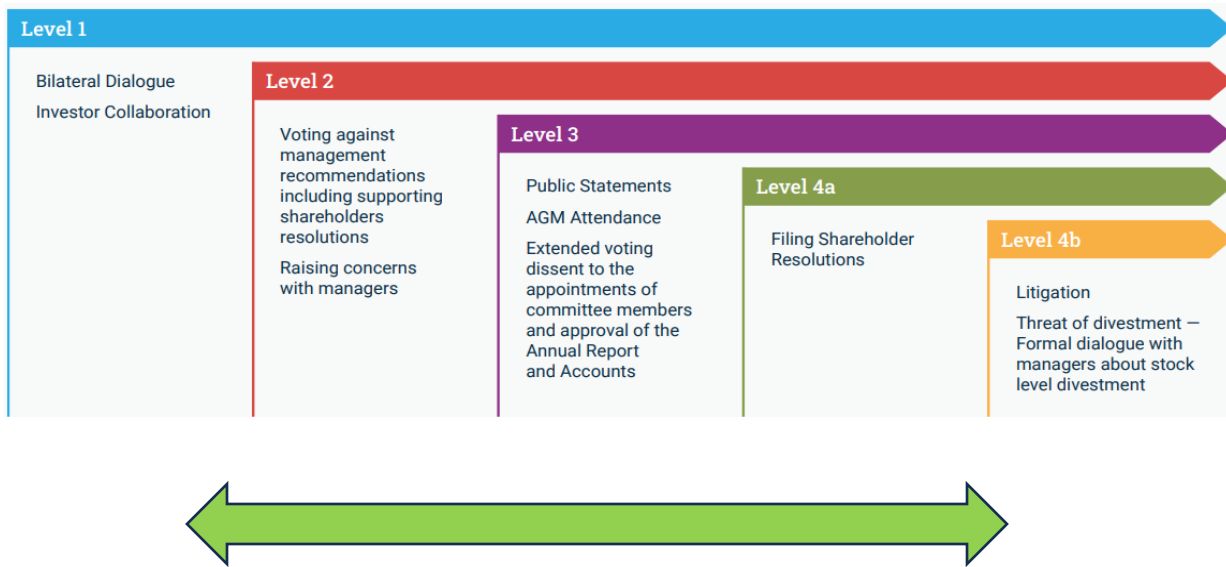


	 Climate	 Natural Capital	 Human Rights	 Sensitive / Topical Activities
LEVEL 3: SUCCESSFUL OUTCOME	<ul style="list-style-type: none"> • Company demonstrate alignment with LGPSC net zero strategy. 	<ul style="list-style-type: none"> • Company undertook a nature impacts and dependencies assessment and has published an ambition to align with the GBF. • Company has disclosed robust petrochemical strategy underpinned by credible targets. 	<ul style="list-style-type: none"> • Company demonstrates full alignment with UNGPs or Modern Slavery Act. 	<ul style="list-style-type: none"> • Company has disclosed a plan for: <ul style="list-style-type: none"> – Addressing the alleged controversy. – Improve ESG practices at reasonable level.
LEVEL 2: MODERATE PROGRESS	<ul style="list-style-type: none"> • Progress observed in the Climate Action 100+ Benchmark Framework, CDP. • Companies improving on TPI management quality ladder. • Companies are partly aligned with LGPSC net zero strategy. 	<ul style="list-style-type: none"> • Progress on undertaking a nature impacts and dependencies assessment or on publishing an ambition to align with the GBF. • Progress on developing a robust petrochemical strategy underpinned by credible targets. 	<ul style="list-style-type: none"> • Partial progress observed by Find it, Fix it and Prevent it, Corporate Human Rights Benchmark and LAPFF research. 	<ul style="list-style-type: none"> • Company has disclosed a plan for: <ul style="list-style-type: none"> – Partly addressing the alleged controversy including acknowledgment of the controversy. – Partly improve ESG practices at reasonable level.
LEVEL 1: MINIMUM EXPECTATIONS	<ul style="list-style-type: none"> • Companies disclosing data to facilitate carbon performance assessment if relevant. 	<ul style="list-style-type: none"> • Evidence of constructive meeting with companies. 	<ul style="list-style-type: none"> • Companies responded to engagement request. 	<ul style="list-style-type: none"> • Companies responded to engagement request.
LEVEL 0: NO IMPROVEMENT	<ul style="list-style-type: none"> • No progress has been made. 	<ul style="list-style-type: none"> • No progress made. 	<ul style="list-style-type: none"> • No progress has been made. 	<ul style="list-style-type: none"> • No progress have been made.

Escalation /Enhanced Stewardship Reporting



LGPS Central Escalation Framework



Outcome Report

STEWARDSHIP THEME: SENSITIVE/TOPICAL ACTIVITIES

COMPANY NAME	ENGAGED AS AT DEC 2025	PROGRESS	MOMENTUM	ESCALATION GRADE	VOTING DISSENT	REMOVAL
TESLA	✓	Level 0		Level 3	✓	✗
HYUNDAI	✓	Level 3	⬆		✗	✓
KIA	✓	Level 0		Level 3	✓	✗
META	✓	Level 0	⬇	Level 3	✓	✗
AMAZON	✓	Level 0		Level 2	✓	✗
BERKSHIRE HATHAWAY	✓	Level 0		Level 2	✓	✗
M3	✓	Level 3	⬆		✗	✓



Thank you **for listening**

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All information is prepared as of **22 June 2026**.

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LOCAL PENSION COMMITTEE – 3 JULY 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

CASH MANAGEMENT POLICY AND FORECAST

Purpose of Report

1. The purpose of this report is to provide the Local Pension Committee (LPC) with details on how the Leicestershire County Council Pension Fund (Fund or the Fund) manages cash balances following questions from arising at the meeting of the LPC on 20 March 2026.

Background and prior approvals

2. Cash is one of the nine asset classes as defined by the Local Governance Pension Scheme (LGPS) “Fit for the Future” (FFTF) reforms requiring all LGPS administering authorities to standardise reporting and aid comparison between LGPS Funds. The full list of asset classes are:
 1. Listed equity,
 2. Private equity,
 3. Private credit,
 4. Property / real estate,
 5. Infrastructure,
 6. Other alternatives,
 7. Credit / fixed income
 8. UK government bonds
 9. Cash
3. The Fund updates its strategic asset allocation (SAA) annually, usually at the January meeting of the LPC. The proportion of the Fund allocated to each of the nine asset classes is proposed by the Fund’s investment advisor, which at the last meeting was Hymans Robertson. The link to the relevant papers are included within this report.
4. The SAA is included within the Investments Strategy Statement (ISS) which also contains the Fund’s cash management policy. The ISS was presented for approval to the LPC at the 20 March 2026 meeting of the LPC. It also contains the Fund’s Cash Management Strategy (CMS) which details how cash is invested whilst awaiting to be invested or if there is a strategic allocation to the cash asset class.
5. As part of the FFTF reforms the Fund’s investment manager LGPS Central (Central or the Pool) will in future manage excess investment cash that the Fund may have. The Administering Authority will retain a cash amount for working capital purposes, at a level to be confirmed (and agreed with Central) but likely to be minimal.

6. At the 20 March 2026 meeting of the LPC it was reported that the Fund held, £453million in cash at 31 December 2025, down from £561million from the previous quarter end date.

The Fund's CMS

7. The CMS is contained within ISS. The main points are summarised below:
- a. The Fund will utilise the experience of the Administering Authority regarding cash management and its external treasury advisor who advises on the administering authority's annual investment strategy.
 - b. Risk will be managed by regard to security (of cash) first, liquidity and finally yield (return).
 - i. The treasury management advisor will incorporate credit worthiness into selection of relevant counterparties to place cash with.
 - ii. The treasury management advisor will take into account country limits with reference to country of domicile of counterparties.
8. The combination of the above produces a counterparty list that is then proactively managed with the use of changes in ratings from credit ratings agencies for example.
9. The final list of acceptable counterparties allows for cash to be placed with in variety of products and institutions.

The SAA (2026) target allocation

10. The current allocation is detailed below alongside the tolerance ranges.

Asset class	2025 current Strategic Asset Allocation	2026 proposed Strategic Asset Allocation (%)	2026 Tolerance range (±%)	2026 Local invs
Listed equity	41.00%	41.00%	+ / - 2.5%; 51.75% - 56.75%	
Other alternatives	5.75%	5.75%		
Private equity (including local invs)	7.50%	7.50%	+ / - 2.0%; 33.50% - 37.50%	1% across 4 asset classes
Property (including local invs)	7.50%	7.50%		
Infrastructure (including local invs)	12.50%	12.50%		
Private credit (including local invs)	9.50%	9.50%		
Credit liquid MAC (i)	9.00%	7.00%	+ / - 2.0%; 8.25% - 12.25%	
Credit IGC (i)	3.75%	3.75%		
UK Government bonds	3.50%	5.50%		
Investment cash	0.00%	0.00%		
	100.00%	100.00%		

11. The tolerance ranges at asset group level allows for the following:

- a. Taking into account transactional costs. Variability of individual asset valuations across the Fund may introduce transaction costs that could

outweigh investment gains from rebalancing activity, for example, buying one quarter for a relatively small amount to then sell the next quarter.

- b. Allows for a longer term view of asset valuations given not all asset classes reprice each quarter. For example, the underlying holdings in private equity are usually valued once or twice a year, as a result private equity valuations maybe in the process of being revised higher whilst listed equity prices might have already seen large increases. Without a tolerance range, additional private equity commitments would be needed if acting entirely mechanically. An appreciation of likely direction of private equity valuations based on comparatives including public markets can help in this instance.
- c. Time to conduct additional due diligence if specific asset classes performance detach from others, and maintain a difference. At this point we could request the investment advisor to comment if adding more capital to the underweight position was appropriate.
- d. Delaying capital allocation decisions at times of market stress that may be inappropriate, for example, rebalancing activity between private and public markets where valuations are updated less regularly for the private market portion of the portfolio.

12. The Fund's rebalancing to the SAA is the responsibility Fund officers during this 'readiness phase' for of the Fund's new investment advisor, LGPS Central. During this period officers and Central liaise frequently to assess the possible rebalancing that could take place.

13. The Fund recognises the that private markets contain an illiquidity premium (enhanced returns in return for locking up capital for a pre agreed period of time) and given the visibility of the Fund's liabilities it is an area that the Fund has is increasing an allocation to. However, the Fund must be aware of adding to any asset class should be gradual in order to avoid the pricing risk of adding material amounts of capital in a short period of time. If market pricing is high at the point of accelerated additions then future returns may be negatively impacted. Adding capital consistently year over year until the target is met is considered an appropriate way to mitigate this risk and is a method employed by the Fund with advice from the investment advisor.

14. One of the main differences between public and private market investments is the ability to invest (and divest) capital. Public market investments are liquid, meaning the ability to invest and divest is frequent (usually during open market times such as Monday to Friday 8am to 4.30pm for listed equity). Private markets on the other hand require committing capital to a manager in advance of them making investments in the future with the constraints of the investment management agreement made when the capital was committed.

15. Private markets comprises the following asset classes; private equity, property, infrastructure and private credit. When committing to these asset classes the time to invest the committed capital is largely known and can be measured in years. Because of the Fund's switch to private markets from public markets the Fund was able to sell investments from public markets on the advice of its investment advisor and hold cash whilst awaiting 'calls' for the commitments made to private market managers.

16. In 2023, at the January meeting of the LPC a reduction to public markets of 7% from listed equity (-4.5% of Fund assets) and other alternatives (-2.5% of Fund assets) was

approved. An increase of 4.5% to private markets, specifically private equity (+2.5%), infrastructure (+2.75%) was approved alongside a 2.5% increase to liquid credit.

17. The shift towards increased private markets allocations coincided with LGPS actuarial valuations showing many LGPS funds across England and Wales were now over 100% funded, including the Leicestershire County Council LGPS Fund which reported a 105% funding level as at the 31 March 2022 valuation point. The reduction to lower returning and arguably safer assets classes was seen across many LGPS Funds as their investment advisors started targeting lower investment returns given the improved funding status of individual funds. For example, the Fund's private credit exposure reflects this change with a higher proportion of allocated towards safer loans to corporates where investor protections are stronger.
18. The strategic change to a higher private markets allocation should be implemented over a number of years to avoid investing large amounts into the market at the same time which would increase the risk to the Fund from conditions prevalent at the time of investing which is known as vintage risk.
19. The Fund did not immediately lower listed equity positions and held an overweight position for a number of years to avoid holding even more cash. In fact, the Fund still holds a 2.3% overweight position to listed equity as at 31 March 2026, a position that is in line with the cash management policy. This overweight position will be reduced once cash balances are lower.

Current cash position

20. The cash position the Fund has held has been elevated compared to the SAA allocation of 0% for a number of years following the decision to move more of the Fund's allocation to private markets which would take a number of years to achieve for the reasons set out earlier in this paper.
21. The cash position as at the quarter end date 31 March 2026 was £505million. As a percentage of the total fund cash represents 7.4% now.
22. As at the latest available position before publication of this paper the Fund is expected to hold £320million in cash or 4.3% of total Fund assets. The Fund has made a number of investments that were approved as part of the January meeting of the LPC when investments to two investment products were approved totalling £195million.
23. The cash position is reflective of the £0.9billion of uncalled commitments. Cash is held in a combination of money market funds (MMFs) and fixed term investments which offer a slightly higher interest rate owing to lower liquidity. At the time of writing the weighted average rate of interest is 3.99% which compares to the Bank of England base rate of 3.75%

Cash forecast to 31 March 2027

24. The larger than targeted cash position arose from a shift in investment strategy instigated a number of years ago when higher allocations were approved to private market investments from public market investments.
25. As at the cash position last reported to the LPC in March 2026 the following £195million of investments have been invested which has reduced the Fund's cash position considerably:

- a. A £55million investment to the LGPS Central multi asset credit (MAC) fund in April 2026
- b. A total investment of £140million to the Legal and General (LGIM) all stocks gilt index fund over three tranches during June 2026.

26. By the end of the financial year (31 March 2027) the Fund is forecast to hold c£235million. The table below shows the changes between the last update and the end of the financial year end. The forecast cashflows are dependent on distributions and calls from the underlying managers which are based on best estimates at the time of writing in collaboration with LGS Central.

Quarter ending >		31-Dec-25	31-Mar-26	30-Jun-26	30-Sep-26	31-Dec-26	31-Mar-27
	Opening quarter cash balance		453	505	325	287	248
	LGPS Central MAC investments			-55			
	LGIM UK gilts fund investments			-140			
	Other cashflows		52	15			
Net cashflows	Private Equity				-3	-5	-5
	Infrastructure				-20	-25	-21
	Private Credit				-19	-19	0
	Property				3	10	11
	Closing quarter end forecast	453	505	325	287	248	234
	Forecast AUM	7,334	7,443	7,536	7,630	7,726	7,822
	Cash % of AUM	6.2%	7%	4%	4%	3%	3.0%

27. There could be market conditions when external investment managers decide to slow down private market investments for a number of reasons which could increase the cash held by the Fund in forecast provided above.

Increasing private market allocations

28. Increasing the allocation to private markets required the Fund to make increased commitments following due diligence to private market funds. The external due diligence calculated the size of the commitments based on a number of factors:

- a. Time taken for the manager to 'call' the capital
- b. Expected capital returned by existing private capital managers in that asset class
- c. Expected growth of the Fund over the time of capital being called
- d. Concentration risk from investing large amounts in small periods of time, also known as vintage risk.

29. At the time of writing the Fund has outstanding commitments of £0.9bn and a cash balance of £0.3bn. The apparent mismatch is by design which aims to reach the desired increased private market target allocation from,

- a. funding capital calls from existing cash (taking into account the SAA and tolerance ranges),
- b. returning capital from existing private market investments (over £1billion within the Fund) which have reached their capital return period and

- c. sales from overweight public market positions
- d. sales from public market positions which are at their target weight.

30. This approach allows for the Fund to maintain invested and within tolerance ranges whilst being cognisant of investment risk.
31. The current outstanding commitments are summarised below of which the majority will be called by Central pooled investment vehicles. Central are independently developing cashflow models for each of the asset classes by client. They have had the opportunity to consult on the cashflow forecast submitted here and are supportive given the outlook for investing committed capital.

	Commitment outstanding £m 23 June 2026
Private Equity	214
Property	18
Infrastructure	229
Private Credit	479
Total £m	940

32. LGPS Central are due to bring a new private credit vehicle to investors later this year and Central estimate the closing of the private credit and infrastructure underweight around 2028.

Leicestershire Pension Fund Conflict of Interest Policy

33. Whilst not a conflict of interest, it is worth noting that the County Council also invests funds with four managers with whom the Leicestershire County Council Pension Fund invests, namely Partners Group, JP Morgan, DTZ investors and Christofferson Robb and Company (CRC). Decisions on the County Council's investments were made after the Fund had made its own commitments.

Recommendation

34. The Local Pension Committee are recommended to note the report.

Environmental Implications

35. The Leicestershire LGPS has developed a Net Zero Climate Strategy (NZCS) for the Fund. This outlines the high-level approach the Fund is taking to its view on Climate Risk. This will align with the Fund's Responsible Investment approach as set out in the Principles for Responsible Investment. The Fund is committed to supporting a fair and just transition to net-zero. There are no changes to this approach as a result of this paper.

Equality Implications

36. There are no direct implications arising from the recommendations in this report. The Fund incorporates financially material Environmental, Social and Governance ("ESG") factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund's fiduciary duty. The Fund will not appoint any manager unless they can show evidence that responsible investment considerations are an integral part of their decision-making processes. This is further supported by the Fund's approach to stewardship and through voting, and its

approach to engagement in support of a fair and just transition to net zero. There are no changes to this approach as a result of this paper.

Human Rights Implications

37. There are no direct implications arising from the recommendations in this report. The Fund incorporates financially material Environmental, Social and Governance (“ESG”) factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund’s fiduciary duty. The Fund will not appoint any manager unless they can show evidence that responsible investment considerations are an integral part of their decision-making processes. This is further supported by the Fund’s approach to stewardship and through voting, and its approach to engagement in support of a fair and just transition to net zero. There are no changes to this approach as a result of this paper.

Background Papers

Local Pension Committee 30 January 2026, Overview of the Current Asset Strategy and Proposed 2026 Asset strategy – item 121:

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=740&MId=8372&Ver=4>

Local Pension Committee 20 March 2026, Pension Fund Policy Report – Item 138, appendix A - item 138.

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=740&MId=8373&Ver=4>

Appendix

None

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LOCAL PENSION COMMITTEE – 3 JULY 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

VALUATION OF PENSION FUND INVESTMENTS

Purpose of Report

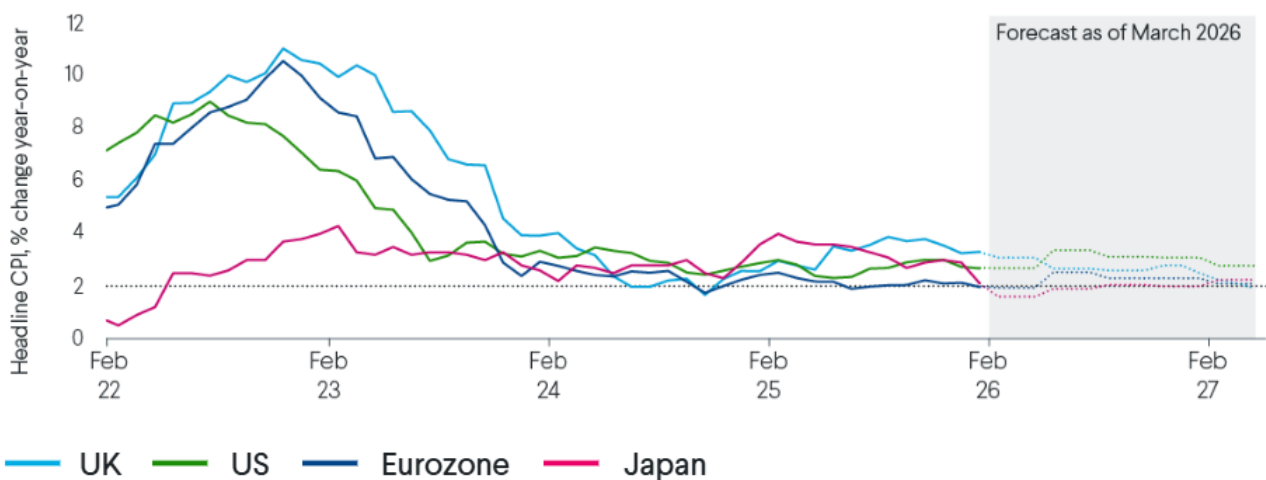
1. The purpose of this report is to provide the Local Pension Committee (LPC) with an update on the investment markets and how individual asset classes are performing, and the total value of the Fund's investments as at 31 March 2026.

Markets Performance and Outlook

2. Global investment markets delivered positive returns over the year ended 31 March 2026, although performance was uneven across asset classes. Global equities were strong, supported by resilient corporate earnings, enthusiasm around artificial intelligence related investment, and generally supportive financial conditions. By 31 March 2026, the MSCI World Index (GBP) delivered nearly 20%, another robust year for listed equities, particularly in developed markets.
3. Fixed income also produced positive returns over the year, helped by stabilisation in bond markets after the sharp repricing experienced in earlier years, particularly in 2022 which experienced double digit losses at a time when broad listed equity indexes also suffered losses. The Bloomberg Global Aggregate Index USD unhedged (which measures the performance of global investment-grade fixed-rate debt) returned 4.3% for the 12 months to 31 March 2026.
4. Commodity markets were substantially stronger over the same period. The iShares S&P Commodity Indexed Trust benchmark had a 43% one year return in USD as at 31 March 2026, reflecting the sharp rise in commodity prices included within the index over the year. The underlying benchmark is heavily weighted to energy (crude oil, gasoline and natural gas), and also includes agriculture (wheat, corn, soyabeans, sugar), industrial and precious metals (copper, aluminium, nickel, gold and silver) and livestock.
5. Overall, the year to 31 March 2026 can therefore be characterised as one in which risk assets again performed well, especially equities and commodities, while bonds generated positive but modest returns. Market returns remained concentrated, with technology and AI related themes continuing to play an outsized role in equity market performance with many companies generating returns well in excess of the wider benchmark.
6. As a result concentration risk has increased materially with passive global indexes becoming dependent on a smaller number of companies. Returns have been driven more by themes (Artificial Intelligence for example) rather than broad economic growth.

7. The following points are summarised from Hymans Robertson’s May 2026 Capital Markets update which provide a board summary of market drivers that would affect the Fund’s future performance. The full report is available on their website.
8. Global economic conditions remained resilient through 2025, with growth broadly in line with expectations despite heightened geopolitical tensions and policy uncertainty. Geopolitical risks have been a feature of recent market conditions, particularly developments in the Middle East and uncertainty around global trade policy. These risks have contributed to fluctuations in energy prices and heightened concerns regarding supply shocks and inflation persistence. At the time of writing there has, been some signs of de-escalation. A US–Iran agreement reached in June 2026 aims to bring an immediate end to hostilities.
9. Even if tensions ease, elevated energy costs are likely to drive headline inflation towards around 4% across many advanced economies in late 2026. While the US may face a sharper but less persistent inflationary impact due to its energy exporter status, economies such as the UK and eurozone remain more exposed. Central banks are therefore expected to remain cautious, as limited policy tools, demand impacts, and the risk of second-round inflation effects constrain their ability to respond in lowering domestic interest rates.
10. Prior to Middle East hostilities inflation had moderated from recent peaks but now remains above central bank targets in several developed markets. This has resulted in a cautious approach to monetary policy, with markets expecting limited further interest rate cuts during 2026.

Figure 1: As at March 2026 inflation was trending lower before the start of conflict in the Middle East



Source: Bloomberg

11. Within their looking ahead section, Hymans believe that while a swift resolution to current geopolitical tensions could improve the outlook, the balance of risks has shifted towards weaker growth, higher inflation and tighter monetary policy. In the UK, the inflation shock is more likely to keep the Bank of England on hold (the BoE held rates at 3.75% at the June 2026 meeting) rather than prompt easing, although market expectations for aggressive rate hikes may overstate the persistence of near-term

inflation relative to deteriorating real activity and labour market conditions (with unemployment at around 5.2%).

12. In fixed income markets, the repricing of short dated (commonly up to 3 years to maturity) bond yields has already incorporated a meaningful inflation risk premium, improving relative value, particularly in a scenario where growth slows and inflation moderates. Against a backdrop of elevated inflation and fiscal risks, maintaining exposure to short to medium dated sovereign bonds remains prudent given their lower duration sensitivity. In contrast, credit markets are showing early signs of stress, with spreads widening especially in speculative grade segments though valuations suggest that more attractive entry points may emerge.
13. Equity valuations have moderated somewhat but remain vulnerable to the combined effects of higher discount rates (from expectations of rising or higher for longer Government interest rates and increasing geopolitical risk), rising input costs and softer demand.
14. Global equity markets delivered strong returns the year to 31 March 2026 as previously stated. Equity markets recovered from 2025 volatility linked to tariff announcements. The table below shows the index performance of the MSCI world index (in GBP) as at 31 March 2026, it finished the year up 16.9%

Figure 2: MSCI world index performance

	3 mth	1 yr	3 yr (annualised)	5yr (annualised)	Div Yield	P/E
MCSI World	-1.55%	16.86%	14.80%	11.78%	1.68%	22.7

15. One of the main policy tools that affects markets in general is central bank interest rates and forward guidance that markets interpret as either positive or negative for markets. Historically, interest rates and guidance offered by central banks would be accommodative during periods of low growth, recession or rising employment.
16. The US it seems has stopped its continued path on cutting 'base' interest rates with the last cut at the January 2026 meeting and the most recent decision in June 2026 a pause. The table below shows a handful of developed market interest and inflation rates. The rates have been checked against the central bank and national statistics sources listed below; entries have been changed where those sources support an update. [table last update 19 June 2026]

Fig 3: Developed market interest and inflation rates

	Interest Rate %	Last Movement	Date of Last Movement	Inflation Rate %	Date of Inflation Rate	Inflation Metric Used
Australia	4.35	Up	May 2026	4.2	April 2026	Consumer Price Index (CPI)
Canada	2.25	No change	June 2026	2.8	April 2026	Consumer Price Index (CPI)
Euro Area	2.25 (deposit facility)	Up	June 2026	3.2	May 2026	Harmonised Index of Consumer Prices (HICP)
Japan	0.75	No change	April 2026	1.4	April 2026	Consumer Price Index (CPI)
Sweden	1.75	No change	May 2026	1.5	May 2026	Consumer Price Index with Fixed Interest Rate (CPIFI)
United Kingdom	3.75	No change	April 2026	3.0	May 2026	Consumer Prices Index incl. owner occupiers' housing costs (CPIH)
United States	3.50–3.75	No change	April 2026	4.25%	May 2026	Consumer Price Index (CPI)

Source: Various central banks source sites, Australian Bureau of Statistics; Eurostat; Statistics Bureau of Japan; Statistics Sweden; Office for National Statistics (UK); US Bureau of Labor Statistics. Interest rates are the latest official policy rates available at the time of writing; inflation figures are the latest official annual rates available at the time of writing, with flash estimates used where final May data had not yet been published.

17. Hymans' capital markets review May 2026 comments on most major asset classes performance and their prospects. A summary for a number of asset classes starting with equities is shown below.

a. Equities:

- Global equities declined in Q1 of 2026 as the Middle East conflict disrupted energy supplies, increasing inflationary pressures and weakening growth expectations; US markets underperformed due to a rotation away from expensive technology stocks.
- Market leadership shifted, with Asia Pacific ex Japan outperforming, supported by strong AI-related investment and investor rotation into relatively better value technology opportunities outside the US.
- Despite near term volatility, earnings forecasts have continued to improve, underpinned by structural drivers including AI investment, supportive fiscal policy (US and China), and increased defence spending in Europe.
- However, downside risks to earnings have increased, reflecting higher energy, input and financing costs, alongside potential demand weakness from reduced real incomes.

- Valuations have moderated following the March sell off but remain elevated on a cyclically adjusted basis (which account for potential earnings reversion) (see fig 4 below), suggesting a more subdued medium-term return outlook despite improved short-term fundamentals.

Fig 4: Global equity price declines, alongside strong earnings growth, have reduced trailing (last 12 months earnings) price to earnings ratios



Source: Bloomberg/Hymans Robertson

b. Government bonds:

- The Bank of England reduced the base rate by a total of 1.0% during 2025. Generally, Government bond markets experienced continued volatility, with yields initially rising on the back of inflation concerns and fiscal developments before stabilising later in the period.
- Monetary policy remains restrictive, with central banks expected to ease cautiously, reflecting persistent above target inflation and ongoing uncertainty around the pace of disinflation.
- Divergence across regions has increased: Japanese yields have risen, while US and UK yields have eased modestly amid expectations of slower growth and policy loosening.

c. Corporate credit:

- Companies are finding it harder to service their debts because borrowing costs are higher and debt levels have increased, while geopolitical risks add further uncertainty. While earnings have remained resilient, increased debt issuance, particularly from large technology firms funding AI investment may place gradual upward pressure on spreads.
- Companies' debt issuance has been strong, especially in investment grade markets, supported by continued investor demand for higher yields.
- Spreads have widened modestly but remain tight relative to long term averages, offering only a limited buffer against losses. Leveraged loan markets have weakened more notably, reflecting softer fundamentals and concerns around private credit and sector concentration risks.
- Investment grade credit still looks reasonably attractive over the medium term. However, more caution is needed in speculative grade credit because

spreads remain tight and market volatility is elevated, so better opportunities to invest may arise later.

d. UK Property:

- Property delivered a total return of c7% over the 12 months to February 2026, driven primarily by income (5.7%), with only modest capital appreciation. While real rental growth has continued across sectors, the pace slowed over the most recent quarter, with survey evidence pointing to weakening tenant demand and more cautious rental expectations. Vacancy rates remain elevated, particularly in offices, although retail vacancies have recovered to pre pandemic levels.
- Rental yields were broadly stable over the quarter, with the gross reversionary yield (a valuation metric that estimates the total income return a property could achieve once it is fully let at current market rents) holding at 7.1% and the net initial yield rising slightly to 5.3%, reflecting modest outward movement in office and industrial yields. The gap between these measures suggests continued scope for rental growth. Demand remains strongest for higher quality assets, particularly modern, energy efficient offices which are achieving premium rents.
- Investment activity picked up in late 2025, with transaction volumes exceeding recent averages. However, market conditions remain challenging, with redemption pressures persisting across some open ended funds. This has created ongoing selling pressure, providing opportunities for investors to deploy capital at more attractive pricing levels.

18. A summary of global asset class performance over various time frames as at quarter ending 31 March 2026 is shown below. The standout classes over the longer term remain, listed global equity, US listed equity, private equity and gold. The first two exhibit a high degree of correlation given the US equity market makes up the majority of global equity returns. Private equity depends on the types of strategy employed and as such can be less correlated with global equity returns. Gold has, against most asset classes the lowest levels of correlation when measured over a 10-year period.

Figure 5: Performance by asset class as at 31 March 2026

Sub Asset Class	Return	Annualised Total Returns to 31/3/26 (GBP unless stated)				
	3 Months	1 Year	3 Years	5 Years	10 Years	20 Years
Global	-1.2%	18.0%	14.6%	11.0%	12.8%	9.8%
US	-2.4%	15.3%	15.8%	13.1%	15.1%	12.0%
UK	2.4%	21.5%	13.2%	11.0%	8.6%	6.7%
EM (USD)	-2.3%	20.8%	13.8%	4.1%	8.0%	5.7%
US Investment Grade	1.2%	2.4%	2.1%	1.2%	3.7%	6.0%
US Non Investment Grade	1.3%	4.6%	6.0%	5.0%	6.5%	7.1%
UK Investment Grade	-1.9%	2.9%	1.2%	-3.6%	-0.1%	2.7%
European High Yield (EUR)	-1.7%	2.7%	7.0%	2.5%	3.8%	5.6%
Emerging Markets	-1.3%	10.2%	9.0%	1.7%	2.7%	4.9%
UK Gilts	-1.9%	2.5%	0.4%	-4.2%	-0.7%	2.4%
UK Index Linked Gilts	1.1%	3.9%	-3.1%	-6.8%	-0.7%	3.3%
Cash	0.8%	4.4%	5.0%	3.4%	2.1%	
Gold	10.1%	45.9%	30.3%	23.3%	15.2%	12.5%
Cat Bonds	3.7%	9.9%	12.5%	11.3%	8.0%	9.5%

	Return	Annualised Total Returns to 31/12/25 (USD)				
	3 Months	1 Year	3 Years	5 Years	10 Years	15 Years
Private Equity	2.4%	8.5%	7.5%	11.5%	13.8%	13.6%
Private Credit	1.4%	5.7%	8.0%	9.6%	8.7%	9.0%
Real Estate	2.2%	4.0%	0.1%	5.7%	7.0%	8.9%
Infrastructure	-0.9%	5.2%	7.1%	10.2%	9.4%	9.1%

Source: Bloomberg for listed markets,

Figure 6: asset class correlations 10 year (March 2016 to March 2026)

	Global	US	UK	EM	US	US Non	UK	Euro	EM	UK	UK	Cash	Gold	Cat
	Equities	Equities	Equities	Equities	IG	IG	IG	Hi Yield	Bonds	Gilts	ILG			Bonds
Global Equities	1.00	0.97	0.81	0.81	0.39	0.63	0.25	0.82	0.70	0.14	0.42	0.20	-0.01	0.04
US Equities		1.00	0.69	0.69	0.42	0.67	0.18	0.72	0.57	0.10	0.39	0.14	-0.04	0.15
UK Equities			1.00	0.77	0.09	0.38	0.20	0.77	0.67	0.07	0.25	0.25	-0.08	-0.17
EM Equities				1.00	0.25	0.43	0.27	0.78	0.74	0.15	0.37	0.20	0.10	-0.13
US Investment Grade					1.00	0.76	0.46	0.17	0.30	0.48	0.61	0.02	0.56	0.53
US Non Investment Grade						1.00	0.10	0.39	0.26	0.06	0.38	0.06	0.22	0.56
UK Investment Grade							1.00	0.32	0.59	0.99	0.82	0.19	0.39	-0.02
European High Yield								1.00	0.88	0.19	0.41	0.35	-0.10	-0.30
EM Bonds									1.00	0.48	0.56	0.40	0.17	-0.34
UK Gilts										1.00	0.82	0.15	0.43	0.02
UK Index Linked Gilts											1.00	-0.01	0.40	0.04
Cash												1.00	0.30	0.12
Gold													1.00	0.36
Cat Bonds														1.00

Portfolio changes during the quarter ended March 2026

19. No rebalancing activity was conducted during the period.
20. Commitments were made to two Central private equity vehicles totalling £80million. These commitments were approved at the meeting of the Investment Sub-Committee on 1 October 2025.
21. The first capital call for Central's real assets private credit 2024 vintage were also received this quarter, a total of £130million is committed to this investment product.

22. The net effect on cash, quarter on quarter, has seen an increase from £453million to £505million as a result of older private markets investments returning capital. Information on the Fund's current valuation and variances to the Strategic Asset Allocation are reported later within this paper.

Investments approved at Investment Sub-Committee (ISC)

23. There has been no meeting of the ISC since the last update to the LPC. As a reminder, at the meeting of the ISC on the 1 October 2025 where the following decisions were approved.
- a. Top up an additional £120m to the 2024 Central private debt sleeves (£90m to Direct Lending and £30m to real assets). These additional commitments bring the total commitments across the two 2024 Central private credit vintages to £400million.
 - b. £90m additional commitment to the Aegon Short Dated Investment Grade corporate bond investment from general cash balances. £90million was added to this product over three £30million investments in October and November 2025.
 - c. £110m per annum of new commitments to private equity, are made to rebuild exposure and reach the target allocation by 2031-32 for private equity (PE), to be split as follows:
 - i. £65m to the LGPS Central 2025 PE primary sleeve.
 - ii. That it be delegated to the Director of Corporate Resources to commit £15m to the 2025 co-investment sleeve subject to satisfactory due diligence.
 - iii. That it be delegated to the Director of Corporate Resources to commit a further £30m earmarked for potential allocation (£15m each to secondary and venture sleeves), subject to satisfactory due diligence. The Venture Capital product will now not be launched by Central owing to limited capital available from Partner Funds to make this product viable. In total £95million is committed to PE rather than the envisaged £110million. The minor shortfall of £15million is not material and can be evaluated at the next strategic asset allocation review.

Strategic Asset Allocation (SAA) 2026

24. The annual meeting of the LPC on 30 January 2026 was attended by Hymans Robertson who presented the proposed changes to the SAA alongside a review of the performance of the Fund.
25. Proposals were approved by the LPC the change to allocations are described below:
- a. Local investments: 1% initial allocation to Local Investments across the four asset classes, private equity, property, infrastructure and private credit.
 - b. Fixed interest UK Government Bonds: Initiation of 2% fixed interest gilts allocation.
 - c. Two asset class reviews: A listed equity and investment grade credit review. The nature of the reviews will be dependent on Central's asset class design work which is ongoing currently. Any outcomes will be presented to the relevant LPC meeting during 2026.

UK Government Gilts allocation

26. By the time of the June 2026 LPC meeting the investment UK Government Bonds will have been completed. The Fund received advice from LGPS Central's Client Director having passed through the relevant internal review process at LGPS Central.
- a. The aim of the paper was to present the Fund with an appropriate investment vehicle to satisfy the 2% allocation agreed by the LPC at the January 2026 meeting.
 - b. Four options were considered by Central which included 2 external managers, an internally managed mandate and a pooled solution.
27. A passive UK Gilts exposure via Legal and General (L&G), the all stocks gilt index fund was selected for a number of reasons:
- a. Investment in a L&G fund can be implemented quickly. Including because the Fund has an existing relationship with L&G. (Equity investments)
 - b. L&G passive funds are 'green' rated by LGPSC when assessing all five areas (philosophy and process, people and culture, performance, positioning and risk and responsible investing). The review was carried out in March 2026 which updated a previous review in September 2025.
 - c. Historical performance has been as expected with tracking error (to the benchmark) low (<0.2% annualised) which is as expected with a passive gilt strategy.
 - d. Low annual management costs, no trading costs and weekly dealing meant that with the case for using L&G to satisfy this allocation was relatively straightforward.
28. With respect to the selection of the All stock gilts index fund, this was selected for the following reasons:
- a. It provides broad exposure to the market, including all gilts in issuance and is highly liquid.
 - b. Yields are reasonably attractive without taking significant duration risk, i.e. the risk yields could increase further, and values fall, is higher with longer duration benchmarks.
 - c. The SAA stated allocation to conventional gilts (not index linked where exposure already exists) which narrowed options.
29. At the time of the advice (20 April 2026) the yield to maturity for the L&G fund (if all holdings were held to maturity) was 4.9% with an average time to maturity of 8 years (duration). The fund held UK bonds totalling £1.6trillion and is therefore highly popular with investors.
30. Central advised on implementation and settled on the current historically high yield to enter the market and complete the full investment over 3 tranches in 1 month.

31. Fund officers completed the necessary investment agreements and instructed L&G in June 2026 and scheduled 3 investments of £45million, £45million and £50million which totals c2% of the total Fund value.
32. The presentation of the SAA was updated to follow the guidance from Government where all LGPS funds will report against the same nine asset class descriptions. The Fund's 2026 allocation is shown below alongside the rebalance ranges.

Asset class	Strategic asset allocation (%)	Tolerance range ($\pm\%$)	Local invs
Listed equity	41.00%	+ / - 2.5%;	1% across 4 asset classes
Other alternatives	5.75%	51.75% - 56.75%	
Private equity	7.50%		
Property	7.5%		
Infrastructure	12.5%	+ / - 2.0%;	
Private credit	9.5%	34.50% - 38.50%	
Credit liquid MAC (i)	7.00%		
Credit IGC (i)	3.75%	+ / - 2.0%;	
UK Government bonds	5.5%	7.25% - 11.25%	
Investment cash	0.0%		
	100.0%		

(i) Including credit instruments of investment grade quality, including (but not limited to) corporate bonds and non-UK government bonds.

33. The achievement of the 1% local investment target will take time to achieve, Central have appointed a Local Investment Director who has started the process to building an investment product that partner funds can commit capital to. In the meantime, there is some allocation to local investments within the existing investment products the Fund invests in. Officers and Central will work on the look through to quantify the Fund's share of local investments so that this existing allocation is taken into account when agreeing the appropriate commitment to a new Central local investment product.

Cash holdings and outstanding commitments

34. As presented in more detail elsewhere on today's agenda, the level of cash held by the Fund is higher than the SAA target of 0.75% of total Fund assets. At the quarter ended 31 March 2026 the Fund held £505million (£453m previous quarter) in cash and an additional £47million (£60million previous quarter) with Aegon as collateral in order to support the currency hedge. Taken together this represents 7.4% (7.0% last quarter) of total Fund assets.
35. The additional cash is as a result of SAA recommendations in 2022 and 2023 prompted a switch from liquid assets towards private market investments. At the time of writing there is over £0.9billion in outstanding commitments awaiting to be called for private market investments which will draw down the cash balance. A separate paper on today's agenda addresses this and includes a forecast for cash balances for the end of the financial year 2026/27. The majority of this £0.9billion commitment is for LGPS Central products totalling over £0.8billion across private equity, property, infrastructure and private credit.

36. The Fund's private market illiquid assets take time for money to be invested (called) by the underlying managers. In the meantime, the majority of the cash that would be used to satisfy calls is held as cash which includes the use of money market funds, fixed cash deposits and UK treasury bills as well as overweight positions in other liquid asset classes which could be sold to satisfy calls once cash levels are lower.
37. The Fund is in discussions regarding further commitments to both infrastructure and private credit. These will be presented to the LPC by LGPS Central's advisory function which will perform implementation and management of the SAA taking into account the Fund's investments strategy statement (ISS) which includes the Fund's investment beliefs and responsible investment policy.
38. The Fund also has implemented the 2% allocation to UK Government bonds which was a new allocation approved at the meeting of the Committee on 30 January 2026. More detail is available elsewhere on today's agenda regarding this investment which totalled £140million in investments to a Legal and General UK gilts product across three separate transactions made from cash balances.
39. The Fund, at the time of writing (23 June 2026), has £220million invested in fixed deposits with a weighted average interest rate of 4.00% with an average term to maturity of 4.0 months. In addition, at the time of writing, the Fund holds £214million across money market funds (MMFs) and a USD account with rates ranging from 3.73% to 3.90%. Therefore, the cash held is still generating a reasonable return, ahead of the Bank of England base rate.
40. A cashflow forecast for the Fund estimates that cash should reduce gradually over the financial year end towards £230million from the quarter end (31 March 2026) position of £505million. The reduction in cash is dependent on a number of factors:
 - a. The most important factor is the speed at which the significant commitments already made by the Fund are called by the underlying managers, a prudent estimate for this has been included in the forecast.
 - b. The pace at which closed ended funds return capital, in particular private equity, private credit and infrastructure funds.
41. The table below shows the current position of the Fund's actual investments against the 2026 SAA targets. In summary, the Fund is overweight cash, and underweight income assets. As previously stated, significant commitments have been made to income asset classes to close the gap to the target SAA with additional commitments to infrastructure and private credit in the planning process.

	31/3/26		31/3/26	Difference,	£m to SAA	% diff to	Rebalance range
	£m	2026 SAA	Actual weight %	actual to 2026 SAA	weight	SAA	
Growth	3,985	53.5%	53.6%	0.1%	8	1.3%	+ / - 2.5%; 51.75% - 56.75%
Income	2,297	36.5%	30.9%	-5.6%	-416	3.1%	+ / - 2.0%; 34.50% - 38.50%
Protection	646	10.0%	8.7%	-1.3%	-97	-0.8%	+ / - 2.0%; 7.25% - 11.25%
Cash	505	0.0%	6.8%	6.8%	505		
	7,434	100%	100%				

The Protection asset group includes hedge collateral at 0.75% of total fund assets

	31/3/26		31/3/26	Difference,	£m to	% diff to
	£m	2026 SAA	Actual weight %	actual to 2026 SAA	target weight	SAA
Growth						
Listed Equity	3,218	41.00%	43.3%	2.3%	170	2.3%
Other alternatives	370	5.00%	5.0%	0.0%	-2	0.0%
Private Equity inc local	397	7.50%	5.3%	-2.2%	-160	-0.9%

	31/3/26		31/3/26	Difference,	£m to	% diff to
	£m	2026 SAA	Actual weight %	actual to 2026 SAA	target weight	SAA
Income						
Infrastructure inc local	864	12.50%	11.6%	-0.9%	-65	1.4%
Property inc local	502	7.50%	6.8%	-0.7%	-56	-0.3%
Credit - Private inc local	478	9.50%	6.4%	-3.1%	-228	2.2%
Credit - global liquid MAC	454	7.00%	6.1%	-0.9%	-67	-0.2%

	31/3/26		31/3/26	Difference,	£m to	% diff to
	£m	2026 SAA	Actual weight %	actual to 2026 SAA	target weight	SAA
Protection						
Credit - Investment grade	202	3.25%	2.72%	-0.5%	-40	-0.5%
Short dated IG credit	157	0.50%	2.11%	1.6%	120	1.6%
Government bonds	240	5.50%	3.23%	-2.3%	-169	-2.3%
Active currency hedge	47	0.75%	0.63%	-0.1%	-9	-0.1%

Cash	505	0.00%	6.8%	6.8%	505	
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Overall Investment Performance

42. Investment performance analysis over various time frames to the period quarter ending 31 March 2026 is conducted by Hymans. Hymans collate information directly from investment managers and calculate performance, which provides an independent check of manager valuations. The valuation summary is included within the exempt part of today's agenda together with the individual investment manager reports.
43. It is important to note that the valuations produced can be different to those provided by managers or included in the Statement of Accounts. For example, timing differences or use of different accounting methodologies. The differences are not expected to be material in the context of the messages being conveyed by this report.
44. Summarised returns for the whole Fund versus benchmark are shown below.

	1yr	3yr pa	5yr pa
Total Fund	+10.5%	+7.9%	+7.0%
vs benchmark	-2.2%	-2.2%	-0.6%

45. It is important to note that investment returns can be negative in absolute terms and for a protracted period, and chances of negative absolute returns over shorter periods of time are considerably higher than over longer periods of time. Currently over the short and medium term (three and five-year time frames) the returns for the Fund are comfortably positive at +7.9% pa over 3 years and +7.0% per annum over five years.
46. The current returns compare favourably to the most recent Hymans Robertson actuarial valuation, as at 31 March 2025, which calculated a future investment return of at least 6.1% pa in 80% of the future simulated outcomes. The Fund decided to increase the level of prudence from 75% used at the 2022 actuarial valuation to 80% in recognition of increase volatility and uncertainty in investment markets.
47. The Fund aims to generate investments returns ahead of the required future investment return (6.1%) and selects products such that the target investment return for the Fund's SAA builds in an amount of margin over the 6.1% required rate without taking undue investment risk. As at the 2025 SAA review, Hymans calculated the Fund's 20-year return for the target SAA to be 8.4% per annum.
48. The Fund has similar returns to three other LGPS funds where information is available. Returns are summarised in the table below.

	1 yr return to 31 March 2026 range	Benchmark range
3 Central LGPS Funds	10.0%-10.1%	11.7%-12.9%
LCC pension fund	10.5%	12.6%

49. The current investment returns over the one, three and five-year timeframes versus the benchmarks are negative. This is partly due to the change of benchmarks through 2024 where existing benchmarks were replaced with comparisons which more accurately reflect the risk being taken. In many cases the existing benchmarks were replaced with tougher comparisons, for example, moving of the private equity benchmark from FTSE all world to FTSE all world plus 3% per annum.

50. Over the one year time period investment returns are 2.2% below the benchmark. The largest components affecting this variance are the LGPS Central global active equity product and the private equity investments, each contribute about an adverse 1.5% return versus their respective benchmarks. Performance of the Central global active equity product is covered elsewhere on today's agenda as part of the public markets review. The private markets review will address private equity at the next meeting of the LPC scheduled in September 2026.
51. These adverse returns versus benchmark is offset by positive returns versus benchmark, the most notable is the LGPS Central Climate multi factor fund (MFF) which has outperformed its benchmark over the year by over 1%, it is the Fund's single largest investment at over 14% of the Fund. Officers will be in contact with advisors at Central to discuss rebalancing within equity products in the coming weeks.
52. Private equity has also had another tough year with total returns 10% below the benchmark which is also the FTSE All World index plus an additional 3% pa to represent the additional risk private equity investments represent. Over the longer term, private equity investments have performed well, see figure 4, where 10 year and 15-year performance for the private equity asset class has been 14% per annum. The Fund has performance for private equity from March 2016, performance to date is 13.3% pa.

Pooling progress

53. The Government's ambition is to have all investments pooled by 31 March 2026. All the Fund's assets including those with external managers now have a management agreement with Central to provide ongoing oversight and decision making however during the 'bedding in' phase investment decisions will be conducted in a collaborative manner with officers, the Fund's investment advisor and Central investment teams all playing a part.
54. The Fund has regular weekly meetings to progress investment related matters which have been running effectively for over a quarter now.
55. In April 2026, all of the Fund's external investment managers have been instructed to allow access to investment information and the Fund's decision for Central to provide discretionary investment management services. LGPS Central will give an update on progress during an earlier item on this agenda.

Leicestershire Pension Fund Conflict of Interest Policy

56. Whilst not a conflict of interest, it is worth noting that the County Council also invests funds with four managers with whom the Leicestershire County Council Pension Fund invests, namely Partners Group, JP Morgan, DTZ investors and Christofferson Robb and Company (CRC). Decisions on the County Council's investments were made after the Fund had made its own commitments.

Recommendation

57. The Local Pension Committee are recommended to note the report.

Environmental Implications

58. The Leicestershire LGPS has developed a Net Zero Climate Strategy (NZCS) for the Fund. This outlines the high-level approach the Fund is taking to its view on Climate Risk. This will align with the Fund's Responsible Investment approach as set out in the Principles for Responsible Investment. The Fund is committed to supporting a fair and just transition to net-zero. There are no changes to this approach as a result of this paper.

Equality Implications

59. There are no direct implications arising from the recommendations in this report. The Fund incorporates financially material Environmental, Social and Governance ("ESG") factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund's fiduciary duty. The Fund will not appoint any manager unless they can show evidence that responsible investment considerations are an integral part of their decision-making processes. This is further supported by the Fund's approach to stewardship and through voting, and its approach to engagement in support of a fair and just transition to net zero. There are no changes to this approach as a result of this paper.

Human Rights Implications

60. There are no direct implications arising from the recommendations in this report. The Fund incorporates financially material Environmental, Social and Governance ("ESG") factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund's fiduciary duty. The Fund will not appoint any manager unless they can show evidence that responsible investment considerations are an integral part of their decision-making processes. This is further supported by the Fund's approach to stewardship and through voting, and its approach to engagement in support of a fair and just transition to net zero. There are no changes to this approach as a result of this paper.

Background Papers

Local Pension Committee 30 January 2026, Overview of the Current Asset Strategy and Proposed 2026 Asset strategy – item 121:

<https://democracy.leics.gov.uk/ieListDocuments.aspx?CId=740&MId=8372&Ver=4>

Appendix

None

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LOCAL PENSION COMMITTEE – 3 JULY 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

FIT FOR THE FUTURE UPDATE

Purpose of the Report

1. The purpose of this report is to provide the Local Pension Committee (LPC) with updates on:
 - Regulatory developments relating to Fit for the Future (FFTF)
 - Governance arrangements and meetings update relating to LGPS Central (Central).

Policy Framework and Previous Decisions

2. The Leicestershire County Council Pension Fund (the Fund) is an equal owner of Central, which is authorised and regulated by the Financial Conduct Authority as an asset manager and operator of alternative investment funds. As of 1 April 2026, this ownership is alongside Cheshire, Derbyshire, Gloucestershire, Hampshire, Norfolk, Nottinghamshire, Oxfordshire, Shropshire, Staffordshire, Suffolk, West Midlands, Wiltshire and Worcestershire Pension Funds.

Background

3. In 2016 the Local Government Pension Scheme Regulations 2016 came into force. These regulations mandate that the separate LGPS funds in England and Wales combine their assets into a small number of investment pools. To meet the requirements of these regulations Leicestershire County Council, alongside the other seven co-owners helped develop LGPS Central Limited, which they each jointly own.
4. By leveraging the scale of the underlying partner funds Central aims to reduce costs, enhance investment returns, and expand the range of available asset classes, all for the benefit of local government pensioners, employees and employers.

5. The Fund is a stakeholder in Central from two different perspectives:
 - A co-owner of the company (shareholder) alongside the other owners; and,
 - As a recipient of investment services (client)
6. These interests are managed through the Shareholders' Forum and the Joint Committee as well as Leicestershire Pension Fund's Funding Strategy Statement (FSS), Investment Statement Strategy (ISS) and Conflict of Interest Policy.
7. On 29 April 2026 the Pension Schemes Bill 2025 completed its passage through Parliament and received Royal Assent becoming the Pension Schemes Act 2026.

Fit for the Future Update

8. On 21 May 2026 Government released the response to the technical consultation from late 2025. The consultation received 90 responses, of which the Fund was one of 64 other Administering Authorities that responded. The response sets out that the following statutory instruments would come into force on 30 June 2026:
 - Local Government Pension Scheme (Pooling, Management and Investment of Funds) Regulations 2026
 - Local Government Pension Scheme (Amendment) (Governance) Regulations 2026
9. These statutory instruments were not significantly different than the drafts consulted on. Those most relevant to Leicestershire County Council Pension Fund are as follows:
 - The deadline for the first Investment Strategy Statement publication has been extended to 31 March 2027. This will not impact the Fund and fits with its normal scheduling.
 - The Independent Person is no longer required to be appointed as a non-voting Member of the Pension Fund Committee, rather they can be an advisor. The draft terms of reference align with this.
10. Government also set out it would look to update drafted guidance to provide clarification on some areas. This final guidance is awaited. Two key areas where this guidance is awaited is for:
 - The role of the Senior LGPS Officer. Government's intention is that this role will ensure funds are managed appropriately, with senior responsibility across all fund functions. Government have been clear this cannot be the Council's S151

Officer or joined with any other statutory role and must spend the majority of their time on the Pension Fund.

- Appointment of Independent Person. The regulations and associated documents make clear that the independent person is intended to strengthen decision-making and oversight, particularly in a more complex operating environment where:
 - investment implementation is largely delegated to pools
 - funds retain responsibility for strategy and outcomes
 - governance expectations are increasing
11. The regulations do not prescribe how and who can undertake this role. The role is designed to provide objective and impartial challenge over all aspects of the Fund (investments, governance and administration) which is broader than the work previously undertaken by investment advisors.
 12. Draft guidance indicates that the role should provide advice and challenge across areas including investment strategy, governance, and administration for the Local Pension Committee, as well as engage with the Local Pension Board Chair.
 13. Given this breadth, there remains a degree of ambiguity as to how the role should operate in practice, particularly in the context of the evolving LGPS model, where investment advice is increasingly expected to be provided by the asset pool, and where the independent person is envisaged as providing broader oversight and challenge across the full range of Fund activities.
 14. A role description has been drafted in line with how the role is currently understood. Once the role description is finalised, it is proposed that the Fund seek expressions of interest, then progress with an appointment process. Members of the LPC that are interested can be introduced to prospective candidates in advance of formal appointment.
 15. The Fund will await publication of revised statutory guidance from the Secretary of State to progress these roles further. This guidance is expected to provide further clarity on the intended scope, responsibilities, and practical application of the role, enabling the Fund to develop a robust and compliant person specification and recruitment approach.

LGPS Central Company Updates

16. All resolutions were agreed by shareholders at the 23 March 2026 Company Meeting. This included:
 - Approval of the Strategic Business Plan 2026-2029 and Budget 2026-27.

- Approval of the Regulatory Capital Statement
- Approval of the Remuneration Framework and Policies for Executive and Non-Executive Directors.
- Approval of remuneration packages.

17. An update on the Budget was provided at the 20 March 2026 LPC meeting.

18. Shareholders for Central have the responsibility in ensuring the budget is reasonable and allows Central to operate safely in line with the Financial Conduct Authority (FCA) guidelines but can hold Central to account to ensure they are providing value for money. The shareholder must be an officer rather than a member, based on legal advice received and reviewed by the legal teams at the County Council and recommendations for this are included in a separate item on this agenda.

Recommendation

The Local Pension Committee are recommended to note the report.

Environmental Implications

19. The Leicestershire LGPS has developed a Net Zero Climate Strategy (NZCS) for the Fund. This outlines the high-level approach the Fund is taking to its view on Climate Risk. This will align with the Fund's Responsible Investment approach as set out in the Principles for Responsible Investment. The Fund is committed to supporting a fair and just transition to net-zero. There are no changes to this approach as a result of this paper.

Equality Implications

20. There are no direct implications arising from the recommendations in this report. The Fund incorporates financially material Environmental, Social and Governance ("ESG") factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund's fiduciary duty. The Fund will not appoint any manager unless they can show evidence that responsible investment considerations are an integral part of their decision-making processes. This is further supported by the Fund's approach to stewardship and through voting, and its approach to engagement in support of a fair and just transition to net zero. There are no changes to this approach as a result of this paper.

Human Rights Implications

21. There are no direct implications arising from the recommendations in this report. The Fund incorporates financially material Environmental, Social and Governance (“ESG”) factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund’s fiduciary duty. The Fund will not appoint any manager unless they can show evidence that responsible investment considerations are an integral part of their decision-making processes. This is further supported by the Fund’s approach to stewardship and through voting, and its approach to engagement in support of a fair and just transition to net zero. There are no changes to this approach as a result of this paper

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LOCAL PENSION COMMITTEE – 3 JULY 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

RISK MANAGEMENT AND INTERNAL CONTROLS

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Committee (LPC) of any changes relating to the risk management and internal controls of the Pension Fund, as stipulated in the Pension Regulator's Code of Practice.

Policy Framework and Previous Decisions

2. The LPC's Terms of Reference state that the responsibility and role of the Board is to secure compliance with the LGPS Regulations and other legislation relating to the governance and administration of the LGPS, securing compliance with the requirements imposed in relation to the LGPS by the Pensions Regulator, and such other matters as the LGPS regulations may specify.

Background

3. The Pension Regulator's (TPR) Code of Practice on governance and administration of public service pension schemes requires that administrators need to record, and members be kept aware of, risk management and internal controls. The Code states this should be a standing item on each Local Pension Board (LPB) and LPC agenda.
4. In order to comply with the Code, the risk register and an update on supporting activity is included on each agenda for the LPC.

Risk Register

5. The 19 risks are split into six different risk areas. The risk areas are:

- Investment
- Liability
- Employer
- Governance
- Operational
- Regulatory

6. Risks are viewed by impact and likelihood and the two numbers multiplied to provide the **current risk score**. Officers then include future actions and additional controls, and the impacts and likelihoods are then rescored. These numbers are multiplied to provide the **residual risk score**.
7. The current and residual risk scores are tracked on a traffic light system: red (high), amber (medium), green (low).
8. The latest version of the Fund's risk register was approved by the LPC on the 20 March 2026.
9. There has been one change to risk scores, alongside some changes to the contents of the risk register as highlighted below. Officers have also considered the implications of 'Fit for the Future' and how that will impact on the risk register which has been indicated.
10. To meet Fund Governance best practice, the risk register has been shared with Internal Audit, who have considered the register and are satisfied with the current position. The LPB considered this report at its last meeting in April where there were no comments.
11. The risk register is attached to the report at Appendix A and Risk Scoring Matrix and Criteria at Appendix B.

Revisions to the Risk Register

Risk 2: Market returns are acceptable, but the performance achieved by the Fund is below reasonable expectations.

12. This has been updated to reflect that the Fund will not hold investment manager decisions once royal assent is completed on the pensions bill. The Fund will need to continue to engage with LGPS Central (Central) as part of 'fit for the future', mechanisms for oversight will continue to evolve as governance arrangements are reviewed and fed back to LPC as appropriate.

Risk 3: Failure to take account of ALL risks to future investment returns within the setting of asset allocation policy

13. Similarly to risk 2 reference to the appointment of investment managers has been reviewed, however, the LPC still retains its decision-making powers over the strategic asset allocation. An additional action has been included to reference internal audit undertaking a review of a sample of controls over 2026.

Risk 10 Sub-funds of individual employers are not monitored to ensure that there is the correct balance between risks to the Fund and fair treatment of the employer

14. The Committee approved the Funding Strategy in March 2026 which included the cessation and exit values where required, this has reduced the impact of this risk therefore the score has reduced to 6 (green).

Risk 13: If immediate payments are not applied correctly, or there is human error in calculating a pension, scheme members pensions or the one-off payments could be wrong

15. Additional controls have been updated recognising there are no further controls, and it is considered business as usual, however it is still considered important to the Fund therefore will continue to be monitored as part of the risk register.

Risk 15: Failure to identify the death of a pensioner causing an overpayment, or potential fraud or other financial irregularity

16. The current controls have been updating to reflect that contracts are now in place for tracing providers and mortality screening in addition to the National Fraud Initiative Mortality Screening Service.

Risk 16: The resolution of the McCloud case and 2016 Cost Cap challenge could increase administration significantly resulting in difficulties providing the ongoing pensions administration service

17. Additional controls have been updated to reflect the status of the phased review. Phase one covers new in scope retirements and leavers is underway and will continue as scheme members retire. While phase two which focuses on existing in scope pension benefits has begun which will revise and pay any arrears as needed.

Risk 17: The implication of the national dashboard project could increase administration resulting in difficulties providing the ongoing pensions administration service

18. This risk has been updated to reflect that the Fund has either completed, or appropriate contracts in place to allow data linkage with the dashboard. However, the Fund is still awaiting the go live date for the project from Government.

Risk 18: Proposed changes as a result of Government propositions relating to regulations, guidance in relation to pooling and local government reorganisation/devolution.

19. Text has been updated reflecting the regulatory structure required by Government by the 1 April 2026 had been achieved by the Fund and Central. It is recognised there are a number of pieces of guidance awaited which will need to be considered. In relation to Local Government Reorganisation it is recognised a decision is expected by Government in mid July, following which officers will consider any implications and report back as appropriate.

20. There have been some light touch updates just to update wording in other risks, however no meaningful changes.

Recommendation

21. The Local Pension Committee is asked to note the report and approve the updated risk register.

Equality Implications

22. There are no equality implications arising from the recommendations in this report.

Human Rights Implications

23. There are no human rights implications arising from this report.

Background Papers

None

Appendix

Appendix A – Risk Register

Appendix B – Risk Scoring Matrix and Criteria

Officers to Contact

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All risks owned by the Director of Corporate Resources

Risk no	Category	Risk	Causes (s)	Consequences	List of current controls	Impact	Likelihood	Current Risk Score	Risk Response	Further Actions / Additional Controls	Residual Impact	Residual Likelihood	Residual Risk Score	Residual Risk Change since August 2025	Action owner
1	Investments	Market investment returns are consistently poor, and this causes significant upward pressure onto employer contribution rates	Poor market returns most probably caused by poor economic conditions and/ or shocks e.g. CV19, global recessions	Significant financial impact on employing bodies due to the need for large increases in employer contribution rates	Ensuring that strategic asset allocation is considered at least annually, and that the medium-term outlook for different asset classes is included as part of the consideration. Reviewed in January 2026.	5	2	10	Treat	Making sure that the investment strategy is sufficiently flexible to take account of opportunities and risks that arise but is still based on a reasonable medium-term assessment of future returns. To be reviewed January 2027.	4	2	8	—	Investments - SFBP
2	Investments	Market returns are acceptable, but the performance achieved by the Fund is below reasonable expectations	Poor performance of individual managers including LGPS Central especially during this phase of implementing the fit for the future recommendations, poor asset allocation policy or costs of transition of assets to LGPS Central is higher than expected	Opportunity cost in terms of lost investment returns, which is possible even if actual returns are higher than those allowed for within the actuarial valuation. Lower returns will ultimately lead to higher employer contribution rates than would otherwise have been the case	Ensuring that the causes of underperformance are understood and acted on where appropriate. Shareholders' Forum, Joint Committee and Practitioners' Advisory Forum will provide significant influence in the event of issues arising. Officers engage with LGPS Central as part of transition planning, and regular updates are brought to LPC.	3	3	9	Treat	It should be recognised that some managers have a style-bias and that poorer relative performance will occur. The second phase of LGPS Central's expansion is likely to be challenging . The Fund will continue to monitor how the company's investment advice and products evolve alongside the legacy investment transition and oversight. A governance review is underway which will strengthen the oversight function of partner funds. Programme of LGPS Central internal audit activity, which has been designed in collaboration with the audit functions of the partner funds. Use of the annual investment strategy refresh to highlight areas of concern and corrective action alongside, consideration of any additional oversight mechanisms that may be helpful following fit for the future changes.	3	2	6	—	Investments - SFBP
3	Investments	Failure to take account of ALL risks to future investment returns within the setting of asset allocation policy	Some assets classes or individual investments perform poorly as a result of incorrect assessment of all risks inherent within the investment. These risks may include, but are not limited to the risk of global economic slowdown and geopolitical uncertainty and failure to consider Environmental, Social and Governance factors effectively.	Opportunity cost within investment returns, and potential for actual returns to be low. This will lead to higher employer contribution rates than would otherwise have been necessary.	Ensuring that all factors that may impact onto investment returns are taken into account when setting the annual strategic asset allocation. The Fund is also member of the Local Authority Pension Fund Forum (LAPFF) and supports their work on shareholder engagement which is focused on promoting the highest standards of corporate governance and corporate responsibility. The Committee has approved a Net Zero Climate Strategy to take into account the risk and opportunities related to climate change. Climate Risk Report and Climate Stewardship Report. The Fund also produces an annual report as part of the Taskforce on Climate-related Financial Disclosures.	3	4	12	Treat	Responsible investment aims to incorporate environmental (including Climate change), social and governance (ESG) factors into investment decisions, to better manage risk and generate sustainable, long-term returns. Annual refresh of the Fund's asset allocation allows an up to date view of risks to be incorporated and avoids significant short term changes to the allocation. This can take into account geopolitical uncertainty, the impact of climate change on the portfolio including risk from stranded assets. Asset allocation policy allows for variances from target asset allocation to take advantage of opportunities and negates the need to trade regularly where investments under and over perform in a short period of time. LGPS Central are in the process of developing an ESG report for the Fund which can be used to monitor the Fund's portfolio exposure, and support engagement with underlying companies. Internal Audit have planned a review of a sample of controls during 2026.	3	3	9	—	Investments - SFBP
4	Investments	Risk to Fund assets and liabilities arising from climate change	The impact on global markets and investment assets from the transition to a low carbon economy, and/or the failure to achieve an orderly transition in line with the Paris agreement.	Failure of meeting return expectations due to risks, or missed investment opportunities, related to the transition to a low carbon economy, and/or the failure to achieve an orderly transition. Resulting in increased employer contributions costs. Some asset classes, and carbon intensive sectors may be overexposed to transition risks, and/or the risk of stranded assets	Net Zero Climate Strategy, targeting by 2050 with an ambition for sooner. Climate metrics, including decarbonisation targets monitored annually through the Climate Risk Report, and reporting under TCFD recommendations. Supporting real world emissions reduction with partners (LAPFF, and LGPS Central) as part of the Fund's Climate Stewardship Plan. Consideration of climate change as part of the SAA and considerations around climate solutions. Climate scenario analysis is undertaken biennially on impact to Fund assets. The Funding Strategy Statement's resilience to climate risk was also tested through the 2022 triennial valuation	3	4	12	Treat	Annual refresh of the Fund's asset allocation allows for an up to date view of climate risks and opportunities to be incorporated and avoids significant short term changes to the allocation. This will take into account the Fund's latest Climate Risk report. Increased asset coverage for climate metric reporting. Increased engagement with investment managers and underlying companies through Net Zero Climate Strategy and further collaboration. Expected regulatory change on climate monitoring. As part of the actuarial valuation the Fund's Actuary will undertake climate scenario analysis. Climate considerations will also feed into longevity assumptions. The IIGCC has produced a Net Zero Infrastructure Framework 2.0 that will be incorporated into the Fund's Net Zero Climate Strategy review to include further asset classes over 2025/2026.	3	3	9	—	Investments - SFBP

5	Liability	Assets held by the Fund are ultimately insufficient to pay benefits due to individual members	Ineffective setting of employer contribution rates over many consecutive actuarial valuations	Significant financial impact on scheme employers due to the need for large increases in employer contribution rates.	Input into actuarial valuation, including ensuring that actuarial assumptions are reasonable and the manner in which employer contribution rates are set does not bring imprudent future financial risk Early engagement with the Fund's higher risk employers to assess their overall financial position. Ongoing review of Community Admission Bodies (CABs). As at the 2025 Fund Valuation the Fund is 140% funded.	5	1	5	Tolerate	Actuarial assumptions need to include an element of prudence, and Officers need to understand the long-term impact and risks involved with taking short-term views to artificially manage employer contribution rates. Regular review of market conditions and dialogue with the schemes biggest employers with respect to the direction of future rates. GAD Section 13 comparisons. Funding Strategy Statement approach is to target funding level of 120%.	5	1	5	—	Pensions Manager
6	Employer	If the pensions fund fails to receive accurate and timely data from employers, scheme members pension benefits could be incorrect or late. This includes data at year end.	A continuing increase in Fund employers is causing administrative pressure in the Pension Section. This is in terms of receiving accurate and timely data from these new employers who have little or no pension knowledge and employers that change payroll systems so require new reporting processes	Late or inaccurate pension benefits to scheme members Reputation Increased appeals Greater administrative time being spent on individual calculations Failure to meet statutory year-end requirements.	Training provided for new employers alongside guidance notes for all employers. Communication and administration policy Year-end specifications provided Employers are monthly posting Developed a monthly tracker for employer postings. Inform the Local Pension Board quarterly regarding admin KPIs and customer feedback.	3	2	6	Treat	Continued development of wider bulk calculations. Implemented automation of certain member benefits using monthly data posted from employers. Monitor employers that change payroll systems.	3	1	3	—	Pension Manager
7	Employer	If contribution bandings and contributions are not applied correctly, the Fund could receive lower contributions than expected	Errors by Fund employers payroll systems when setting the changes	Lower contributions than expected. Incorrect actuarial calculations made by the Fund. Possibly higher employer contributions set than necessary	Pension Section provides employers with the annual bandings each year. Pension Section provides employers with contributions rates (full and 50/50) Internal audit check both areas annually and report their findings to the Pensions Manager Finance reconcile monthly contributions to payroll schedule	3	2	6	Treat	Software checks for correct employer rates. Pension Officers check sample cases. Pension Officers to report major failings to internal audit before the annual audit process Major failings to be reported to the Pensions Board	3	1	3	—	Pensions Manager
8	Employer	Employer and employee contributions are not paid accurately and on time	Error on the part of the scheme employer	Potentially reportable to The Pensions Regulator as late payment is a breach of The Pensions Act.	Receipt of contributions is monitored, and late payments are chased quickly. Communication with large commercial employers with a view to early view of funding issues. Internal Audit review on an annual basis and report findings to the Pensions Manager	2	3	6	Tolerate	Late payers will be reminded of their legal responsibilities. The finance team will escalate any late payers to the Pensions Manager as required	2	3	6	—	Pensions Manager
9	Governance	If the Funds In House AVC provider (The Prudential) does not meet its service delivery requirements the Pension Fund is late in making payment of benefits to scheme members	System or administrative change at the Prudential.	Failure to meet key performance target for making payments of retirement benefits to members Complaints Reputational damage Members may cease paying AVCs	A new contract has been signed from 2025. The contract details the Prudential fund requirement. Quarterly meetings with the Pension Manager. The Prudential attended LPC in June 2025.	3	1	3	Tolerate	Working closely with the Prudential to improve administrative processes e.g. employer data directly to the Prudential via secure link.	3	1	3	—	Pensions Manager
10	Governance	Sub-funds of individual employers are not monitored to ensure that there is the correct balance between risks to the Fund and fair treatment of the employer	Changing financial position of both sub-fund and the employer	Significant financial impact on employing bodies. Risk to the Fund of insolvency of an individual employer. This will ultimately increase the liability on all other employers.	Ensuring, as far as possible, that the financial position of each employer is understood. On-going dialogue with them to ensure that the correct balance between risks and fair treatment continues. Dialogue with the employers, particularly in the lead up to the setting of new employer contribution rates. Include employer risk profiling as part of the Funding Strategy Statement update. To allow better targeting of default risks The Department for Education extended its guarantee to provide assurance to LGPS funds that FE bodies should not be treated as high risk employers. The Fund will ensure that the implications of the independent, non-public sector status, of further education, sixth form colleges, and the autonomous, non-public sector status of higher education corporations is fully accounted for in the Funding Strategy. The Funding Strategy Statement was approved March 2026 sets out the cessation and exit value if required.	3	2	6	Treat	To review the security as required .	3	1	3	—	Pensions Manager

11	Governance	Strategic Investment decisions are made without having sufficient expertise to properly assess the risks and potential returns	The combination of knowledge at Committee, Officer and Consultant level is not sufficiently high. Turnover of Committee Membership requiring time to retrain.	Poor decisions likely to lead to lower returns, which will require higher employer contribution rates	Continuing focus on ensuring that there is sufficient expertise to be able to make thoughtfully considered strategic investment decisions. Improved training at Committee. Additional experience at LGPS Central added who make investment decisions on behalf of the Fund. Revised Training Policy agreed March 2026. Committee are required to complete all modules of the Hymans Aspire Online Training within 6 months of appointment or revision of modules.	3	3	9	Treat	On-going process of updating and improving the knowledge of everybody involved in the decision-making and oversight process. Members undertake Training Needs Assessment and get issued individual training Plans. The training plan for 2026 will look to reflect these results alongside any key areas resulting from the fit for the future proposals.	3	3	9	Investments - SFBP
12	Operational	If the Pensions database system is subjected to a cyber attack, resulting in the theft of personal data or a period of unavailability, then there may be a breach of the statutory obligations.	Pensions database now hosted outside of LCC. Employer data submitted through online portal. Member data accessible through member self-service portal (MSS). Data held on third party reporting tool (DART). Greater awareness of information rights by service users.	Diminished public trust in ability of Council to provide services. Loss of confidential information compromising service user safety. Damage to LCC reputation. Financial penalties.	Regular LCC Penetration testing and enhanced IT health checks in place. LCC have achieved Public Sector Network (PSN) compliance. New firewall in place providing two layers of security protection in line with PSN best practice. Contractual arrangements in place with system provider regarding insurance. Work with LCC ICT and Aquila Heywood (software suppliers) to establish processes to reduce risk, e.g. can Aquila Heywood demonstrate that they are carrying out regular penetration testing and other related processes take place. Cyber Policy in place 2025-27.	5	2	10	Treat	Liaise with Audit to establish if any further processes can be put in place in line with best practice. Good governance project and the TPR new code of practice to include internal audit reviews of both areas. Under review and findings will be reported to the Board. Six monthly review of Fund's continuity plan.	5	1	5	Pensions Manager
13	Operational	If immediate payments are not applied correctly, or there is human error in calculating a pension, scheme members pensions or the one off payments could be wrong	Human error when setting up immediate payments or calculating a pension System failures Over or under payments Unable to meet weekly deadlines	Reputation Complaints/appeals Time resource used to resolve issues Members one off payments, not paid, paid late, paid incorrectly	Officers re-engineered the retirement process using member self service (MSS) which speeds up process and reduces risk New immediate payments bank account checks system Use of insights report to identify discrepancies between administration and payroll sides of the system Funds over and under payment policy. Segregation of duties, benefits checked and authorised by different Officers Training provided to new staff. Figures are provided to the member so they can see the value and check these are correct A type of bank account verification applied to all pensions and transfer payments.	4	1	4	Tolerate	No further controls, business as usual.	4	1	4	Pensions Manager
14	Operational	If transfer out checks are not completed fully there may be bad advice challenges against the Fund There are some challenges being lodged from Claims Management Companies on historic transfers out	Increasing demand for transfers out from members Increased transfer out activity from Companies interested in tempting people to transfer out their pension benefits Increased complexity on how the receiving schemes are set up Increased challenges on historic transfers Manual calculation of transfer values due to McCloud.	Reputation Financial consequence from 'bad advice' claims brought against the Fund IDRP appeals (possible compensation payments) Increased administration time and cost	Follow LGA and Pensions Regulator (TPR) national guidance and checks, e.g. £30K plus transfers require members to take professional advice, completion of required forms. Internal Audit undertake a review of transfers out every two years. Queries escalated to Team Manager then Pensions Manager Legislative checks enable the Fund to withhold a transfer in certain circumstances. Signed up to The Pension Regulator's national pledge "To Combat Pension Scams"	2	4	8	Treat	Escalation process to officers to check IFA, Company set up, alleged scam activity Further escalation process to external Legal Colleagues National change requires checks on the receiving scheme's arrangements. Some McCloud calculations using an LGA template. Pension officer phones member to discuss when required.	2	3	6	Pension Manager
15	Operational	Failure to identify the death of a pensioner causing an overpayment, or potential fraud or other financial irregularity	Late or no notification of a deceased pensioner. Fraudulent attempts to continue to claim a pension	Overpayments or financial loss Legal cases claiming money back Reputational damage	Tracing service provides monthly UK registered deaths Life certificates for overseas pensioners Defined process governing bank account changes Moved to 6 monthly checks, (from one check every 2 years) National Fraud Initiative 6 monthly mortality screening for overseas pensioners Contracts for address tracing provider and mortality screening.	3	1	3	Tolerate	Annual review of status for pensioners where the Fund does not hold the current address e.g. care of County Hall or Solicitors.	3	1	3	Pensions Manager

16	Regulatory	The resolution of the McCloud case and 2016 Cost Cap challenge could increase administration significantly resulting in difficulties providing the ongoing pensions administration service	<p>The Regulations were laid on the 8 September 2023 and became active on the 1 October 2023. The legislation requires Fund Officers to review and calculate in scope member's pension benefits, backdated to April 2014 when the LGPS commenced the career average revalued earnings scheme.</p> <p>The Unions challenge on the 2016 cost cap, could result in possible benefit recalculations if the challenge is successful</p>	<p>Ultimate outcome on both McCloud and the cost cap are currently unknown but likelihood is;</p> <p>Increasing administration</p> <p>Revision of previous benefits</p> <p>Additional communications</p> <p>Complaints/appeals</p> <p>Increased costs</p>	<p>Guidance from LGA, Hymans, Treasury</p> <p>Employer bulletin to employers making them aware of the current situation on McCloud</p> <p>Team set up in the Pension Section to deal with McCloud casework.</p> <p>Quarterly updates to the Board.</p> <p>Internal Audit completed an audit on the first phase of McCloud implementation in the final quarter of 2023/24.</p>	3	3	9	Treat	<p>Final system changes have been loaded into the system.</p> <p>Fund Officers have undertaken a phased approach, phase one covers new in scope retirements and leavers which will continue as scheme members retire. Phase two is underway which requires a review of existing in scope pension benefits with revision and payment of any arrears, as necessary.</p>	2	2	4	—	Pensions Manager
17	Regulatory	The implication of the national dashboard project could increase administration resulting in difficulties providing the ongoing pensions administration service	<p>National decision to implement pension dashboards thereby enabling people to view all their pension benefits via one single dashboard</p>	<p>Increased administration</p> <p>Data cleaning exercise on member records</p> <p>Increased system costs</p> <p>Additional communications</p>	<p>Initial data cleaning completed.</p> <p>Contract in place with system provider to allow Fund data to link with the dashboard.</p> <p>The Prudential provide upto date information AVC funds.</p>	3	3	9	Treat	<p>Work with LCC's internal IT Team</p> <p>Security checked on the required link to allow the access to secure member pension data</p> <p>GDPR requirements</p> <p>Quarterly updates to the Board.</p> <p>Awaiting go live date for project from Government.</p>	3	2	6	—	Pensions Manager
18	Regulatory	Proposed changes as a result of Government propositions relating to regulations, guidance in relation to pooling and local government reorganisation/devolution.	<p>National pressure from Government and as part of the Pensions Review, to reform the LGPS, and/or direct investment decisions towards specific asset classes that may not completely correlate with the Fund's fiduciary duty.</p> <p>Pensions review underway with respect to further consolidation.</p> <p>Fit for the Future consultation proposals and the tight timescales with relation to the Pension Schemes Bill and any required compliance by the Fund.</p> <p>If extensive recruitment at Central is not at the sufficient level to undertake and present investment proposals.</p> <p>Local government reorganisaion.</p>	<p>Conflicting pressure on the Fund to make specific investments or investment transitions contrary to the Fund's investment approach. Some proposed changes may present additional management fees.</p> <p>Changes to the Fund's pooling approach and subsequent reduction in pools in the medium-term which may lead to administrative, legal and transition burdens and pressure on the Fund if not managed appropriately.</p> <p>Significant changes in the oversight, governance of investment management is probable over the next 12-24 months, as soon as 1 April with drafted regulations.</p>	<p>Response provided to all consultation strands for Fit for the Future, alongside Central partners on challenges that may arise from proposed changes.</p> <p>Productive participation with LGPS Central at officer and Joint Committee level. Investment in pool products where possible and in line with the Fund's strategy as approved by it's investment advisor.</p> <p>Careful consideration of government proposals, balancing pooling proposals and improved governance and continuation of the investment strategy including the net zero journey.</p> <p>Legal and regulatory 1 April deadline for Fit for the Future requirements achieved.</p> <p>ISS agreed March 2026 which took into account member views, fund beliefs and expected government guidance/requirements.</p>	3	4	12	Tolerate	<p>Officers to review all relevant guidance and/or regulation changes. Continue to work with the Fund's Investment Advisor and LGPS Central on progressing pooling.</p> <p>Review the outcome of the Fit for the Future consultation and Pensions Bill considerations in collaboration with LGPS Central, the chair of the Local Pension Committee and the section 151 officer.</p> <p>Committee and Board will be kept updated on implications as part of any future local government reorganisation or devolution proposals.</p>	3	4	12	—	Investments - SFBP
19	Operational	Gaps in knowledge, caused by a significant number of Pensions Section staff deciding to retire over the next five years, could emerge if succession planning is not in place.	<p>Number of staff aged over 55 continues to rise (noting that minimum retirement age increases to age 57 from April 2028).</p> <p>It takes several years to be fully trained and knowledgeable in all LGPS calculations, hence staff turnover tends to be low and colleagues often remain in the section until retirement.</p>	<p>Loss of knowledge from all areas of the section (noting that the average service length in the Leicestershire Pension Section was 13.5 years at March 2024).</p> <p>Delays in the calculation and payment of all pension benefits.</p> <p>Complaints.</p> <p>Reputational damage.</p>	<p>All new staff undergoing extensive training.</p> <p>Utilise apprentice scheme as part of recruitment planning.</p> <p>Monitor the situation with Team 1-2-1s with colleagues to ensure awareness of any upcoming retirement plans.</p> <p>Offer external training from Barnett Waddingham to compliment internal training and to encourage retention of existing staff.</p>	3	3	9	Treat	<p>Additional funding to be secured for two apprentice roles.</p>	3	2	6	—	Pensions Manager

Appendix B: Risk Scoring Matrix




Impact	1	2	3	4	5
5 Very High/Critical	5	10	15	20	25
4 Major	4	8	12	16	20
3 Moderate	3	6	9	12	15
2 Minor	2	4	6	8	10
1 Negligible	1	2	3	4	5
	1	2	3	4	5
	Very Rare/Unlikely	Unlikely	Possible/Likely	Probable/Likely	Almost certain

Likelihood of risk occurring over lifetime of objective (i.e. 12 mths)

Impact Risk Scoring Criteria

Scale	Description	Departmental Service Plan	Internal Operations	People	Reputation	Impact on the Environment
1	Negligible	Little impact to objectives in service plan	Limited disruption to operations and service quality satisfactory	Minor injuries	Public concern restricted to local complaints	None or insignificant damage
2	Minor	Minor impact to service as objectives in service plan are not met	Short term disruption to operations resulting in a minor adverse impact on partnerships and minimal reduction in service quality.	Minor injury to those in the Council's care	Minor adverse local / public / media attention and complaints	Minor local impact
3	Moderate	Considerable fall in service as objectives in service plan are not met	Sustained moderate level disruption to operations / Relevant partnership relationships strained / Service quality not satisfactory	Potential for minor physical injuries / Stressful experience	Adverse local media public attention	Moderate local impact
4	Major	Major impact to services as objectives in service plan are not met.	Serious disruption to operations with relationships in major partnerships affected / Service quality not acceptable with adverse impact on front line services. Significant disruption of core activities. Key targets missed.	Exposure to dangerous conditions creating potential for serious physical or mental harm	Serious negative regional criticism, with some national coverage	Major Local Impact
5	Very High/Critical	Significant fall/failure in service as objectives in service plan are not met	Long term serious interruption to operations / Major partnerships under threat / Service quality not acceptable with impact on front line services	Exposure to dangerous conditions leading to potential loss of life or permanent physical/mental damage. Life threatening or multiple serious injuries	Prolonged regional and national condemnation, with serious damage to the reputation of the organisation i.e. front-page headlines, TV. Possible criminal, or high profile, civil action against the Council/Fund, members or officers	Major regional or national impact

Residual Risk Score Change since last meeting indicator

-  Risk Increase
-  No Change
-  Risk Decrease

Likelihood of risk occurring over lifetime of objective (i.e. 12 mths) Risk Scoring Criteria

Rating Scale	Likelihood	Example of Loss/Event Frequency	Probability %
1	Very rare/unlikely	EXCEPTIONAL event. This will probably never happen/recur.	<20%
2	Unlikely	Event NOT EXPECTED. Do not expect it to happen/recur, but it is possible it may do so.	20-40%
3	Possible	LITTLE LIKELIHOOD of event occurring. It might happen or recur occasionally.	40-60%
4	Probable /Likely	Event is MORE THAN LIKELY to occur. Will probably happen/recur, but it is not a persisting issue.	60-80%
5	Almost Certain	Reasonable to expect that the event WILL undoubtedly happen/recur, possibly frequently.	>80%

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LOCAL PENSION COMMITTEE – 3 JULY 2026
REPORT OF THE DIRECTOR OF CORPORATE RESOURCES AND
THE DIRECTOR OF LAW AND GOVERNANCE
TERMS OF REFERENCE UPDATE

Purpose of the Report

1. The report seeks approval of the revised Terms of Reference for the Local Pension Committee (Appendix A).

Policy Framework and Previous Decisions

2. The Local Pension Committee (LPC) Terms of Reference were last approved in June 2025.

Background

3. Leicestershire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Leicestershire and Rutland. Leicestershire County Council has a statutory obligation, as defined under the Public Service Pensions Act 2013, to administer a Pension Fund for eligible employees of all local authorities within the County boundary and also the employees of certain other scheduled and admitted bodies.
4. In accordance with Section 101 of the Local Government Act 1972 the County Council has delegated the responsibility for decisions relating to investment of the Fund's assets to the LPC.

Terms of Reference Review

5. The Terms of Reference for the Committee were last reviewed in June 2025, to reflect the understanding at the time in relation to 'Fit for the Future' around appointing an independent person and ensure appropriate flexibility to be able to engage with LGPS Central in relation to the Fund's Shareholder Representatives.

6. Following draft guidance, a further review has been undertaken to support efficient and effective governance, key updates are set out below:
- Update on the roles and responsibilities of the Committee to reflect Fit for the Future developments.
 - That any substitution should wherever possible be notified to the Administering Authority by 5pm the day before the meeting. Only where substitutes have previously undertaken induction training.
 - Appointment of Chair and Vice-Chair – Clarification on the process of appointment.
 - Revised wording on LGPS Central Governance bodies reflecting the new Oversight Board for client matters and reference to the Shareholders Engagement Forum.
 - Amendments to the shareholder representative for the Fund, this is set out in more detail in the following section.
 - Updated role of the Investment Sub-Committee.
 - Clarification on membership for the Investment Sub-Committee.
 - Clarification on the role of the Local Pension Board and its relationship with the Local Pension Committee.
7. Other amendments have been made as a matter of consistency with the County Council's Constitution.
8. It is recognised that the Officers will need to further review the TOR following expected guidance from Government.

LGPS Central Shareholder Representative

9. The role of the Shareholder Representative is to ensure that appropriate resources are in place and that the structure and operation of the investment pool function effectively. This is distinct from the Fund's role as a client, which focuses on securing value for money and the effective delivery of services. The Shareholder Representative will attend Shareholder Engagement Forums, as well as Company meetings.
10. As outlined above, the Terms of Reference propose a change to the delegation of the Shareholder Representative role. Previously, this role was undertaken by the Chairman of the Local Pension Committee and as part of the most recent review of the Terms of Reference it was agreed that the Chairman, in consultation with the S151 Officer could determine the most appropriate individual to act as the Fund's Shareholder Representative. This could include a senior officer, the Chairman, or the Vice Chairman.

11. In light of recent advice received that the representative must be an officer, rather than an elected member, along with the development of the new Shareholders' Agreement and the continued evolution of LGPS Central under the Fit for the Future programme, the Council's Monitoring Officer, S151, Assistant Director Finance, Strategic Property and Commissioning and Chairman reconsidered the current approach. As a result, it is proposed that the Committee formally delegate the role of Shareholder Representative to the S151 Officer, with the Assistant Director Finance, Strategic Property and Commissioning as Deputy Shareholder Representative in their absence.
12. It is further proposed that the S151 may authorise other officers to carry out the delegated responsibilities set out in the Terms of Reference where both the appointed Representative and Deputy are unavailable.
13. These changes will ensure alignment with the legal advice received, reflects changing governance requirements, and supports the effective exercise of shareholder rights at short notice.
14. The Committee will continue to receive regular updates on matters relating to the shareholder role, including LGPS Central's Strategic Business Plan and Budget and other decisions.

Recommendations

15. It is recommended that:
 - a. The revised Terms of Reference be agreed.
 - b. That Declan Keegan, Director of Corporate Resources and Deputy Chief Executive & s.151 officer, be appointed as the Fund's Shareholder Representative for LGPS Central Ltd.
 - c. That Simone Hines, Assistant Director Finance, Strategic Property and Commissioning be appointed as the Fund's Deputy Shareholder Representative for LGPS Central Ltd, to act where the Shareholder Representative is unavailable.
 - d. That the Shareholder Representative may authorise other officers to substitute for them and perform their designated duties, as set out in this paragraph, on their behalf, in their absence and in the absence of the appointed Deputy Shareholder Representative.
 - e. That the Shareholder Representative (and Deputy, or substitute when acting) is authorised to exercise the Administering Authority's

shareholder/company decision-making in relation to LGPS Central Ltd, including (where required) voting at general meetings, signing shareholder resolutions and completing proxy forms, within the scope of the Council's constitution and any relevant scheme of delegation.

- f. That the Shareholder Representative will report back to the Local Pension Committee as appropriate on shareholder/company matters, including decisions taken.

Background papers

June 2025 Local Pension Committee – Terms of Reference

31 January 2025 Local Pension Committee: Fit for the Future Consultation response
<https://democracy.leics.gov.uk/ieListDocuments.aspx?MId=7986>

Equality Implications

16. There are no direct implications arising from the recommendations in this report. The Fund and LGPS Central incorporates financially material Environmental, Social and Governance (“ESG”) factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund’s fiduciary duty.

Human Rights Implications

17. There are no direct implications arising from the recommendations in this report. The Fund and LGPS Central incorporates financially material Environmental, Social and Governance (“ESG”) factors into investment processes. This has relevance both before and after the investment decision and is a core part of the Fund’s fiduciary duty.

Appendix

Appendix A: Terms of Reference Review

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LOCAL PENSIONS COMMITTEE

TERMS OF REFERENCE

1. Introduction

- 1.1 This document sets out the terms of reference for the Local Pension Committee of Leicestershire County Council, which is the scheme manager of the Leicestershire County Council Local Government Pension Scheme (the Fund), as defined under Section 4 of the Public Service Pensions Act 2013 (and any associated legislation).
- 1.2 The Committee is constituted as a Committee of Leicestershire County Council (the Administering Authority) under Section 101 of the Local Government Act 1972. The key functions and terms of the Committee are therefore as detailed in [Leicestershire County Council's Constitution](#).
- 1.3 These Terms of Reference will also apply to any subcommittee of the Local Pension Committee.

2. Purpose of the Committee

- 2.1 The Committee's purpose is to safeguard and manage the employers' assets held by the Fund, which are for the purpose of ensuring that pensions and lump sum benefits can be paid to Fund members.

3. Responsibility and Role of the Committee

- 3.1 The Committee is to act on behalf of the Administering Authority in its role as a scheme manager of the Fund.
- 3.2 The Administering Authority has delegated responsibility for all decisions relating to the investment of the Fund's assets and administration of the Fund in accordance with Section 101 of the 1972 Superannuation Act (see Part 3 of Leicestershire County Council's Constitution).
- 3.3 In the conduct of the Committee's purpose, its principal duties are to:

Set strategy and statutory policies

- 3.3.1 Approves the Funding Strategy Statement (FSS), the Investment Strategy Statement (ISS) which includes strategic asset allocation, responsible investment and local investment approach for the Fund.

Oversee pooled investment delivery

- 3.3.2 To act as the "client" to the Pooling Company (LGPS Central) to ensure investment assets are appropriately transitioned, performance meets objectives for the Fund and pooling requirements under the 2026 Pensions Act are met.

[Note: LGPS Central Limited is the company owned by 14 partner funds (including the Leicestershire County Council Pension Fund) which is

authorised as the operator of the Authorised Contractual Scheme (ACS), to provide investment services to the partner funds, by the Financial Conduct Authority (FCA). The company is therefore subject to the regulator's conduct of business rules and has established its internal governance framework to ensure strict adherence both to its regulatory obligations to the FCA and with the Companies' Acts.

The Fund holds dual interest in LGPS Central Ltd as shareholder of the company and as a recipient of its investment services, these are managed separately through the Shareholders Engagement Forum and the Oversight Board]

Ensure robust governance and leadership

3.3.3 Maintain effective governance arrangements, working with the new LGPS Senior officer role and independent person (once appointed) to ensure policies for governance, training and conflicts are in accordance with for 2026 regulations.

Oversee funding, risk and long term sustainability

3.3.4 To approve actuarial valuations, contribution strategies, and monitors funding risk to ensure the Fund remains sustainable over the long term.

Ensure compliance, controls and continuous improvement

3.3.5 Oversee compliance with LGPS regulations, The Pensions Regulator (TPR) expectations and the 2026 Pensions Act including the mandatory independent governance reviews. To include approval of adequate resources such that the administering authority can effectively manage all aspects of the management of the Fund.

Provide accountability and stakeholder stewardship

3.3.6 Ensures transparency, value for money, and effective stewardship of assets on behalf of members and employers including engagement with strategic authorities where appropriate and broader economic objectives.

Delegate functions

3.3.7 Consider delegations to pension fund officers, the Investment Sub-Committee, and other service areas within the Administering Authority as the Committee may consider appropriate to ensure the smooth administration of the Fund having regard to the Scheme of Delegation to Officers as set out in Part 3 of Leicestershire County Council's Constitution;

Work with the Local Pension Board

3.3.8 Consider Board recommendations and determine any appropriate actions to be taken or provide a reason to the Board for not enacting a recommendation made by them.

3.4 In addition to the duties set out in para 3.3 above, the Committee is subject to a fiduciary duty to act in the best interests of employers and Fund members,

in accordance with the advice provided to the Committee from time to time in light of guidance and the law.

3.5 Approve responses to consultations relevant to the Fund

4. Duties of all Members (including non-voting representatives) on the Committee

4.1 Members of the Committee should at all times act in a reasonable manner in the conduct of the Committee's purpose.

4.2 Members who sit on the Committee act as 'quasi-trustees' and must ensure that the Fund is managed in the best interest of all its members, employers and beneficiaries. As quasi-trustees, Committee members have a clear fiduciary duty in the performance of their functions and must ensure that the Fund is managed in accordance with the regulations and do so prudently and impartially, in the best interest of all its members as above.

4.3 Members should ensure that, when making decisions, they are required to put the Fund, the interests of Fund members and employers first, at the exclusion of their own personal and political interests. Members of the Committee must therefore take a non-political approach to the decisions they make.

4.4 Members should be able to demonstrate their capacity to attend and complete the necessary preparation for meetings, including the participation in training as detailed below.

4.5 It is expected that good practice will be followed by Committee members, in so far that appointees will abide by the requirements specified in the Pension Regulator's code of practice and the Pension Act 2004 sections 247 to 249.

Training

4.6 Members (including substitutes) are required to undertake induction training before taking up their role, and to adhere to the policy [Pension Fund and Finance - Leicestershire Member Self-Service \(pensiondetails.co.uk\)](https://pensiondetails.co.uk), and to undertake such other training as the Administering Authority considers appropriate.

Conflicts of interest

4.7 All members of the Committee on appointment will be provided with a copy of the Leicestershire County Council Pension Fund Conflict of Interest Policy and required to complete a Declaration of Interest to the Administering Authority. At any such time as a members circumstances change, any potential conflict of interest arising as a result of their position on the Committee should be declared.

[Note: A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the

Committee. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.]

5. Membership of the Committee

5.1 The Committee shall comprise of ten voting members, three non-voting members as follows:

Voting members

- Five County Council members.
- Two District Council members (appointments to be made by the District Councils).
- Two members of Leicester City Council.
- One University representative (appointment to be made by De Montfort and Loughborough Universities).

Non-Voting members

- Up to three Employee Representatives who must be members of the Fund in either an active, deferred or retired member capacity.

5.2 Any substitution for voting Members appointed to the Pension Committee shall follow their respective Council's procedures, subject to 4.6 above. Substitutions should wherever possible be notified to the Administering Authority by 5pm the day before the meeting.

6. Appointment

6.1 County Council, district council and university representatives will be appointed by the bodies they represent on the Committee.

6.2 Employee representatives will be appointed by Fund Members by way of nominations and a vote taken at the Leicestershire County Council Pension Fund Annual General Meeting, following a transparent recruitment process which is open to all Fund Members. The recruitment process will be approved and managed by the Administering Authority. The positions will be appointed to on a rolling basis so that at least one employee representative position will become available at each of the Fund's Annual General Meeting.

6.3 A reserve employee representative shall be appointed at the Fund's AGM. The reserve representative will act as a substitute at meetings of the Committee where an elected employee representative is unable to attend.

6.4 In the event of a vacancy occurring during the course of the year the reserve employee representative shall serve on the Committee as a full member until the Fund's AGM.

7. Terms of Office

- 7.1 The term of office for County, City, District and University representatives will be one year. They may be reappointed following their relevant appointment processes.
- 7.2 The term of office for employee representatives will be three years, or for such period as is remaining if a position is vacated during a three-year term, to ensure appointments are made on a rolling basis each year, as outlined in 6.2 above. An employee representative may be appointed for further terms of office, following the process set out in paragraph 6.2.
- 7.3 Committee membership may be terminated prior to the end of the term of office due if:
- 7.3.1 An employee representative is no longer a member of the Fund.
 - 7.3.2 A Committee member who no longer has the capacity to attend and prepare for meetings or to participate in required training.
 - 7.3.3 A Committee member representative is withdrawn by their nominating body.
 - 7.3.4 A Committee member is deemed by the Administering Authority's Monitoring Officer to have a conflict of interest which cannot be managed in accordance with the Fund's Conflict of Interest Policy.
 - 7.3.5 A Committee member becomes a member of the Local Pension Board.
 - 7.3.6 A Committee member who is an elected member representative ceases to be an elected member of the local authority they represent.
 - 7.3.7 The university representative ceases to be employed by their appointing university.

7.4 Where a Committee member ceases to be a member of the Committee for any reason their replacement will be determined by the body they represent in accordance with its usual processes.

8. Appointment of Chairman and Vice Chairman

- 8.1 The Administering Authority will administer the process for the appointment of Chairman and Vice Chairman.
- 8.2 The Chairman will be selected from one of the Administering Authority's representatives appointed at its annual Council meeting in May each year.
- 8.3 It will be the first business of the Committee to appoint a Chairman and Vice Chairman to sit for the term of one year following the Administering Authority's annual meeting. The Vice-Chairman will act as Chairman in the absence of the Chairman.
- 8.4 The Chairman and Vice Chairman once appointed by the Committee will automatically be appointed to act as Chairman and Vice Chairman of the Investment Sub-committee as detailed below.
- 8.5 The Chairman of the Local Pension Committee is the Fund's representative on the LGPS Central Oversight Board. The Oversight Board does not have

delegated authority to make binding decisions on behalf of the participating councils.

- 8.6 The Oversight Board provides strategic oversight of LGPS Central and provides collective challenge and scrutiny. It focuses on oversight of performance, governance and delivery of pooling activities, reviewing how effectively LGPS Central Limited is operating and monitoring progress against pooling objectives. The Oversight Board will have a responsibility, on an annual basis, to report back to the individual Authorities' Pension Committees on its areas of work and delivery.

9. **Meetings**

Number of meetings

- 9.1 Meetings of the Committee will be held at least four times a year.

Meeting Procedures

- 9.2 The Local Pension Committee is a Committee of the Administering Authority. It will therefore adhere to the Meeting Procedure Rules, as set out in Part 4 of Leicestershire County Council's [Constitution](#), and all matters of due process, so far as they do not conflict with the Committee's delegations, duties and responsibilities provided for in law and the requirements of these Terms of Reference.

Public Access

- 9.3 The Access to Information Procedure Rules, as set out in Part 4 of Leicestershire County Council's Constitution, will apply except where any particular issue is governed by other specific legislation relevant to pensions. The Committee's meetings will therefore be open to the general public unless an exemption under relevant legislation applies. These rules also apply to any sub-committee of the Pension Committee.

Quorum

- 9.4 A meeting is only quorate when at least one quarter of the voting members are present, subject to a minimum of 3.
- 9.5 A meeting that is or becomes inquorate may continue, but no decisions may be taken.

Moving Recommendations and Amendments at meetings

- 9.6 Any recommendation, or amendment to a recommendation, put forward and seconded at a meeting which proposes any action which the Chairman, and/or the Section 151 Officer and/or the Monitoring Officer (or their representatives) of the Administering Authority, considers should not be voted upon without proper professional advice being provided, either by Fund

officers or other appropriate external, independent advisors, will stand adjourned to the following meeting to allow for such advice to be provided. This is to ensure the Committee is fully informed on a proposed course of action before taking a decision as is required in law and ensuring it is able to act in the best interest of Fund scheme members.

Reasons for decisions

- 9.7 When casting votes Members must be explicit about the reasons for their decisions, the supporting information and expected impact.

10. Officer Support and Advice

- 10.1 Officers representing the Administering Authority will be expected to produce reports for the Committee and provide advice and clarification during the Committee's meetings to enable the Committee to take informed decisions in line with the law and best practice.

- 10.2 All members of the Committee (including Employee Representatives) and Officers are expected to abide by the Member/Officer Protocol set out in Leicestershire County Council's Constitution.

- 10.3 The Shareholder Representative must be an officer who holds the appropriate delegated authority to exercise the Administering Authority's shareholder decision-making functions in relation to LGPS Central Ltd, in accordance with section 101 of the Local Government Act 1972 and the Council's Constitution / Scheme of Delegation, and LGPS Central Shareholder Agreement,

- 10.4 The Shareholder Representative (or their Deputy where appointed) will be the Fund's representative for the purposes of exercising shareholder rights and taking/communicating decisions on LGPS Central Ltd company matters, including (where required) voting at general meetings, signing shareholder resolutions and completing proxy forms.

- 10.5 The Shareholder Representative (or their Deputy) will report back to the Local Pension Committee as appropriate on shareholder/company matters, including decisions taken.

- 10.6 The Committee will appoint the current Shareholder Representative and any Deputy Shareholder Representative by formal resolution (and in the Committee's minutes), and officers will maintain an up-to-date record of those appointments for operational and audit purposes."

- 10.7 The Shareholder Representative may authorise other officers to perform their designated duties as set out in this paragraph on his or her behalf, in their absence and in the absence of any Deputy Shareholder Representative appointed.

[Note: The Shareholders Engagement Forum acts as a supervisory body which focuses on shareholder issues. The Forum meets at least twice a year to discuss certain reserved matters as set out in the Shareholders Agreement.]

11. Advisers to the Committee

- 11.1 The Committee will be supported in its role and responsibilities by officers from the Administering Authority's Finance, HR, Legal and other teams as needed.
- 11.2 The Section 151 Officer of the Administering Authority acts as the Section 151 Officer for the Fund and has responsibility for appointing a Fund Actuary and other external advisers as they consider necessary from time to time. The Monitoring Officer for the Administering Authority acts as the Monitoring Officer for the Fund. The Fund may, subject to any applicable regulation and legislation from time to time in force, consult with such advisers.
- 11.3 The Administering Authority **must** appoint a suitably qualified Independent Advisor. This will be a remunerated appointment and follow a transparent appointment process.

12. Expenses

The Pension Fund may meet reasonable expenses of the Committee. Such expenses will be met by the Fund and have regard to Leicestershire County Council's Members' Allowance Scheme.

13. Investment Subcommittee

- 13.1 The County Council has appointed the Investment Subcommittee to assist the Committee to carry out its functions.
- 13.2 Under the guidance of the Local Pension Committee, the Subcommittee has responsibility for monitoring the performance of the Fund, including oversight of LGPS Central, such as during the transition of assets in line with Fit for the Future. (These responsibilities are also exercised by the Committee.) The Investment Subcommittee duties will evolve as pooling develops post 1 April 2026. The Subcommittee is intended to supplement the broader Local Pension Committee responsibilities.
- 13.3 The full list of the Subcommittee's functions is set out in Part 3 of Leicestershire County Council's [Constitution](#).
- 13.4 The Investment Subcommittee will consist of six voting members and one non-voting member, all of whom will be members of the Local Pension Committee. This will include:
- 3 County Councillors as follows:
 - the Chairman (who will act as Chairman of the Subcommittee);
 - the Vice-Chairman (who will act as Vice Chairman of the Subcommittee);
 - one other Committee member to reflect the political balance of the County Council so far as is reasonably practicable. (*Note: this*

may vary depending on the political group of the Chairman and Vice Chairman);

- 1 member representing Leicester City Council;
- 1 member representing the district councils;
- The member representing De Montfort/Loughborough Universities; and
- 1 scheme member representative (non-voting).

14. Annual Meeting of Members of the Pension Fund

- 14.1 An Annual Meeting of all beneficiaries of the Pension Fund is held each year. For administrative purposes only, the Chairman of the Local Pension Committee will chair this meeting. Members of the Committee will be notified of the meeting and may attend as an observer (unless they are entitled to attend as a Fund member).

[Note: The purpose of this meeting is to enable Fund members to consider the contents of the Pension Fund Annual Report, to receive a report by the Employee Representatives of both the Committee and Local Pension Board and to elect Employee Representatives for the Committee and Board for the following 12 months. Details of the meeting will be published on the Pension Fund website.]

15. Local Pension Board

- 15.1 Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 Regulation 106(1) specifies that each Administering Authority shall establish its own Local Pension Board with responsibility for assisting the effective and efficient governance and administration of the LGPS. The key functions of the Local Pension Board are set out in its Terms of Reference [\[link\]](#).

- 15.2 As part of the Local Pension Board's role in assisting the Local Pension Committee, the Board will provide scrutiny, comments, and recommendations to assist in the management of the Fund.

- 15.3 The Chair of the Local Pension Board may attend a Local Pension Committee meeting as an observer.

Approved by Local Pension Committee

To be presented to the Local Pension Committee 3 July 2026.

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