Meeting: **Local Pension Board**

Date/Time: **Wednesday, 29 July 2026 at 10.00 am**

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

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

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AGENDA

Item		Report by
1.	Appointment of Chairman.	
2.	Appointment of Vice-Chairman.	
3.	Minutes of the meeting held on 29 April 2026.	(Pages 3 - 6)
4.	Question Time.	

5. To advise of any other items which the Chairman has decided to take as urgent elsewhere on the agenda.

6. Declarations of interest in respect of items on the agenda.

7.	Pension Fund Administration Report, April to June 2026 - Quarter One.	Director of Corporate Resources	(Pages 7 - 24)
8.	Fit for the Future Update.	Director of Corporate Resources	(Pages 25 - 30)
9.	Pension Fund Annual Report and Accounts 2025/26.	Director of Corporate Resources	(Pages 31 - 152)
10.	Annual Board Report 2025/2026	Local Pension Board	(Pages 153 - 164)
11.	Risk Management and Internal Controls.	Director of Corporate Resources	(Pages 165 - 176)

12. Dates of Future Meetings.

Future meetings of the Board are scheduled to take place on the following dates, all at 10.00am:

14 October 2026
3 February 2027
19 May 2027
28 July 2027
17 November 2027

13. Any other items which the Chairman has decided to take as urgent.

TO:

Employer representatives

Ms. H. Butler CC
Mr. A. Innes CC
Cllr. E. Cutkelvin

Employee representatives

Mr. A Cross
Mr. M. Saroya
Mr. A. Stewart

Minutes of a meeting of the Local Pension Board held at County Hall, Glenfield on Wednesday, 29 April 2026.

PRESENT

Mr. M. Saroya (in the Chair)

Cllr. Elly Cutkelvin
Mr. A. Cross
Mr. K. Crook CC

49. Minutes.

The minutes of the meeting held on 4 February 2026 were taken as read, confirmed and signed.

50. Question Time.

The Chief Executive reported that no questions had been received under Standing Order 32.

51. Urgent Items.

There were no items for consideration.

52. Declarations of interest in respect of items on the agenda.

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

No declarations were made.

53. Internal Audit Arrangements, Including Internal Audit Work Conducted During 2025-26 and the Internal Audit Plan 2026-27.

The Board considered a report of the Director of Corporate Resources, which provided information on the internal audit arrangements for the Leicestershire County Council Pension Fund (the Fund) and LGPS Central Limited; summarised the outcomes of audits conducted during 2025-26 and outlined the internal audit plan for 2026-27; the implementation of the Global Internal Audit Standards (GIAS) in the UK Public Sector. A copy of the report marked ‘Agenda Item 5’ is filed with these minutes.

Arising from discussion, the following points were made:

i. A Member referred to the issue of overpayments and queried what further steps were being taken, noting that a sum of money remained outstanding and asking whether all possible action was being taken to recover it. It was reported that officers would continue to pursue all possible lines of enquiry, including contacting relatives where appropriate, although some lines of enquiry had gone cold. It was further noted identifying an overpayment in the first instance could be difficult, that the sums involved were generally small and that, at this stage, legal action would not usually be proportionate, therefore the current approach to recover overpayment would be maintained.

ii. The allocation of 90 audit days was referred to and it was asked whether additional audit days might be required in future. Officers explained that it would depend on the findings arising from the audit work, as the allocation represented an estimate and some audits took more or less time than anticipated, adding that any additional work would incur further charges.

iii. A Member queried whether, in the case of elderly pensioners, some authorities issued an annual reminder so that there was a postal record and, if the person had died, a response would not be received. Officers advised that the approach was already used for overseas pensioners and that officers were content with the existing arrangements, given the additional checks available through the National Fraud Initiative and the Fund's own tracing agencies. Furthermore, similar checks were also undertaken in relation to children, in order to confirm continuing full-time education where relevant.

RESOLVED:

That the report Internal Audit Report for 2025-26 and Internal Audit Plan for 2026-27 be noted.

54. Pension Fund Administration Report, January to March 2026 - Quarter Four.

The Board considered a report of the Director of Corporate Resources which provided information on the main administrative actions in the fourth quarter period from January to March 2026. The report covered governance areas including administration of Fund Benefits and the performance of the Pensions Section against its performance indicators. A copy of the report marked 'Agenda Item 6' is filed with these minutes.

Arising from discussion, the following points were made:

i. A Member queried whether the extension of the pension scheme to councillors would create increased administrative work. Officers advised that there could be some onboarding issues initially, but that the administration was not expected to be overly onerous, given that the number of councillors involved would not be large.

ii. It was noted that MCS Cleaning appeared two or three times in the report and concern was raised as to whether members' pension benefits were being affected. Members were reassured that scheme members should not be adversely affected, though problems could arise if an individual were to retire or die, therefore, it was preferable for the matter to be resolved as soon as possible.

iii. When considering the performance charts in the appendix to the report, Members noted that targets had been missed in a small number of areas and questioned whether comparisons had been made with comparable pension funds. Officers advised that it was not something currently undertaken, but options for benchmarking were being explored. It was noted that formal benchmarking costs had been high previously, and that officers would therefore approach other funds for comparative information.

iv. Members asked whether the proposed temporary resource of one person would provide sufficient capacity to cope with additional work pressures over the next year. Officers advised that securing an experienced temporary member of staff would make a difference, with the intention of targeting preserved benefits work in order to reduce the backlog.

v. It was noted that registrations on the new website were at 23% compared to the previous website, where registrations had been around 50%. Officers reported it was still quite new, and that the new website would continue to be publicised.

vi. It was queried as to whether changes relating to widowers' and widows' pensions would have an impact. Officers advised it regulatory changes had been expected, noting that the number of retrospective cases were not expected to be large.

RESOLVED:

That the Pension Fund administration report for January to March 2026 (quarter four) be noted.

55. <u>Fit for the Future Update.</u>

The Board considered a report of the Director of Corporate Resources which provided an update on progress on regulatory change in the Local Government Pension Scheme (LGPS). A copy of the report marked 'Agenda Item 7' is filed with these minutes.

Arising from discussion, the following points were made:

i. The Pension Schemes Bill had passed through Parliament and Royal Assent was expected shortly. In light of the delay to the final legislative timetable, the Government had extended a number of implementation deadlines.

ii. It was noted that the Fund would be required to appoint a Senior LGPS Officer and an Independent Person within six months of the regulations coming into force, rather than by the previous fixed deadline.

iii. It was reported that LGPS Central had been operationally ready for 1 April 2026 and had continued to work with partner funds on the phased transition of assets and services.

iv. Further guidance was still awaited in relation to the scope of the new roles and associated governance requirements, and officers had indicated that recruitment and implementation planning would be progressed once the final guidance had been issued.

v. The Board was advised that further updates would be provided as the remaining regulations and guidance were published.

vi. Members questioned whether the benefits of pooling could be quantified. It was explained that LGPS Central provided estimated savings through its quarterly updates, although it remained difficult to produce a definitive measure as this involved comparing pooled arrangements with the costs the Fund might otherwise have incurred independently.

vii. In further discussion, it was noted that the Fund had already realised savings from asset pooling over a number of years. Officers undertook to review the information available and, where possible, share further detail on the nature and extent of those benefits.

RESOLVED:

That the Fit for the Future update report be noted.

56. Risk Management and Internal Controls and Fit for the Future Update.

The Board 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.

RESOLVED:

That the Risk Management and Internal Controls and Fit for the Future update report be noted.

57. Date of the Next Meeting

The date of the next meeting is scheduled for 29 July 2026.

10.00am to 10.50am CHAIRMAN
29 April 2026

LOCAL PENSION BOARD – 29 JULY 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ADMINISTRATION REPORT

APRIL to JUNE 2026 - QUARTER ONE

Purpose of the Report

1. The purpose of this report is to inform the Local Pension Board of the main administrative actions in the first quarter period from April to June 2026. The report covers governance areas including administration of Fund benefits and the performance of the Pensions Section against its performance indicators. The Board is recommended to raise any areas of concern to be reported to the Local Pensions Committee.

Background

2. The Pensions Section is responsible for the administration of Local Government Pension Scheme benefits of the Leicestershire Pension Fund's 111,230 scheme members.

Performance Indicators

3. Attached to this report in the appendix are the performance indicators for the Pensions Section for the quarter April to June 2026, which form part of the Section's Service Plan and have been agreed by the Director of Corporate Resources. These indicators are split into two broad categories, namely how quickly processes are carried out and how customers feel they have been kept informed and treated by staff.

Performance of Pensions Section

4. Further to the 'Pension Fund Key Performance Indicators Report' presented to the Board on 4 February 2026, new KPIs have been added to align with the categories included in the Fund's annual report. They are:

- **Communication issued with acknowledgement of death of scheme member within 5 days.** These include verbal acknowledgements where a notification was received via a phone call.

- **Payment of lump sum (both actives and deferreds) within 15 working days.** This is measured to the end of the internal process within the Pensions section, not to the actual date that payment reaches a bank account. Payment usually reaches the scheme member's account on the Monday following the end of the process and the scheme member is informed of this in writing in advance.

- **Communication issued with deferred benefits within 30 working days.** The intention of this target is to measure the initial contact with the scheme member, from when officers were notified of a leaving date to issuing a notification to the scheme member they will have an entitlement to a deferred benefit. However, there is currently no contact with the scheme member until the actual calculation is processed and issued. Officers will develop an acknowledgement letter that will be automatically generated once it is established that a deferred benefit is due, which will reduce the time taken to establish initial contact and improve the number of cases that meet the 30 working days target.

- **Communication issued to scheme member with completion of transfer in within 15 working days.** There are issues with how the system measures 'out of office' periods for transfers and this negatively impacts on the measurement of the overall time taken. Officers are working to improve this so that the stated period is a fairer reflection of the actual time spent on cases and the number of cases meeting the target will increase. The number of these cases is very low (only one case completed in the quarter).

- **Communication issued to scheme member with completion of transfer out within 15 working days.** There are issues with how the system measures 'out of office' periods for transfers and this negatively impacts on the measurement of the overall time taken. Officers are working to improve this so that the stated period is a fairer reflection of the actual time spent on cases and the number of cases meeting the target will increase.

- **Payment of refund within 10 working days –** this is measured to the end of the internal process within the Pensions section, not to the actual date that payment reaches a bank account. Payment usually reaches the scheme member's account on the Monday following the end of the process and the scheme member is informed of this in writing in advance.

- **Divorce quotation within 45 working days.** Note that the statutory deadline for the production of this information is three months**.**

- **Communication issued within 15 working days following actual divorce proceedings.** The intention of this target is to measure the time taken from when notification that a pension sharing annexe will be required to when the initial documentation was issued to the scheme member and solicitor, usually in the form of a letter and an invoice for charges that apply. However, there is currently no method of reporting this. Officers are developing a workflow that will cater for this and once this is in place, more accurate data will be added to the report. This is an area of work with very few cases (only three cases completed in the quarter).

- **Communication issued to new starters within 40 working days.** This is based on our process, a regularly monthly exercise to produce a 'Welcome' letter to all new starters added to the database within the last month.

- **Scheme member estimates requested by scheme member and employer within 15 working days.** The Fund's approach for estimates is that members are encouraged to register for an online account and perform their own calculations, plus an annual pension statement is produced which acts as a guide for all scheme members. If a scheme member is within 12 months of retirement an estimate can be provided, and scheme members are advised that the production of an estimate will take 8 to 10 weeks.

5. Where a KPI requires some form of communication to be issued within a short space of time, officers are actively exploring using automation to issue acknowledgements that will enable targets to be met without impacting on resource.

6. There are also some minor changes to be made to workflow processes that will improve the number of cases that will meet the targets laid out that can be implemented over the next two months.

7. The requirements of the annual report do not include a specific percentage to attain for these areas at this stage, but proposed targets will be added to the next report.

8. The existing KPIs will continue to be reported and have not changed from what was published previously.

Governance – Service Delivery

General Workloads

9. The tables show the volumes in each work area during the months April to June 2026. Additional areas have been added to align with the requirements of the annual report. The format has also changed to match the annual report, with a column recording the percentage of outstanding cases completed each month.

10. As part of the changes, the RAG rating previously used has been removed from the grid.

11. The additional areas are:

    - **New dependant benefit scheme members.** These are based on death cases where an entitlement to a survivor's pension has been identified.

- **Divorce quotations.** Generated when a scheme member has requested information relating to the value of their pension benefits, which may be taken into account in possible divorce proceedings.

- **'Actual' divorce cases.** Generated when a pension sharing annexe has been included in divorce proceedings, requiring Officers to reallocate an element of a scheme member's pension following a court order**.**

- **Optants out received after three months of membership.** These are generated only when a scheme employer advises that a scheme member has not terminated employment, but instead has opted out of the LGPS, resulting in either an entitlement to a refund or preserved benefit. Typically, numbers reported are extremely low.

April 2026

Area	**Cases open at start of month**	**Cases received in month**	**Cases completed in month**	**Cases open as at end of month**	**Total percentage of cases completed in month**
Preserved Benefits	1,434	80	321	1,193	21%
Aggregations	1,268	23	141	1,150	11%
Concurrents	1,133	50	155	1,028	13%
Transfers in (incl interfunds in)	218	49	19	248	7%
Retirement Options	153	247	281	119	70%
Retirements Paid	63	158	168	53	76%
Deaths	58	151	144	65	71%
New Dependent Benefits	85	31	42	74	36%
Pension Estimates	86	70	55	101	35%
Transfers Out (excluding interfunds out)*	77	35	49	63	44%
Refunds	43	95	105	33	76%
New Starters set up**	N/A	N/A	972	N/A	100%
Divorce (Quotations)	12	16	14	14	50%

Divorce (Actuals)	3	4	0	7	0%
Optants out received after three months membership	1	0	0	1	0%

May 2026

Area	**Cases open at start of month**	**Cases received in month**	**Cases completed in month**	**Cases open as at end of month**	**Total percentage of cases completed in month**	**Total percentage of cases completed in previous month**
Preserved Benefits	1,193	66	183	1,076	15%	21%
Aggregations	1,150	28	86	1,092	7%	11%
Concurrents	1,028	10	49	989	5%	13%
Transfers In (including interfunds in)	248	15	40	223	15%	7%
Retirement Options	119	211	217	113	66%	70%
Retirements Paid	53	221	224	50	81%	76%
Deaths	65	71	102	34	75%	71%
New Dependent Benefits	74	29	34	69	33%	36%
Pension Estimates	101	78	103	76	58%	35%
Transfers Out (excluding interfunds out)*	63	28	19	72	21%	44%
Refunds	33	58	73	18	80%	76%
New Starters set up	N/A	N/A	734	N/A	100%	100%
Divorce (Quotations)	14	22	19	17	53%	50%
Divorce (Actuals)	7	0	1	6	14%	0%
Optants out received after three months membership	1	0	0	1	0%	0%

June 2026

Area	Case open at start of month	Cases received in month	Cases completed in month	Cases open as at end of month	Total percentage of cases completed in month	Total percentage of cases completed in previous month
Preserved Benefits	1,076	94	106	1,064	9%	15%
Aggregations	1,092	84	295	881	25%	7%
Concurrents	989	135	61	1063	5%	5%
Transfers In (including interfunds in)	223	78	5	296	2%	15%
Retirement Options	113	213	242	84	74%	66%
Retirements Paid	50	182	194	38	84%	81%
Deaths	34	133	126	41	75%	75%
New Dependent Benefits	69	45	33	81	29%	33%
Pension Estimates	76	57	32	101	24%	58%
Transfers Out (excluding transfers out)*	72	33	24	81	22%	21%
Refunds	18	88	84	22	79%	80%
New Starters set up	N/A	N/A	821	N/A		100%
Divorce (Quotations)	17	13	27	3	90%	53%
Divorce (Actuals)	6	0	2	4	33%	14%
Optants out received after three months membership	0	1	1	0	0%	0%

*Interfunds out are excluded from the figures as Regulations allow one year for scheme members to decide whether to transfer.

**New starters are set up from I-Connect interfaces load files provided by the employers.

12. The percentages stated for ‘transfers in (including interfunds in)’ are low and do not accurately reflect the work that is processed before a case is fully completed. Officers are looking to refine how this area is reported in order that the percentage of cases completed in more accurate.

13. The Board are invited to comment on the new approach for the ‘Workloads’ and KPIs. These areas are a work in progress and officers are keen to continue to refine this area.

14. **Governance – General**

Complaints – Internal Disputes Resolution

15. The Pension Section deals with complaints through the Local Government Pension Scheme’s formal Internal Dispute Resolution Procedure (IDRP). However, complaints are usually resolved informally, avoiding the need for the IDRP to commence. Initial complaints are often caused by misunderstandings or human error and can quickly be resolved.

16. There were three new Stage 2 IDRPs during the quarter.

17. Two cases are being considered by legal colleagues, both of which relate to ill health retirements where scheme members are challenging their employer’s decision.

18. The third case was where the level of financial redress awarded at stage one was disputed. However, this was not upheld, and the case may be taken to the Ombudsman if the scheme member remains dissatisfied with the decision.

Breaches Log

19. The Pension Manager retains the Fund’s breaches log. Each breach is reviewed to decide if the breach is material or not. Only material breaches are reported to the Pensions Regulator.

20. There were no material breaches reported in the quarter.

Governance – Audit

21. There was one new Internal Audit report received in the quarter.

Contribution Banding Changes

22. The objective of the audit was to ensure that pension contribution banding changes for Leicestershire County Council scheme members have been accurately applied with effect from 1 April 2026.

23. Audit officers gave substantial assurance, that the internal controls in place to reduce exposure to the agreed risks are adequate and being managed effectively.

24. There were no recommendations.

McCloud and Dashboards

25. The Board has requested McCloud and Dashboards are standing items at each quarterly report.

McCloud

26. Officers continue to work on the implementation of the McCloud remedy.

27. Other than ‘business as usual’ cases, the remaining areas to address regarding retrospective work are:

    - Death cases
    - Transfers
    - Trivial commutations
    - Interfund adjustments
    - Teachers (enhanced pensions)

28. There have been 317 death cases identified where a scheme member has died and a survivor pension is currently in payment. These cases can be further split between 87 cases where adjustments will need to be made to survivor pensions and 230 cases where adjustments will need to be made to death grants and survivor pensions.

29. There will also be additional cases where both the scheme member and survivor have died. These will be identified and investigated once work on the initial cases have been completed.

30. Separately, work has begun adjusting historic transfer payments affected by McCloud. 161 cases have been identified. Currently only 17 of these cases can be processed through the Altair system and work has begun on these. Officers are currently exploring creating spreadsheets to complete the other cases that cannot be amended through Altair.

31. There were 12 trivial commutation cases initially identified. There are two remaining and officers are working to establish contact details before any additional payment can be made.

32. Interfund adjustments are transfers between LGPS funds and there is no requirement under McCloud to make further payment to resolve these cases. Officers will need to check that the service used when the original transfer was made is correct. These will be treated as lower priority and will be addressed after the other McCloud cases are resolved.

33. Teachers (enhanced pensions). It has been established that there are just 300 nationally. If Leicestershire have any cases Teachers Pensions will make contact and provide the details.

34. The remaining McCloud work must be completed by 31 August 2026. Officers will not be able to meet this deadline and whilst this is not deemed a material breach of law, officers will provide a position statement in respect of the outstanding cases to The Pensions Regulator in mid-August for openness and transparency. Most funds will be in the same position and it is expected the Regulator will take a considered and reasonable approach.

35. A further update will be provided at the next meeting.

Pension Dashboards Programme (PDP)

36. Since the previous update, it has been reported that there has been some Dashboard user activity by Leicestershire Fund scheme members as part of the national consumer testing exercise that is ongoing.

37. Nine requests for information have been submitted with seven full matches and two possible matches so far. There were no follow up enquiries arising from the possible matches and it is unclear what prevented the user from achieving a full match.

38. There has not been any official update on the ‘Dashboards Available Point’, effectively the ‘go-live date’, though the expectation is now that the date will be in 2027/2028. At least six months’ notice will be given prior to the launch.

PASA (Pensions Administration Standards Association) Reporting Guidance

39. On 18 June 2026 the PASA Dashboards Working Group released a new guidance document entitled ‘Ongoing Monitoring of Compliance with Pension Dashboards Requirements’. The document sets out the requirements of schemes to ensure compliance with Dashboards legislation.
40. On the same day, officers attended a PASA webinar that highlighted some of the key areas included in the document.

41. The key actions highlighted for schemes included:

- Reporting on numerous elements of the process, including requests received relating to possible matches, complaints and post-dashboard activity (i.e. detailing additional work generated after a user has traced their pension)

- Ensuring that the ‘value data’ (i.e. pension values) provided through the dashboard remains up to date

- Taking prompt and effective action to resolve issues

42. Officers will use value data extracted from annual pension statements previously provided to the scheme member to ensure compliance. This data remains valid whilst it is less than 13 months old. The thirteen-month period commences from the date that the statements are provided to scheme members. The Fund's expected timelines for the provision of annual data will be typically:

Category	**Illustration date**	**Calculated on**	**Date provided to scheme member***	**Made available to Dashboards**	**Values valid until**
Active scheme members (paper statements)	31 March 2026	12 August 2026	26 August 2026	13 August 2026	25 September 2027
Active scheme members (online statements)	31 March 2026	26 August 2026	26 August 2026	27 August 2026	25 September 2027
Deferred scheme members (paper statements)	6 April 2026	1 August 2026	15 August 2026	1 August 2026	14 September 2027
Deferred scheme members (online statements)	6 April 2026	15 August 2026	15 August 2026	15 August 2026	14 September 2027

*Not strictly defined but officers propose that for paper statements it will be based on the date the data is sent for printing and for online statements it will be when the data is uploaded to the scheme member's account.

43. Officers will work through the guidance document and establish how the Fund will ensure compliance. A policy document will be created to detail how this will be achieved.

44. PASA intend to produce further guidance regarding Dashboards in the coming months.

45. The updated PDP timetable in respect of the remaining outstanding areas is below.

Action	**Deadline Date**
Draft Policy Document	31 October 2026
National Testing Exercise	31 October 2026
Connection Date (all schemes)	31 October 2026
Dashboards Available Point (DAP)	Now expected in 2027/28

Year End 2025-2026

46. The year end exercise continues and the position at 30 June 2026 was:

293	**Separate employers for processing**
284	All 2025-2026 Contributions data received
14	Employers now inactive and no further action required
5	Employers to be looked at (run reports and generate queries)
77	Queries raised with employers
4	Replies from employers received and ready to be worked on
184	Replies received from employers and provisional statements can be processed

9	**Employers data not received up to end of March 2026**
8	Annual year end return spreadsheet requested but not yet received
1	Awaiting i-Connect data for period ending 31 March 2026

47. The outstanding annual year end return spreadsheets have been re-requested as a matter of urgency.

48. The statutory deadline for the annual pension statements to be produced is 31 August 2026. Officers believe that the vast majority of employers will be completed in time to meet the deadline, but there may be a small number of employers where this is not possible. The Mead Educational Trust is the largest concern currently, and whilst all their 2025/26 data has been received, there is still work to be done relating to data inconsistencies that requires further clarification. A plan is in place to deal with this but time is limited.

49. There are also six employers working with officers to complete their ‘admission agreement’ process, which will need to be completed before the onboarding work can begin. All cases have been escalated. Progress on the six individual admission agreements are detailed within the ‘**Governance – Employer Risk**’ section of this report.

50. Where the outstanding issues are unable to be resolved in time to allow for the production of the annual statements, scheme members will be written to and advised of the position.

51. A verbal update will be provided at the Board meeting.

Employer Onboarding 2026-27

52. There are also 76 employers (to date) that need to be onboarded to i-Connect for year ending 31 March 2027. This includes 51 schools who have procured alternative catering arrangements following the decision that Leicestershire Traded

Services will cease the provision of school food services from 31 July 2026. Some work has begun on these cases, but the primary focus remains on 2025/26 work.

53. The Pensions Manager has reached out to the company that won the procurement for most of the catering contracts, to gain reassurance that pension administration arrangements will be actioned smoothly but has not received a reply. This is concerning and is being closely monitored. The number of employers that need to be onboarded for March 2027 represents a significant increase for pensions administration, compared to previous years.

54. Going forward, it is still the intention to offer regular training sessions to improve the flow of information when onboarding employers, however this will not be progressed until the year end work is completed.

Access and Fairness

55. Further to the scheme changes introduced effective from 1 April 2026 known as 'Access and Fairness', there are retrospective changes to be made to survivor pensions and death grants.

56. The changes mean that benefits due to the survivor of a marriage or civil partnership are calculated using the same criteria, regardless of the gender of the scheme member or survivor.

57. It also means that the age 75 cap, that limited or excluded beneficiaries of scheme members who died after age 75 from being eligible to receive a death grant, has been removed.

58. Officers now need to retrospectively amend benefits, dating back to as far as 5 December 2005 in some cases.

59. The Ministry of Housing Communities and Local Government (MHCLG) produced guidance that includes a timeline of when the changes will need to be made by. It states that the recalculation of survivor benefits and death grants will need to be completed by 1 January 2028.

60. Officers have identified that 1,522 deceased scheme members are in-scope for an assessment to decide if survivor benefits need to be re-calculated, or if no survivor benefits were originally paid, whether they are now due. There are 734 scheme members where a survivor's pension is or was in payment. A further 788 scheme members have been identified where a survivor's pension was not in payment but are in-scope for further investigation to establish if there is a survivor and an entitlement for a survivor's pension.

61. Work will initially focus on the cases where a survivor has been identified, and further consideration will be given to the remaining cases and a suitable approach. It is expected that the initial numbers will fall once individual cases are assessed.

62. Officers have also identified 90 cases where, following the removal of the age 75 cap, a payment or additional payment may now be due.

63. Officers will continue to prioritise McCloud work before turning to Access and Fairness.

64. An update on this will be provided at the next meeting.

Governance – Employer Risk

65. Fund Officers continue to regularly review employer risk. Where there are outstanding admission agreements or bonds, these are reported to the Board each quarter.

66. In the table below, the outstanding cases are listed in risk order, highest to lowest. The highest risk cases tend to be the longest unsigned admission agreements. Unsigned admission agreements mean, the staff that have transferred to the new employer are currently not active LGPS members. Once the admission agreement is legally signed, the pension start date for the staff will be backdated to the date of transfer, so the staff do not lose any scheme membership.

67. Medium or lower risk cases tend to be where bonds are outstanding. The risk level is assessed by either bond value or the type of employer that provided the outsourcing and their ability to act as guarantor to the Fund.

68. When scheme members reach age 55 the risk increases because if those scheme members are made redundant or retire on interests of efficiency, they qualify for unreduced pension benefits. A strain cost is generated in these cases that must be paid in full by the employer.

69. The position on 30 June 2026 is as follows. In addition, there are three new cases not shown here where the transfer takes effect from 1 April 2026.

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level
Coombs (City, Herrick PS)	Admission Agreement and Bond (2 scheme members)	Pass-through 26 August 2025	£33,000	Final admission agreement circulated for signatures. Awaiting approval for the draft bond agreement. Officers continue to chase Leicester City Council and Coombs Catering.	High
Compass (MET, Brookvale Groby)	Admission Agreement / Addendum	Pass-through 1 September 2025	n/a	The Fund has an existing admission agreement relating to the catering contract between The Mead	High

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level
	to existing AA (10 scheme members)			Educational Trust and Compass. Brookvale Groby Learning Campus joined the Trust on 1 September 2025. The Trust and Compass have added an addendum to the commercial contract to include Brookvale Groby to their existing contract. Draft deed of variation circulated for approval so addendum can be added to the existing admission agreement. Officers continue to chase this case.	
ABM (City, Spinney Hill)	Admission Agreement (5 scheme members)	Pass-through 1 January 2026	n/a	Awaiting signed TUPE enquiry form. Officers continue to chase Leicester City Council.	High
Relish (SLT, Ashby Hilltop)	Admission Agreement / Addendum to existing AA (1 scheme member)	Pass-through 1 December 2025	n/a	The Fund has an existing admission agreement relating to the catering contract between Symphony Learning Trust and Relish. Ashby Hilltop joined the Trust on 1 September 2022. The Trust and Relish have added an addendum to the commercial contract to include Ashby Hilltop to their existing contract. Draft deed of variation circulated for approval so addendum can be added to the existing admission agreement.	High

Letting employer and Contractor	Outstanding Issue	Type of admission agreement and start date if outstanding	Full or Capital Cost Bond / Value and End Date	Comments	Fund Risk Level
				Officers continue to chase this case.	
Caterlink (BEP, Outwoods Edge)	Admission Agreement / Addendum to existing AA (4 scheme members)	Pass-through 3 March 2026	n/a	The Fund has an existing admission agreement relating to the catering contract between Bradgate Education Partnership and Caterlink. Outwoods Edge Primary School joined the Trust on 1 April 2026. The Trust and Caterlink have added an addendum to the commercial contract to include Outwoods Edge to their existing contract. Draft deed of variation circulated for approval so addendum can be added to the existing admission agreement. Officers continue to chase this case.	High
Stir Food (City, Folville JS)	Bond (3 scheme members)	Pass-through 29 March 2025	£26,000	Admission agreement completed. Draft bond agreement approved by Leicester City Council. Awaiting approval from Stir Food before circulating the final agreement for signatures. Officers continue to chase Stir Food.	Low

70. The cases completed in the quarter are listed below.

- MCS Cleaning (Leics CC, St John) – Admission Agreement and Bond Agreement

- Coombs (Raleigh Ed Trust) – Admission Agreement
- Dolce (Leics CC, Martinshaw PS) – Admission Agreement
- MCS Cleaning (SLT, Glen Hills) – Admission Agreement
- Relish (Leics CC, Sir John Moore) – Admission Agreement
- Innovate (Asfordby Hill) – Admission Agreement
- MCS Cleaning (City, Hazel PS) – Admission Agreement
- Relish (Leics CC, Newbold CofE PS) – Admission Agreement
- MCS Cleaning (Leics CC, All Saints) – Admission Agreement
- Dolce (Leics CC, Elizabeth W PS) – Admission Agreement
- Dolce (Leics CC, Kegworth PS) – Admission Agreement
- Rushcliffe Care Ltd – Bond extension

71. The Pensions Manager has reviewed the outstanding cases and escalated where appropriate. External legal advice has been sought to help resolve issues where necessary.

Recommendation

72. It is recommended the Board considers the report and raises any areas of concern with Local Pension Committee. The Board are also invited to feedback on the new approach for 'Workloads' and 'KPIs'.

Equality Implications

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

Appendix

Key Performance Indicators Quarter One 2026-2027

Officers to Contact

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Appendix: Key Performance Indicators (Quarter One 1 April - 30 June 2026-2027)

Business Process Perspective	Target	This Quarter		Ave.days	Previous Quarter	Comments
Retirement Benefits notified to members within 10 working days of paperwork received	92%	91%	▼	N/A	95%	No change to this KPI
Pension payments made within 10 working days of receiving election	95%	98%	▲	N/A	98%	No change to this KPI
Death benefits/payments sent to dependant within 10 working days of notification	90%	93%	▲	8	91%	No change to this KPI

Additional KPIs to align with Annual Report

Business Process Perspective	Target	This Quarter		Ave.days	Previous Quarter	Comments
Communication issued with acknowledgement of death of scheme member within 5 days	N/A	97%	N/A	N/A	NEW	
Payment of lump sum (both actives and deferreds) within 15 working days	N/A	99%	N/A	N/A	NEW	Workflow measures to the end of the process, not to date payment is made to the bank account.
Communication issued with deferred benefit options within 30 working days	N/A	29%	N/A	N/A	NEW	Current figures based on the whole process and the reporting approach will be refined to reflect the time taken to issue initial communication only.
Communication issued to scheme member with completion of transfer in within 15 working days	N/A	0%	N/A	N/A	NEW	Excludes Interfunds. Current figures do not fully represent length of time 'out of office' when processing these cases. The reporting approach will be refined to more accurately represent the time taken to process these cases. There was only one transfer in case completed in the quarter.
Communication issued to scheme member with completion of transfer out within 15 working days	N/A	70%	N/A	N/A	NEW	Excludes interfunds. Current figures do not fully represent length of time 'out of office' when processing these cases. The reporting approach will be refined to more accurately represent the time taken to process these cases.
Payment of refund within 10 working days	N/A	89%	N/A	N/A	NEW	
Divorce quotation within 45 working days	N/A	97%	N/A	N/A	NEW	Statutory timeline for this is three months
Communication issued within 15 working days following actual divorce proceedings i.e application of a Pension Sharing Order	N/A	0%	N/A	N/A	NEW	Current figures based on the whole process and the reporting approach will be refined to reflect the time taken to issue initial communication only. Additionally, this is a category with very low numbers and three were completed in quarter one.
Communication issued to new starters within 40 working days	N/A	100%	N/A	N/A	NEW	Based on time taken between creation of new records and monthly distribution of 'Welcome' letters

Member estimates requested by scheme member and employer within 15 working days	N/A	28%	N/A	N/A	NEW	Internal process is to direct users to online account to perform own calculations and expected turnaround times for estimates is 8-10 weeks

Customer Perspective - Feedback	**Target**	This Quarter		Previous Quarter	Comments
Establish members understanding of info provided - rated at least mainly ok or clear	95%	91%	▼	100%	No change to this KPI
Experience of dealing with Section - rated at least good or excellent	95%	91%	▼	92%	No change to this KPI
Establish members thoughts on the amount of info provided - rated as about right	92%	94%	▲	93%	No change to this KPI
Establish the way members are treated - rated as polite or extremely polite	97%	99%	▲	100%	No change to this KPI
Email response - understandable	95%	95%	▲	100%	No change to this KPI
Email response - content detail	92%	97%	▲	96%	No change to this KPI
Email response - timeliness	92%	95%	▲	96%	No change to this KPI

Below target	▼
Good or better than target	▲

LOCAL PENSION BOARD - 29 JULY 2026

FIT FOR THE FUTURE UPDATE

REPORT OF DIRECTOR OF CORPORATE RESOURCES

Purpose of report

1. The purpose of this report is to provide the Local Pension Board (LPB) with an update on progress on regulatory change in the Local Government Pension Scheme (LGPS).

Policy Framework and Previous Decisions

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

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. In March 2026 ownership of the pool expanded in response to the 'Fit for the Future' proposals which saw some pooling companies cease to exist.

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. A co-owner of the company (shareholder) alongside the other owners; and,

   b. As a recipient of investment services (client)

6. These interests are currently 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, as well as legal documents such as a fiduciary management agreement, shareholder agreement and cost sharing agreements among others.

Fit for the Future Regulations and Guidance

7. Over the past year significant legislative and regulatory changes to the Local Government Pension Scheme (LGPS) have been under consultation and review, which were due to take effect from 1 April 2026, subject to the passage of the Pension Schemes Bill through Parliament.

8. Government issued the final guidance to the regulations at the end of June, with the regulations coming into force on the 1 July 2026. Key requirements are set out below.

   Senior LGPS Officer

9. The regulations require every administering authority appoint a Senior LGPS Officer by 31 December 2026. The role is required to have responsibility across the Fund's functions, and provide strategic leadership across administration, investment management, governance and compliance alongside resourcing and operational effectiveness.

10. The role is intended to be a senior leadership position within the administering authority, Leicestershire County Council. It is also clear that the Senior LGPS Officer cannot be the Council's S151 Officer, Monitoring Officer or Head of Paid Service, alongside dedicating the overwhelming majority of their time and capacity to their LGPS responsibilities.

Independent Person

11. The regulations also require that the Fund appoints an Independent Person by the 31 December 2026.

12. The role is intended to provide objective, independent support to the Local Pension Committee and Senior LGPS Officer and enhance governance effectiveness across the Fund.

13. Guidance on the role describes the role as a source of independent expertise, challenge and support which is not a decision-making role. This must be across investment, administration and governance areas. It is expected that they must hold a qualification from the Pensions Management Institute, or be a member of, and accredited by, the Association of Professional Pension Trustees.

14. The Fund is currently seeking applications for this role, and appointment will be made in consultation with the Chairman of the Local Pension Committee, with appropriate engagement from Committee members.

Independent Governance Review

15. The regulations and guidance also require funds to undertake an independent governance review triennially, the first must be completed and submitted to Government by 31 March 2028.

16. The purpose of the review is to provide an objective assessment of whether the Fund's governance arrangements are operating effectively and in accordance with the legislative and regulatory requirements. This includes ensuring an administering authority has policies required by all relevant legislation, regulations and statutory guidance.

17. This will include reviewing the requirement for the Fund to maintain and publish a Governance Strategy, setting out the Fund's governance framework and decision-making arrangements.

18. The review must be undertaken by a suitably qualified, independent person or organisation that can provide objective assurance on the Fund's governance arrangements.

Next Steps

19. Officers are reviewing the guidance and relevant documents and will:

    a. Ensure appropriate polices are in place.

b. Prepare for appointment of an independent advisor to the Local Pension Committee.

c. Prepare for the appointment of a Senior LGPS Officer.

d. Prepare for undertaking an independent governance review and ensure compliance with guidance.

Resource Implications

20. It is noted that while pooling has delivered substantial benefits so far these the new regulations and guidance have accelerated the transfer of assets and oversight responsibilities to Pools. Officers will address potential resource implications as part of working through the guidance to consider how this may impact Fund resources.

Recommendations

21. It is recommended that the Local Pension Board note the report.

Background papers

31 January 2025 Local Pension Committee: Fit for the Future Consultation response

https://democracy.leics.gov.uk/ieListDocuments.aspx?MId=7986 241

Equality Implications

26. 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

27. 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.

Officer to Contact

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Agenda Item 9

LOCAL PENSION BOARD – 29 JULY 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND ANNUAL REPORT AND ACCOUNTS 2025/26

Purpose of the Report

1. The purpose of this report is to seek the Local Pension Board's comments on the appended Annual Report and Accounts of the Pension Fund for the financial year 2025/26.

Background

2. There is a statutory requirement for the Annual Report and Accounts to be available on or before 1 December following the end of a scheme year. The Accounts are in the process of being audited and the Board and Local Pension Committee will be updated at the earliest possible opportunity on the opinion given by the Auditor once this process has been completed.

3. The Fund follows guidance issued in May 2024 by the Scheme Advisory Board, Chartered Institute of Public Finances and Accountancy and the Department for Levelling Up, Housing and Communities as it was formerly known, on details for the preparation and publication of the pension fund annual report as required in regulation 57 of the LGPS Regulations 2013.

4. Due to the Board's role in assisting the Administering Authority in ensuring the effective and efficient governance and administration, it was considered appropriate to seek the Board's views on the report. Any comments from the Board will be considered by the Local Pension Committee at its meeting on 11 September 2026.

Fund Annual Report and Accounts

5. The Fund accounts are subject to external audit by Grant Thornton LLP. The External Audit of the Accounts is reported to the Corporate Governance Committee, and the Chair of that Committee is required to sign a Letter of Representation assuring the auditors that the financial statements are complete, and that all required information has been disclosed in the accounts and to the external auditors.

6. The Local Pension Committee will consider the Annual Report and Accounts at its meeting on 11 September 2026. This will look to approve the annual accounts of the Fund subject to external audit, noting that the County Council's Corporate Governance Committee will receive the External Audit of the 2025/26 Leicestershire County Council Statement of Accounts, Annual Governance Statement and Pension Fund Accounts later in the year.

7. The Pension Fund Annual report and Accounts will go to the Pension Fund Annual General Meeting on 14 December 2026.

Leicestershire Pension Fund Conflict of Interest Policy

8. 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

9. The Local Pension Board is asked to:

   a. Note the Pension Fund Annual Report and Accounts 2025/26;
   b. Provide comment and feedback on the content of the report to the Local Pension Committee.

Environmental Implications

10. 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. Highlights from 2024/25 are included within the Annual Report and there are no changes to this approach as a result of this paper.

Equality Implications

11. 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 voting 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

12. 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 voting 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.

Appendix

Pension Fund Annual Report

Officers to Contact

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LOCAL GOVERNMENT PENSION SCHEME
LEICESTERSHIRE ANNUAL REPORT
Year ended 31st March 2026

Administered by
LEICESTERSHIRE COUNTY COUNCIL

Foreword

We are pleased to introduce the annual report for the Leicestershire County Council Pension Fund (the Fund), outlining its financial position as at 31 March 2026 and key activities over the past year. This report also explains how the Fund is managed, both in terms of administration of benefits and investment strategy.

The Fund supports over 100,000 scheme members and 198 employers, aiming to maintain long-term financial health while keeping employer contributions stable. The work of the Fund is never finished, but we are pleased to highlight in particular the following activities over the past year.

- The Fund is now valued at £7.4billion, achieving a 10.5% investment return over the past year and continued strong performance over five years.
- The Pension Team completed the March 2025 triennial valuation, working closely with Hymans Robertson (The Fund's Actuary) with the funding level at 140%. This resulted in broad employer contribution rate reductions.
- The Fund progressed in line with Government's 'Fit for the Future' expectations. All governance and legal agreements were signed by 1 April 2026, while supporting good governance and investment outcomes for the Fund.
- We surveyed scheme members who set out their thoughts around responsible investment and climate risk. The Fund will progress actions and reporting against this in future years.
- The Pension Team continues to work on the national Dashboards project which looks to allow individuals to view their consolidated pension benefits in a single online account.

Thank you for taking the time to read this report.

Mr Phil King CC
Local Pension Committee Chairman

Declan Keegan
Director of Corporate Resources

Introduction

The Local Government Pension Scheme (LGPS) is a statutory public service pension scheme in England and Wales. The LGPS scheme regulations are determined nationally. However, the scheme itself is administered and managed locally. Leicestershire County Council is the Administering Authority for the LGPS within Leicester, Leicestershire and Rutland (the Fund).

As the Administering Authority, Leicestershire County Council has a statutory obligation to administer the Fund for all eligible employees of all local authorities within the geographic boundaries of Leicester, Leicestershire and Rutland and also the employees of certain other scheduled and admitted bodies such as Loughborough and De Montfort University. The Fund does not cover teachers, lecturers, police or fire-fighters as they have their own schemes.

In addition to this report, the Fund also reports its compliance against a set of best practice governance principles laid down in statutory guidance. Details of these are set out within Appendix B.

The Fund has a number of policy statements which can be accessed here. These include:

- Funding Strategy Statement
- Investment Strategy Statement and Investment Advisor Objectives
- Administration and Communication Strategy
- Net Zero Climate Strategy

Overall Fund Management

Scheme Management and Advisors

Scheme Administering Authority Leicestershire County Council

Administering Authority Senior Officers responsible for the Fund

Finance
Declan Keegan – Director of Corporate Resources, Leicestershire County Council)

Pensions Administration
Ian Howe - Pensions Manager - Leicestershire County Council

Asset Pool LGPS Central Limited
Investment Managers

Investments managed by LGPS Central**:**

All World Equity Climate Multi Factor Fund

Global active corporate bond multi-manager fund

Infrastructure core / core plus multi manager fund
Global active Multi-Asset credit (MAC) multi-manager fund

LGPS Central PE Partnership 2018, 2021, 2023 & 2025 LP
LGPS Central PE Partnership Co Investments 2025 LP
Global equities multi-manager fund
LGPSC Credit Partnership I, II & IV (2021)
LGPSC Direct Lending 2024
LGPSC Real Assets 2024

Others:
Adams Street Partners
LaSalle Investment Management
Catapult Venture Managers
DTZ Investment Management
Cristofferson, Robb & Company
Infrastructure Funds Management
JP Morgan Asset Management
Patria
Fulcrum Asset Management

Aegon Asset management
KKR
Legal & General Investment Management
Partners Group
M&G Investments
Ruffer LLP
Quinbrook Infrastructure Partners
Stafford Capital Partners

Fund Custodian
JPMorgan, Bournemouth
Auditor
Grant Thornton LLP
Banker
National Westminster Bank, Leicester

Legal Advisor
County Solicitor, Leicestershire County Council
Freeths Solicitors

Actuary and Investment Consultant
Hymans Robertson LLP, Glasgow

AVC Provider
The Prudential

Risk Management

There are many risks associated with the LGPS, covering both the investment of the assets and the administration of the benefits payable. The governance arrangements between the Fund and the Administering Authority enable potential risks to be managed, including the Fund's Conflict of Interest Policy and separation of the Fund's budget from that of Leicestershire County Council as the Administering Authority. The Fund's Statement of Accounts included elsewhere in this report is further externally audited and overseen by Leicestershire County Council's Corporate Governance Committee further to the Local Pension Board and Local Pension Committee.

The Fund maintains a Risk Register which identifies areas of focus for risk management. Risks are measured in accordance with Leicestershire County Councils risk management framework. Each quarter officers identify new risks, and review and manage existing risks on the Risk Register. Each risk is assessed and scored based on the likelihood of it occurring and the impacts faced if it were to occur. Mitigating actions are then taken into account and the scoring reassessed. The Risk Register and changes to this are reported to the Local Pension Committee and Local Pension Board on a quarterly basis and this is also shared with the Administering Authorities Internal Audit Service.

The 2025/26 Risk Register currently includes 19 risks, none of which currently score 15 or above, which would be rated RED. These are split between 6 risk categories, separated into the following categories:

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

During the period, the Fund's most significant risks were:

Investment

The ongoing risk for the Fund is that the value of assets held will ultimately be insufficient to pay for all the benefits due. This risk is quantified by a triennial actuarial valuation, which compares the value of assets to the accrued liabilities and sets employer contribution rates that are considered appropriate to ensure that all benefits can be paid.

The performance of the assets of the Fund is an important element in helping to maintain affordable employer contribution rates – the higher the long-term investment return achieved, the more of the benefits will be funded by investment returns rather than employer contributions, with employee contributions assumed to be fixed. A long-term approach is taken to agreeing an asset allocation benchmark, with both return and risk considered. The Fund's asset allocation policy is reviewed annually and was last considered January 2026.

Individual investment manager performance is usually of lower importance than the asset allocation benchmark, but individual manager performance does have an impact, and their performance is considered and reviewed regularly. When there are doubts about a manager's ability to generate future performance that is in line with the Fund's requirements/expectations appropriate action will be taken, and this may include the release of a manager. It is not generally optimal to change managers on a frequent basis due to the associated costs and as a result changes are considered very carefully with the Fund's investment advisor before they are proposed to the Local Pension Committee or Investment Subcommittee.

Over 2025/26 the Local Pension Committee received advice from the investment practice of Hymans Robertson and this assisted in making decisions in respect of both overall investment policy, manager selection/retention and good governance. In general, where new managers or follow on vintages from existing managers are being considered for investment, officers will agree a scope of works to cover suitability of the investment in line with the Funds objectives.

The Fund employs a number of investment managers, and all of these invest in a specific asset class and can be termed 'specialist'. Many of these managers are required to have external assessments of their systems and operations and these are reviewed to ensure that there are no issues which put the Fund's investments at risk. Other investment managers that the Fund employs are appointed by LGPS Central Ltd (LGPS Central), a company which pools pension fund assets from eight pension funds across the Midlands. As at 31 March 2026 Leicestershire County Council along with seven other local authorities are joint owners of the company. The company has its own governance and risk management structures in place and is authorised and regulated by the Financial Conduct Authority to operate as an Alternative Investment Fund Manager. In this capacity the Company acts as the operator of a collective investment vehicle called an Authorised Contractual Scheme. LGPS Central also manage other collective investment vehicles and provide discretionary and advisory services under the Markets in Financial Instruments Directive II authorisation. Further details on pooling can be found elsewhere in this report.

The Fund also considers the risk to assets and liabilities arising from climate change due to the impact on global markets and assets from the transition to a low carbon economy, and/or the failure to achieve an orderly transition in line with the Paris Agreement. The Fund manages this risk through its Net Zero Climate Strategy approved in March 2023, investment decisions and stewardship. Further detail can be found elsewhere in this report.

<u>Operational</u>

Managing third party risk is included in the Fund's risk register. Third party risk comes in various forms for example;

- Employer and employee contributions are not paid accurately and on time. Payments are monitored by the Finance Team, and employers are reminded of their responsibilities. Cases are escalated to the Pensions Manager.

- The Fund fails to receive accurate and timely data from employers. Training is provided for employers alongside the Administration Strategy that sets out the requirements and Service Level Agreements. Cases are escalated as appropriate.

Cyber risk is an operational risk included on the Fund's risk register. The Fund made changes to its Cyber Risk Policy in February 2025, in conjunction with the Pension Regulators (TPR's) Code of Practice, approved by the Local Pensions Committee in March 2025. Officers reviewed the policy again in 2026 and no changes were made.

Administration

On the 8 September 2023, the Department for Levelling Up, Housing and Communities (DLUHC) laid The Local Government Pension Scheme (Amendment) (No 3) Regulations 2023. The regulations implemented the scheme changes from 1 October 2023, backdated to 1 April 2014. This is commonly known as McCloud.

McCloud was introduced to resolve an age discrimination case brought against the Government by younger members of public sector schemes following the move from final salary benefits to career average. The Pension Section has been working on the implementation of McCloud. This requires new cases to have McCloud factored into the calculation of benefits, and the possible recalculation of benefits back to 1 April 2014 for previously completed cases.

Positive progress was made in 2025/26 with retrospective retirement calculations including the McCloud nearly completed. Recalculation of retrospective deaths and transfers out remain ongoing. McCloud still represents the greatest risk and challenge to pension administration within the Fund, due to the administrative complexity and additional resource required.

Significant work was completed in 2025/26 in preparation for the Pension Dashboard Programme (PDP). PDP will enable UK residents to register their details, using a secure system, to see view all their pensions benefits "in one place". Work has been completed prior to the expected October 2026 go live.

Regulatory

The highest rated residual risk is in relation to proposed and ongoing changes to LGPS regulation and guidance that require changes to the Fund's investment, pooling and governance processes, as well as unknowns related to local government reorganisation.

Over 2025/26 the Fund responded to consultations and highlighted concerns relating to conflicting pressures or requirements contrary to the Fund's existing investment approach. Fund officers have continued to engage with partners, LGPS Central and the Local Pension Committee and Local Pension Board on these considerations while final guidance is awaited. It is recognised that this will represent significant change for the Fund, and this will continue to be a risk that is carefully considered and managed as guidance is published post April 2026 for pooling, and a decision is made by Government with regard to local government reorganisation.

Governance and Training

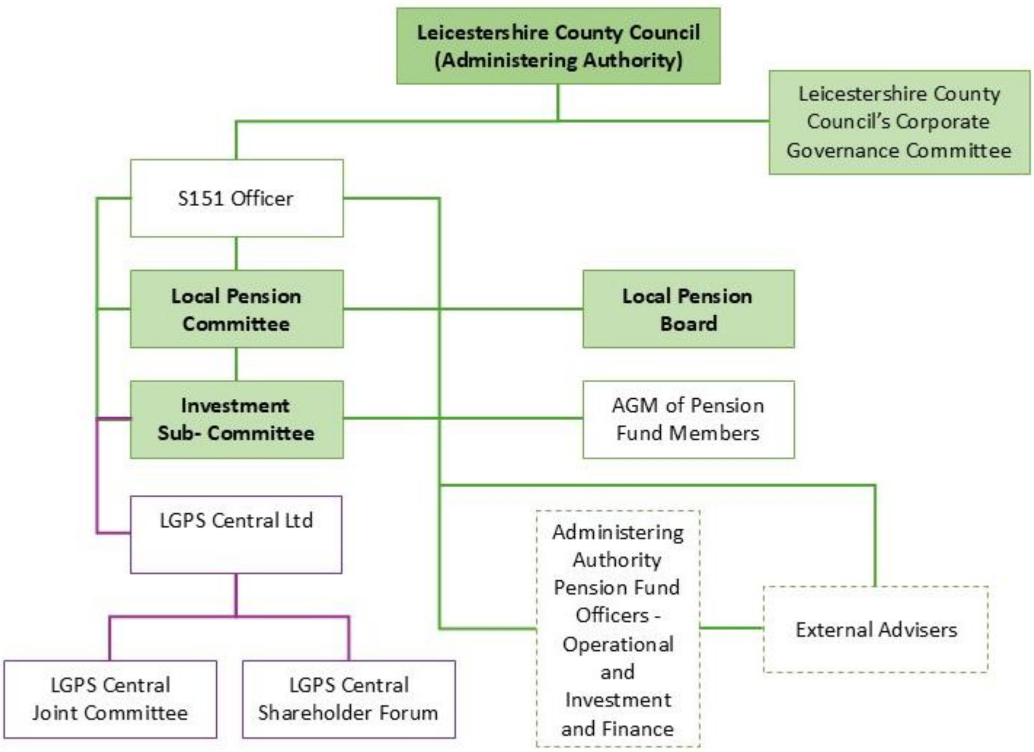
The Local Government Pension Scheme Regulations 1997 requires the Fund to publish a compliance statement and to review this on an ongoing basis the Regulations also require the Fund's governance arrangements to be measured against a number of standards set out within guidance issued by the Ministry of Housing, Communities and Local Government of the United Kingdom. The Fund's compliance with these is set out in Appendix B.

To improve the transparency and auditability of its governance arrangements, the Fund's governance compliance statement recognises the Scheme Advisory Board's recommendations as set out within the Good Governance Phase 3 report.

In accordance with the above, what follows is the Fund's assessment of its compliance with the standards as outlined.

Fund Governance Structure

The diagram below summarises the local governance structure established for the Leicestershire Pension Fund as at the end of 31 March 2026.



The Council has delegated responsibility for the administration of the day-to-day operational functions of the Fund to the Director of Corporate Resources, who is also the County Council's Section 151 Officer. The Director oversees the implementation of Fund policy as determined by the Local Pension Committee through the Fund's operational, finance and investment service areas.

The Local Pension Committee

The Fund's governance compliance statement recognises all scheme members and employers should be appropriately represented in the running of the Fund while at the same time ensuring that the County Council, as the body with ultimate responsibility for running the Fund, maintains its representation on the key governance bodies. To this end the Terms of Reference for the Local Pension Committee (LPC) specifies that the Council shall maintain an equal share of voting members on the Pension Committee.

The Committee is made up of 10 Employer Representatives with voting rights comprising of five County Councillors, two City Councillors, two District Councillors jointly nominated by the district councils, and one member jointly nominated by De Montfort/Loughborough Universities. These members are appointed using the due political process or, in the case of the two universities, by joint arrangement.

There are also three non-voting scheme member representatives that sit on the Committee, and they are appointed by Fund scheme members at the Annual Meeting of the Fund.

Full details of LPC Members are provided on Leicestershire County Council's website.

A record of Member attendance at LPC meetings is maintained and a copy of this for the 2025/26 period is included at Appendix C.

The LPC meets quarterly and also has a separate annual meeting to consider strategic issues relevant to the Fund which is usually held in January of each year.

The LPC may delegate certain actions to the Director of Corporate Resources, and it is expected that the Director will carry out some of the more administrative matters relating to investment management, such as the appointment of a custodian.

Full details of the role and responsibilities of the LPC are set out in its Terms of Reference. Details of the LPC's work during 2025/26 can be found on the Council's website. A summary is provided below:

- The LPC continued its management and strategic oversight of the Fund, which included oversight of investment, funding, governance and compliance with statutory requirements and oversight of significant regulatory reforms, and ongoing pooling of assets with LGPS Central.
- The LPC approved assumptions for the 2025 actuarial valuation in June 2025, following advice from the Fund's actuary. The valuation revealed a significant improvement in the Fund's position.
- The LPC reviewed and consulted on the draft Funding Strategy Statement (FSS) (FSS), setting employer contribution rates for 2026-2029, which was approved in March 2026.
- The LPC received regular updates on investment performance and asset allocation. Strategic reviews were undertaken, including the proposed 2026 asset strategy and the ongoing transition of assets to LGPS Central, in line with government pooling requirements, monitoring progress towards the government's pooling deadline, and received presentations from LGPS Central representatives.

- The LPC reviewed the risk register and internal controls at each meeting. Updates were provided on responsible investment, including climate related disclosures and environmental, social and governance (ESG) integration.
- The Committee approved the 2026 Administration Strategy, setting out performance standards and employer responsibilities.
- The potential impact of Local Government Reorganisation (LGR) on the Fund's structure and employer base was discussed, with reports outlining possible implications.

Investment Sub-Committee

The main Committee has an Investment Sub-Committee (ISC) to deal with more technical aspects of investment (such as looking at potential new investment opportunities or dealing with the appointment of new investment managers). Membership of the ISC is drawn from members of the LPC. It is a decision-making body, and its decisions are reported to the LPC. Full details of the role and responsibilities of the ISC are set out in the LPC Terms of Reference referred to above.

Details of the ISC work during 2025/26 can be found on the Council's website. A summary is provided below:

The ISC considered specialist advice from Hymans Robertson and approved revised investment frameworks for property and private debt, alongside specific investment commitments in private debt and private equity. This included:

- A reduction to the property allocation to 7.5% of total Fund assets was proposed from a previous 10% target, alongside a review on how to shape the existing property portfolio.
- A small reduction to the private global debt allocation from a 10.5% allocation to 9.5%, alongside a review of the asset framework.
- Retain the existing allocation to private equity (PE) targeting 7.5% and consider the next round of commitments to PE.

Officers were given appropriate delegated authority to implement these agreed changes in a controlled and cost effective way.

The Local Pension Board

The Local Pension Board (LPB) was established in accordance with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 to assist the Administering Authority in ensuring the effective and efficient governance and administration of the Fund, including securing compliance with LGPS Regulations, other legislation and the requirements of The Pensions Regulator. The LPC, in fulfilling its functions, will have regard to the advice of the LPB. Full details of the role and responsibilities of the LPB are set out in its Terms of Reference.

The LPB is made up of six voting members, three Employer Representatives (two elected members of Leicestershire County Council and one from Leicester City Council) and three Scheme Member Representatives appointed by Fund scheme members at their Annual Meeting. Membership of the LPB is detailed on the County Council's website and can be accessed here.

The LPB publishes an Annual Report which is available on the Fund's website, and provides further detail on the LPB's activities, a record of Member attendance and training undertaken by LPB Members each year. The Annual Report for 2025-2026 can be accessed here [To be updated once published].

Pension Fund Members Annual General Meeting

An Annual General Meeting of the Pension Fund is held, to which all scheme members and other interested parties are invited. The purpose of the meeting is to enable Fund scheme members to consider the contents of the Pension Fund Annual Report, to receive a report by the Scheme Member Representatives of both the LPC and LPB and to elect scheme member representatives to sit on the LPC and the LPB for the following 12 months.

External Advisors

Recognising the complexity of pension investment, funding, and administration the Council has appointed independent external investment consulting and actuarial advice to support the S151 Officer and the LPB. The Council appointed Hymans Robertson who are invited to attend relevant Committee meetings and ISC meetings.

LGPS Central Ltd

LGPS Central Limited (Central) is authorised and regulated by the Financial Conduct Authority as an asset manager and operator of alternative investment funds that became operational on 1 April 2018 having been established by eight midlands-based LGPS, including Leicestershire. The Company aims to use the combined buying power of its Partner Funds to reduce costs, improve investment returns and widen the range of available asset classes for investment for the benefit of local government pensioners, employees, and employers.

A range of collaborative governance vehicles has been established reflecting the administering authority's role as stakeholder from two different perspectives. These are as a co-owner of the company, and as a recipient of investment services. These interests are managed through the Shareholders' Forum and Joint Committee.

- The Shareholders' Forum oversees the operation and performance of Central, representing the ownership rights and interests of the shareholding councils, ahead of general meetings. In March 2026 shareholders unanimously approved the Company's strategic business plan and budget alongside other resolutions.

- The Joint Committee focuses on investor issues and is made up of member representatives of each of the funds. This provides assistance, guidance, and recommendations to the individual councils, taking into consideration the conflicting demands and interests of the participants within the pool. The Joint Committee does not have delegated authority to make binding decisions on behalf of the participating councils.

In May 2025 Government published its response to the 'Fit for the Future' consultation which confirmed the direction of travel in relation to mandatory asset pooling by 31 March 2026, as well as requirements around local investment, and strengthened governance. Further consultation on the draft Pension Bill and supporting guidance also took place in late 2025, to which the Fund responded. The Local Pension Committee and Local Pension Board were kept informed of developments as they progressed.

From 1 April 2026 Central manages approximately £100 billion, on behalf of 14 local government pension schemes, more than 6,000 employers, and around 1.7 million members. This expansion reflects the transition of additional funds that were previously part of other pooling arrangements.

Central, alongside partner funds has reviewed its governance arrangements and updated its legal processes to meet the requirements of Fit for the Future. This includes moving all Partner Funds to new management agreements. While Central has met the Government's Fit for the Future implementation requirements, the pool is operating under transitional governance arrangements.

These arrangements will stay in place until the final governance model is developed and agreed together with Central. The new model will be introduced in Autumn 2026, making sure that the governance is strong, fair, and takes on board partner fund feedback before it becomes permanent. At the same time, Central is working step by step to move assets and services from old providers in a careful and sensible way, making sure risks are managed and money is well spent.

The Fund will continue to closely engage with Central and partner funds with the implementation of the 'Fit for Future' proposals over 2026-27 and beyond to continue to safeguard the interests of all Fund members.

The Fund's Investment Strategy Statement sets out the Fund's approach to pooling and the Committee and Board receives regular updates on the work of Central to enable Members to oversee and scrutinise its operations as set out in their respective Terms of References.

Training

A major factor in the governance arrangements of the Fund is to ensure that the Committee and the Board members and officers have the relevant skills and knowledge through application of the CIPFA Knowledge and Skills Framework and are compliant with the General code of practice requirements.

The Fund reviewed its Training Strategy in 2026. The Policy was approved by the Committee and applies to all members of the Committee, Board, and senior officers involved in the management and administration of the Fund and recognises that this is necessary to ensure they are best placed to make well-informed decisions and, consequently, will be able to comply with the increased requirements of The Pensions Regulator (TPR) and the overarching governance requirements of the scheme.

The Strategy has regard to relevant codes of practice and guidelines issued by TPR, CIPFA, the training needs of the Committee and Board and the Fund's current priorities. A copy of the Fund's Training Strategy can be found here.

All Members, including substitutes are required to undertake induction training prior to taking up their role and are provided with an Information Pack including all relevant reading material to keep them up to date with pensions issues. Arrangements are also made for further regular training which is delivered through various means including in-house structured training events, conferences, training delivered at meetings, as well as briefings and research material.

Given there have been a number of recent changes both within the LGPS, and externally in the broader pensions environment, all Committee and Board Members are also required to complete training modules on Hymans Robertson Aspire Website within six months of appointment. Other training is also available through The Pension Regulator, and other external training as held by the Scheme Advisory Board, Local Government Association, Hymans Robertson as well as LGPS Central at its RI Summit.

The Fund invests significant resources into the development of its Committee and Board members, firmly believing that the benefits over the long term are essential to the effective governance and management of the Fund. The Fund further encourages Members to attend external events such as:

- The Pension Fundamentals
- LGPS Central Stakeholder events
- LGA Governance Conference

The CIPFA requirement for continuous professional development for the Fund's s151 Officer now includes a regular LGPS element. This requirement applies to the s151 Officer for the Council. The Fund has complied fully with this requirement.

Evidencing Standards of Training

In accordance with the Fund's Training Strategy, training undertaken by Members of the Committee and Board is monitored, recorded and reported to each body. Details for the 2025/26 period in relation to the Committee and Investment Sub-Committee, are at Appendix D. The Board's training is set out within its Annual Report.

Committee and Board Members' subject knowledge is assessed on an annual basis through the completion of a self-evaluation form. The results are analysed, and any gaps identified are addressed as part of individual member training plans, this was reported to January's and April's Committee and Board respectively. Targeted training is provided that is timely and directly relevant to items considered by the Committee and Board. This included asset class training ahead of the Fund's Strategic Asset Allocation review and training provided from LGPS Central on responsible investment, climate and stewardship for Committee members.

Officers involved in the management and administration of the Fund are set annual objectives which will include an element of personal development. These objectives are monitored as part of each individual's annual appraisal.

Hymans Aspire Learning Training

The Fund introduced the Hymans Aspire Learning Academy during November 2021, which was updated in June 2023, and was designed to support the training needs of the Committee, Board and Fund Officers and supplements the Fund's own training plan. It consists of a series of video presentations with supplemental learning material and quizzes. Over 2025/6 officers hosted in-person training sessions to cover the key modules and allow for discussion. The records of training for the Committee from April 2025 to March 2026 is also attached to this report at Appendix D. Records for Board Members are contained in its Annual Report [To follow]. Previous recorded training is available in past annual reports.

Management of Conflicts of Interest

Leicestershire County Council recognises its dual role as an employer participating in the Fund and as the Administering Authority legally tasked with the management of the Fund can create the potential for Conflicts of Interest. It is important that these potential conflicts are managed in order to ensure that no actual or perceived conflict arises and that all of the Fund's employers are treated fairly and equitably. The Fund manages this risk through its Conflict-of-Interest Policy that was reviewed and approved March 2026. The Policy and other related policies for the management of the Fund can be viewed here.

Ultimately the Fund is run for the benefit of its members and on behalf of all its employers. For that reason, the Fund's finances are managed independently from Leicestershire County Council. The budget is prepared independently taking into account the full need of the service. The Budget and Business Plan is then considered by the Board before seeking approval by the Committee. Any spending controls in place for the County Council do not apply to the Fund, though the Fund is mindful of the need to manage costs to minimise the financial burden on scheme employers.

Members of the Committee and Board and key officers involved with the Fund are required to complete a Conflict of Interest form upon appointment and are available for viewing online here. At each meeting members are also asked to declare any interest in items which they are due to consider, and any declarations are recorded in the minutes of that meeting. Where conflicts arise, these are managed in line with the Policy.

Other key elements of governance

- Business planning and budget setting - The Fund operates a business plan which sets out the priorities for the Fund's services which is approved annually by the Local Pension Committee, with the oversight of the Pension Board. It is comprehensively reviewed, updated and agreed by the Committee before the start of each financial year. If necessary, the plan is reviewed and updated on a more frequent basis. The latest business plan and budget, approved March 2026 is publicly available here.

  The business plan takes into account the risks facing the Fund, performance of the Fund (including workloads) and anticipated regulatory changes. The business plan covers governance, investment and administration, and also includes the Fund's budget. Resource requirements (including staff recruitment, procurement, and other specialist services) are determined by the requirements of the Fund's business plan. The business plan also sets out the Key Performance Indicators (KPIs) which will be used to monitor progress against the business plan, and the Board monitor it on a quarterly basis.

  Progress against the business plan, including actual spend, is monitored by the Committee on a regular basis and published within the Fund's Annual Accounts.

- Service Delivery - The Fund publishes an Administration Strategy which sets out how it will deliver the administration of the Scheme. This was reviewed by Fund Officers in February 2026 and approved by Committee in March 2026. The Strategy includes:

  - Administration including structures and processes

- Communication including action on delivery of communications with various stakeholders
- GDPR
- Performance Targets for administration
- Service Level Agreement for administration and employers

The Administration Strategy was first introduced in 2016 and has been adapted multiple times following consultation with the Fund employers. The policy can be viewed here.

Financial Performance

The LGPS is a defined benefit scheme providing benefits to scheme members according to salary and length of service. The benefits within the scheme are determined by regulation and guaranteed by statute. The Fund exists to help defray the cost of paying pension benefits. This following section provides a range of high-level information on the Funds key financial performance metric for the year.

Income

Contributions to the pension scheme are made by both employees and employers. Employee contributions are set at a national level adjusted on 1 April each year. An individual's contribution rate is determined by their pensionable pay. Any new employee is automatically brought into the scheme unless they opt out. Employer contribution rates are assessed at the triennial valuation and set based on each employer's individual liabilities.

There were a small number of incidences of late payment of contributions by employers over the year, and these were exclusively because of administrative failings on their part. On each occasion the employer was reminded of their responsibilities, however, it was not felt necessary to levy interest on overdue contributions. Employer contributions ranged from 0% to 35.6% with the average employer rate being 26.9%.

Expenditure

Administrative costs (includes investment management costs and transaction fees) were £43.2m for the year compared to £51.5m in the previous year (2024/25). The reduction year on year was due to a reversal of fees on private market investments charged in previous years. Performance fees are continually accrued and assessed based on expected investment returns against the hurdle rate.

Whilst the Fund is moving its SAA towards private market investments we expect overall investment management costs to increase given the more management time required to source and administer private market investments versus public market investments such as listed equity. Offsetting this is the anticipated reduction in management fees given LGPS Central will source the majority if not all of the Fund's future private market investments and will have a greater ability to drive down costs at the underlying managers given their scale when acting on behalf of a number of clients.

Cash flow

The general trend of overall net cash flows is monitored, whether these are derived from investment or non-investment related sources. Non-investment cash flows were positive by £67.8m in 2025/26, compared to £47.6m in 2024/25. In addition, the Fund received investment income of £97.1m. In the context of the Funds c£7billion of assets, the cash flow movements are not material. Any short-term cash surpluses or shortfall can be managed through the funds passive investments, money market funds (MMFs) and fixed term deposits that have good levels of liquidity.

Positive cash flows are likely to reduce in the near future. Benefits paid are increasing annually, due to increasing numbers of pensioners and inflation-linked pension increases. Employers' contributions are generally reducing from current levels based on the latest actuarial valuation which will apply to financial years 2026/27 to 2029/30. The reduction in cashflow will be monitored and can be managed given the Fund's significant investments in accumulation fund units where the investment income is reinvested rather than distributed, and these could be changed to income producing fund units.

The overall impact of a positive cash flow is that the Fund has flexibility in the selection of investments and fewer restrictions due to liquidity concerns. There are strong controls in place for ensuring that all income due is received and that benefits are not overpaid.

Details of contributions in and payments out of the Fund are shown below:

2024/245		**2025/26**
£m	**Payments in:**	**£m**
(246.7)	Employer Contributions	(259.0)
(56.8)	Member Contributions	(60.4)
(6.8)	Transfers in from other pension funds	(14.9)
(310.3)	**Total Inflows**	**(334.3)**
	Payments out:	
180.6	Pensions	190.8
54.8	Lump Sum Retirement Benefits	46.8
6.4	Lump Sum Death Benefits	6.6
20.9	Payments to and on Account of Leavers	22.2
262.7	**Total Outflows**	**266.5**
(47.6)	**Net Cash (inflows)**	**(67.8)**

2025/26 Performance Vs Budget

The outturn for 2025/26 was:

Heading	2024/25 Actual	2025/26 Budget	2025/26 Actual	2025/26 Variance
	£000s	£000s	£000s	£000s
Investment Management Expense:				
o Management	31,736	31,706	20,635	(11,071)
o Transaction	8,815	14,257	10,264	(3,993)
o Performance	6,369	10,500	7,160	(3,340)
Sub Total	**46,920**	**56,463**	**38,059**	**(18,404)**
LGPS Central costs	1,510	1,231	1,619	388
Staffing	1,829	2,116	2,019	(97)
IT costs	442	530	503	(27)
Actuarial costs	197	350	286	(64)
Support Services/Other	640	820	727	(93)
Total	**51,538**	**61,510**	**43,213**	**(18,297)**

The underspend to the budget is largely due to a previously accrued manager fees being reversed in 2025/26. Transaction costs are lower largely due to slower investment than budgeted into asset classes that incur transaction costs; it can be difficult to forecast transaction costs given the pace of future investment and level of transactions is dependent on external investment managers.

Performance fee variances to the budget can be material given it is not possible to forecast future investment returns and so a reasonable estimate is used. It is worth noting that performance fees are only payable when a hurdle rate is achieved for an investment product and therefore the Fund would itself have benefited.

Cashflow and Forecasting

Due to the positive cash flow the monitoring is focused on making investments to keep the variance to the strategic asset allocation as low as possible. An overview of the Funds cashflow and forecasting approach is shown in the table below.

Cash Flow	£ millions	**Notes**
Opening Cash Balance 01 April 2025	**680.7**	
Net investment activity	(237.0)	Underlying investment activity in year to align to the strategic asset allocation, the majority of the movement relates to investment purchases of £0.9billion and sales of £0.6billion reflecting underlying manager transactions and Fund level strategic rebalancing.
Currency hedge profit or loss	14.9	Dependent upon currency hedge performance which aims to hedge 30% of the Fund's foreign currency exposure. Difficult to forecast.
Administration oversight and governance expenses	(4.0)	This is the Fund administration, oversight and governance expenses. Most investment management fees are embedded in the underlying fund so do not generate a cash flow. Able to make good level of prediction.
Investment income	97.1	Income paid to the Fund primarily from infrastructure, timberland, private debt, and property mandates, usually a predictable level and will change based on market conditions at asset class level. Most investment mandates automatically reinvest income which suits the Fund whilst it does not require additional regular income.
Non-investment income	67.8	Over the reporting year, represents employer and employee contributions have exceeded pension benefit payments made. This net inflow is largely predictable year on year with the changes largely dependent on inflation based pension increases and employer contribution level changes. There is also an impact from transfers in/out of the scheme, which is difficult to forecast. The recent decreases to employer contributions (commencing 1st April 2026) will reduce non-investment income all other things being equal.
Change in working capital	(2.5)	Working capital is the capital the Fund uses for its day-to-day operations and is calculated as current assets minus current liabilities. This is usually predictable as it generally relates to contributions due from employers, investment income, fees, and expenses.

Total increase/(decrease) in cash balance	**(63.7)**	The aim to keep cash at a level close to the strategic allocation. Cash balances were higher at the start of the reporting period and also higher than the strategic allocation due to rebalancing towards private markets which commenced in 2022/23. During the following years the Fund has made progress to rebalancing towards private markets and reducing exposure to listed public markets. The Fund expects cash balances to fall materially in 2026/27 as capital calls from commitments made to private markets begin to be called.
Closing Cash Balance 31 March 2026	617.0	

Payments, Recoveries, Write-offs, and National Fraud Initiative exercises

The Pension Section, working with Internal Audit colleagues carried out National Fraud Initiative Mortality Screening Service (MSS) exercises in June and November 2025.

These two exercises found 24 cases totalling £26.9k where pensions continued to be paid to deceased pensioners.

Overpayments totalling £334 for four cases was written off.

£2,548 from two cases has been recovered from spouse’s pension entitlement.

Three invoices totalling £3,454 have been raised. The remaining cases are ongoing.

No fraud was identified in any of the 24 cases from the two exercises.

Leicestershire County Council Pension Fund Accounts 2025/26

(Registration number: 00328856RQ)

The financial statements summarise the transactions of the Fund. They do not take account of obligations to pay pensions and benefits which fall due after the end of the Fund year. The actuarial position of the Scheme, which does take account of such obligations, is set out in the Actuary's Report.

The introduction and the notes on pages form part of the financial statements.

Fund Account for the Year Ended 31 March 2026

2024/25 £m		Notes	2025/26 £m
	Contributions		
(246.7)	Employer Contributions	7	(259.0)
(56.8)	Member Contributions	7	(60.4)
(6.8)	Transfers in from Other Pension Funds	8	(14.9)
(310.3)	**Total Contributions**		**(334.3)**
	Benefits		
180.6	Pensions	9	190.8
54.8	Commutation of Pensions and Lump Sum Retirement Benefits	9	46.8
6.4	Lump Sum Death Benefits	9	6.6
20.9	Payments to and on Account of Leavers	10	22.2
262.7	**Total Benefits**		**266.5**
(47.6)	**Net (Additions)/Withdrawals from Dealings with Members**		**(67.8)**
51.5	Management Expenses	11	43.2
4.0	**Net (Additions)/Withdrawals Including Fund Management Expenses**		**(24.6)**
	Returns on investments		
(117.6)	Investment income	12	(97.1)
(192.5)	(Profit) and Losses on Disposal of Investments and Changes in Value of Investments	13	(683.0)
(310.1)	**Net Returns on Investments (Sub Total)**		**(780.1)**
(306.1)	**Net (Increase) / Decrease in the Net Assets Available for Benefits fund During the Year**		**(804.7)**
(6,391.5)	Net assets of the scheme Opening		(6,697.6)
(6,697.6)	**Net assets of the scheme Closing**		**(7,502.3)**

Net Assets Statement as at 31 March 2026

2024/25 £m		Notes	2025/26 £m
6,687.4	Investment assets	13	7,500.4
(3.6)	Investment liabilities	13	(14.1)
6,683.8			**7,486.3**
26.5	Current Assets	16	26.2
(12.8)	Current Liabilities	16	(10.2)
6,697.6	**Net Assets of the Fund at 31 March**		**7,502.3**

The unaudited accounts were issued on 30 June 2026

Declan Keegan, Director of Corporate Resources, 30 June 2026

Note 1: Introduction

The Leicestershire County Council Pension Fund (the Fund) is part of the Local Government Pension Scheme (LGPS) and is administered by Leicestershire County Council.

General

The scheme is governed by the Public Service Pension Act 2013. The fund is administered in accordance with the following secondary legislation:

- the Local Government Pension Scheme Regulations 2013 (as amended)
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 (as amended)
- the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016

It is a contributory defined benefit pension scheme administered by Leicestershire County Council to provide pensions and other benefits for pensionable employees of Leicestershire County Council, Leicester City Council, the district councils in Leicestershire and a range of other scheduled and admitted bodies within the county area. Teachers, police officers and firefighters are not included as they come within other national pension schemes. The fund is overseen by the Leicestershire County Council Pension Fund Committee, which is a committee of Leicestershire County Council.

The Pension Committee consists of ten voting members and three non-voting staff representatives. The voting members are split into five County Council members, two from Leicester City Council, two representing the District Councils and a single member representing Universities. The Committee receives investment advice from the fund's Actuary, Hymans Robertson LLP, and meets quarterly to consider relevant issues.

The Director of Corporate Resources is responsible for the preparation of the Pension Fund Statement of Accounts. The Corporate Governance Committee is responsible for approving the financial statements for publishing.

Membership

Membership of the LGPS is automatic for entitled employees, but employees are free to choose whether to join the scheme, remain in the scheme or make their own personal arrangements outside the scheme.

Organisations participating in the fund include the following:

- Scheduled bodies, which are automatically entitled to be members of the fund.
- Admitted bodies, which participate in the fund under the terms of an admission agreement between the fund and the employer. Admitted bodies include voluntary,

charitable and similar not for profit organisations, or private contractors undertaking a local Authority function following outsourcing to the private sector.

Membership details are set out below:

	31-Mar-25	31-Mar-26
Number of active employers*	195	199
Number of employees in the scheme (Actives)		
County Council	8,765	8,564
Other employers	32,218	32,771
Total	**40,983**	**41,335**
Number of pensioners		
County Council	12,711	13,006
Other employers	22,966	24,270
Total	**35,677**	**37,276**
Deferred pensioners		
County Council	9,686	9,436
Other employers	22,916	23,183
Total	**32,602**	**32,619**
Total number of members in the pension scheme	**109,262**	**111,230**

*Active employers is defined as employers with one or more actively contributing employees

Funding

Benefits are funded by contributions and investment earnings. Contributions are made by active members of the fund in accordance with the Local Government Pension Scheme Regulations 2013 and range from 5.5% to 12.5% of pensionable pay for the financial year ending 31 March 2026. Employers' contributions are set based on triennial actuarial funding valuations. In 2025/26 the average employer rate was 26.6% of pay (26.9% 2024/25).

Benefits

Prior to 1 April 2014, pension benefits under the LGPS were based in final pensionable pay and length of pensionable service. From 1 April 2014, the scheme became a career average scheme, whereby members accrue benefits based on their pensionable pay in that year at an accrual rate of 1/49th. Accrued pension is updated annually in line with the Consumer Prices Index. A range of other benefits are also provided including early retirement, disability pensions and death benefits, as explained on the LGPS website, https://www.leicspensionfund.co.uk/

Note 2: Basis of Preparation

The Statement of Accounts summarises the Fund's transactions for the 2025/26 financial year and its position at 31 March 2026. The accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

- The effect of changes in Foreign Exchange rate (amendment to IAS21).
- IFRS 17 Insurance contracts replaces IFRS 4.

These changes are not expected to have a material impact on the Pension Fund's statements of accounts.

The accounts report on the net assets available to pay pension benefits. They do not take account of obligations to pay pensions and benefits which fall due after the end of the financial year, nor do they take account of the actuarial present value of promised retirement benefits. The Fund has disclosed this information by appending a copy of the actuary's report to the Pension Fund accounts.

The Accounts have been prepared on a going concern basis.

Note 3: Accounting Policies

The following principal accounting policies, have been adopted in the preparation of the financial statements:

Fund Account – Revenue Recognition

Contribution Income

Normal contributions are accounted for on an accruals basis as follows:

- Employee contribution rates are set in accordance with LGPS regulations, using common percentage rates for all schemes which rise according to pensionable pay.
- Employer contributions are set at the percentage rate recommended by the fund actuary for the period to which they relate.

Employer deficit funding contributions are accounted for on the basis advised by the fund actuary in the rates and adjustments certificate issued to the relevant employing body. Additional employers' contributions in respect of ill-health and early retirements are accounted for in the year the event arose. Any amount due in the year but unpaid will be classed as a current financial asset.

Transfers to and from other Schemes

Transfers in and out relate to members who have either joined or left the fund. Individual transfers in/out are accounted for when received or paid. Transfers in from members wishing to use the proceeds of their additional voluntary contributions to purchase scheme benefits are accounted for on a receipts basis and are included in Transfers In, shown in Note 8. Bulk (group) transfers are accounted for in accordance with the terms of the transfer agreement.

Investments

Interest Income is recognised in the fund account as it accrues, using the effective interest rate of the financial instrument as at the date of acquisition or origination.

Dividend Income is recognised on the date the shares are quoted ex-dividend. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Distributions from pooled funds are recognised at the date of issue. Any amount not received by the end of the reporting period is disclosed in the net assets statement as a current financial asset.

Property related income consists primarily of rental income. Rental income from operating leases on properties owned by the fund is recognised on a straight-line basis over the terms of the lease.

Changes in the value of investments are recognised as income and comprise all realised and unrealised profit/ losses during the year.

Fund Account – Expense Items

Benefits Payable

Pensions and lump-sum benefits payable include all amounts known to be due at the end of the financial year. Any amounts due but unpaid are disclosed in the net assets statement as current liabilities.

Taxation

The fund is a registered public service scheme under Section 1(1) of Schedule 36 of the Finance Act 2004 and as such is exempt from UK income tax on interest received and from capital gains tax on the proceeds of investments sold. Income from overseas investments suffers withholding tax in the country of origin unless exemption is permitted. Irrecoverable tax is accounted for as a fund expense as it arises.

Management Expenses

The fund discloses management expenses for administration, oversight and governance, and investment management. The disclosures comply with the CIPFA guidance 'Accounting for Local Government Pension Scheme Management Expenses (2016).

All staff costs of the pensions administration team are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

All staff costs associated with governance and oversight are charged direct to the fund. Associated management, accommodation and other overheads are apportioned to this activity and charged as expenses to the fund.

Investment management expenses are charged directly to the Fund as part of management expenses and are not included in, or netted off from, the reported return on investments. Where fees are netted off quarterly valuations by investment managers, these expenses are shown separately in Note 11A and grossed up to increase the change in value of investments.

Fees of the external investment managers and custodian are agreed in the respective mandates governing their appointments. Broadly, these are based on the market value of the investments under their management and therefore increase or reduce as the value of these investments change.

Net Assets Statement

Investments

Equities traded through the Stock Exchange Electronic Trading Service (SETS) are valued at bid price. Other quoted securities and financial futures are valued at the last traded price. Private equity investments and unquoted securities are valued by the fund managers at the year-end bid price or, if unavailable, in accordance with generally accepted guidelines. Accrued interest is excluded from the market value of fixed interest securities and index-linked securities but is included in investment income receivable.

Pooled Investment Vehicle units are valued at either the closing bid prices or the closing single price reported by the relevant investment managers, which reflect the accepted market value of the underlying assets.

Private equity, global infrastructure and hedge fund valuations are based on valuations provided by the managers at the year-end date. If valuations at the year-end are not produced by the manager, the latest available valuation is adjusted for cash flows in the intervening period.

Property investments are stated at open market value based on an expert valuation provided by a RICS registered valuer and in accordance with RICS guidelines.

Options are valued at their mark to market value. Forward foreign exchange contracts outstanding at the year-end are stated at fair value which is determined as the gain or loss that would arise if the outstanding contract was matched at the year end with an equal and opposite contract. The investment reconciliation table in Note 13 discloses the forward foreign exchange settled trades as net receipts and payments.

Foreign Currencies

Assets and liabilities in foreign currencies are expressed in sterling at the rates of exchange ruling at the year-end. Income from overseas investments is translated at a rate that is relevant at the time of the receipt of the income or the exchange rate at the year end, whichever comes first.

Surpluses and deficits arising on conversion or translation are dealt with as part of the change in market value of investments.

Cash and Cash Equivalents

Cash comprises cash in hand and demand deposits and includes amounts held by the fund's external managers. Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and that are subject to minimal risk of changes in value.

Financial Assets

Financial Assets classed as amortised cost are carried in the net assets statement at amortised cost, i.e. the outstanding principal at the year-end date.

Financial Liabilities

A financial liability is recognised in the net assets statement on the date the fund becomes party to the liability. The fund recognises financial liabilities relating to investment trading at fair value at the reporting date, and any gains and losses arising from changes in the fair value of the liability between contract date, the year-end date and the eventual settlement date are recognised in the fund account as part of the Change in Value of Investments. Other financial liabilities classed as amortised cost are carried at amortised cost, i.e. the amount carried in the net asset statement is the outstanding principal repayable plus accrued interest.

Actuarial Present Value of Promised Retirement Benefits

The actuarial present value of promised retirement benefits is assessed on a triennial basis by the scheme actuary in accordance with the requirements of IAS 26 and relevant actuarial standards. As permitted under the Code, the fund has opted to disclose the actuarial present value of promised retirement benefits by appending a copy of the report to the Pension Fund Accounts.

Additional Voluntary Contributions

The Fund provides an additional voluntary contribution (AVC) scheme for its members, the assets of which are invested separately from those of the pension fund. AVCs are not included in the accounts in accordance with Section 4(1)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, but are disclosed for information in Note 27.

Contingent Assets and Contingent Liabilities

A contingent asset arises where an event has taken place giving rise to a plausible asset whose existence will only be confirmed or otherwise by the occurrence of future events.

A contingent liability arises where an event has taken place prior to the year-end giving rise to a possible financial obligation whose existence will only be confirmed by the occurrence of future events. Contingent liabilities can also arise in circumstances where a provision would be made, except that is not possible at the balance sheet date to measure the value of the financial obligation reliably.

Contingent assets and liabilities are not recognised in the net asset statement but are disclosed by way of narrative in the notes.

Directly Held Property

The fund's property portfolio includes a number of directly owned properties which are leased commercially to various tenants. The fund has determined that these contracts all constitute operating lease arrangements under IAS 17 and the Code, and therefore the properties are retained on the net assets statement at fair value. Rental income is recognised in the fund account on a straight-line basis over the life of the lease.

Note 4: Critical Judgements in Applying Accounting Policies

It has not been necessary to make any material critical judgements in applying the accounting policies.

Note 5: Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts. Estimates and assumptions take account of historic experience, current trends and future expectations, however actual outcomes could be different from the assumptions and estimates made. The items in the net asset statement for which there is a significant risk of material adjustment in the following year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Private Equity Investments	Private equity investments are valued at fair value. Investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Private equity investments are valued at £411.3m in the financial statements. It would not be unreasonable for it to move by +/- 5% the value of the investment would increase or decrease by £20.6m
Freehold, Leasehold Property and Pooled Property Funds	Valuation techniques are used to determine the carrying amount of pooled property funds and directly held freehold property. Where possible these valuation techniques are based on observable data but where this is not possible management uses the best available data.	The carrying value of all property held by the fund is £457.2m. Changes in the valuation assumptions used, together with significant changes in rental growth, vacancy levels or the discount rate could affect the fair value of property-based investments. If this was under or overstated by 5% the value of the investment would increase or decrease by £22.9m.
Pooled Bond and Debt Funds (including Private Debt Funds)	Pooled bond and debt funds are valued on a net asset basis in accordance with each investment managers' valuation policy. Where possible these valuation techniques are based on observable market data but where it is not possible management uses the best data available. Private debt funds are valued in accordance with each investment managers' valuation policy. These investments are not publicly listed and as such there is a degree of estimation involved in the valuation.	Pooled bond and debt funds are valued at £506.3m in the financial statements. It would not be unreasonable for it to move by +/- 5% the value of the investment would increase or decrease by £25.3m.
Infrastructure Investments	Infrastructure funds are valued in accordance with each investment managers' valuation policy. Where possible these valuation techniques are based on observable data but where it is	Infrastructure funds are valued at £739.2m in the financial statements. It would not be unreasonable for it to move by +/- 5% the value of the investment would increase or decrease by £37.0m.

	not possible management uses the best data available.	
Timberland Investment	Investments are carried at net asset value as determined by the General Partner. In most cases fair value is derived from the audited financial statements provided by an underlying fund manager. In circumstances where audited financial statements are not available, the valuations are then derived from unaudited quarterly reports.	Timberland funds are valued at £148.4m in the financial statements. It would not be unreasonable for it to move by +/-5% the value of the investment would increase or decrease by £7.4m
Pooled commodity funds	Pooled commodity funds are valued on a net asset basis in accordance with each investment managers' valuation policy. Where possible these valuation techniques are based on observable market data but where it is not possible management relies on the best data available	Pooled commodity funds are valued at £8.9m in the financial statements. It would not be unreasonable for it to move by +/-5% the value of the investment would increase or decrease by £0.4m.

Note 6: Events after the Reporting Date

The Statement of Accounts was authorised for issue by the Director of Corporate Resources on 30 June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information (where known). There are no material events after the reporting date that would require an adjustment or additional disclosure to the accounts.

The Government has continued to progress reforms to the Local Government Pension Scheme (LGPS), building on proposals developed under the previous administration. Changes to the LGPS framework have been advanced through a combination of updated statutory guidance and amendments to existing regulations, rather than a single piece of primary legislation. The reforms focus on strengthening asset pooling arrangements and clarifying the respective roles of administering authorities and pools.

Key elements include:

- Participation in a single asset pool company, authorised and regulated by the Financial Conduct Authority (FCA).

- A strengthened expectation that the majority of investment implementation is delivered through the pool, while administering authorities retain overall fiduciary responsibility.
- Pools playing an enhanced role in providing investment advice and implementing investment strategies, while responsibility for setting the investment strategy — including strategic asset allocation (SAA), funding objectives, risk tolerance, and responsible investment policies (including stewardship and voting) — remains with the administering authority's Pension Committee.
- Increased emphasis on collaboration with relevant strategic and local authorities to identify and support suitable local investment opportunities, with the option for funds to deliver this through their pool.

In response to these developments, several LGPS funds have reviewed their pooling arrangements. Six LGPS funds have left their previous pooling structures to join LGPS Central as equal partners, increasing the number of participating funds to 14 and total assets to over £100 billion.

Note 7: Contributions

2024/25 £m		2025/26 £m
	Employers	
233.9	Normal	245.1
7.0	Deficit Repair	7.2
3.3	Advanced payments for early retirements	2.6
2.5	Additional payments for ill-health retirements	4.1
	Members	
56.5	Normal	59.8
0.3	Purchase of additional benefits	0.6
303.5	**Total**	**319.4**

Additional payments for early retirements are paid by employers, once calculated and requested by the Fund, to reimburse the Pension Fund for the cost to the Fund of employees who are allowed to retire before their normal retirement age. Additional payments for ill-health retirements are generally paid by the insurance company, where the employer has taken out ill-health insurance and the claim has been accepted as valid.

On occasions employers without ill-health insurance are charged for at least part of the ill-health costs. Purchase of additional benefits by members allows either extra service to be credited on top of any service earned via employment or an additional annual pension amount in cash to be paid following retirement.

The contributions (employee and employer) can be analysed by the type of Member Body as follows:

2024/25 £m		2025/26 £m
75.1	Leicestershire County Council	79.2
215.3	Scheduled bodies	225.3
13.1	Admitted bodies	14.9
303.5	**Total**	**319.4**

Note 8: Transfers In

2024/25 £m		2025/26 £m
6.8	Individual transfers in from other schemes	14.9
6.8	**Total**	**14.9**

Note 9: Benefits

The benefits paid can be analysed as follows: -

By Category:

2024/25 £m		2025/26 £m
180.6	Pensions	190.8
54.8	Commutation and lump sum retirement benefits	46.8
6.4	Lump sum death grant	6.6
241.8	**Total**	**244.2**

By type of Employer:

2024/25 £m		2025/26 £m
76.2	Leicestershire County Council	76.4
155.7	Scheduled bodies	158.5
9.9	Admitted bodies	9.3
241.8	**Total**	**244.2**

Note 10: Payments to and on Account of Leavers

2024/25 £m		2025/26 £m
1.7	Refunds to members leaving the scheme	0.8
19.2	Individual transfers to other schemes	21.4
20.9	**Total**	**22.2**

Note 11: Management Expenses

2024/25 £m		2025/26 £m
48.1	Investment Management Expenses (Note 11A)	39.2
2.4	Pension Scheme Administration Costs	2.7
1.0	Oversight and Governance Expenses	1.3
51.5	**Total ***	**43.2**

*Includes £4.0m of costs recharged by Leicestershire County Council (2024/25 £3.4m)

Note 11a: Investment Management Expenses

By Investment Type:

2025/26 £m	Management Expenses £m	Transactional Costs £m	Performance Related Fees £m	Total £m
Equities	0.4	0.1	0	0.6
Government Bonds	0.9	0.3	0	1.2
Index-linked securities	0.2	0.4	0	0.6
Pooled Investment Vehicles	15.8	8.0	7.2	31.0
Pooled property funds	5.0	1.5	0	6.5
Cash and currency & other balances	(0.5)	0	0	(0.5)
Total	**21.8**	**10.3**	**7.2**	**39.2**

2024/25 £m	Management Expenses £m	Transactional Costs £m	Performance Related Fees £m	Total £m
Equities	0.4	0.1	0	0.5
Government Bonds	0.5	0.1	0	0.6
Index-linked securities	0.3	0.5	0	0.8
Pooled Investment Vehicles	25.8	5.8	6.4	38.0
Pooled property funds	5.3	2.3	0	7.6
Properties	0.4	0	0	0.4
Cash and currency & other balances	0.3	0	0	0.3
Total	**32.9**	**8.8**	**6.4**	**48.1**

Note 12: Investment Income

2024/25 £m		2025/26 £m
1.2	Dividends from equities	1.2
0.8	Income from Government Bonds	1.4
2.3	Income from index-linked securities	3.2
84.1	Income from pooled investment vehicles	59.2
5.0	Net rents from properties	6.4
26.2	Interest on cash or cash equivalents	25.4
(2.1)	Net Currency Profit / (Loss)	0.2
117.6	**Total**	97.1

Note 12a: Property Income

2024/25 £m		2025/26 £m
6.0	Rental income	7.1
(1.1)	Direct operating expenses	(0.8)
5.0	**Total**	**6.4**

No contingent rents have been recognised as income during the period.

Note 13: Investments

	Value at 1 April 2025 £m	Purchases at Cost and Derivative Payments £m	Sales Proceeds and Derivative Receipts £m	Change In Market Value £m	Value at 31 March 2026 £m
Equities	47.5	69.5	(70.2)	9.7	56.5
Government Bonds	54.5	159.6	(99.1)	1.8	116.8
Index-linked securities	229.3	207.3	(199.9)	3.1	239.8
Pooled investment vehicles	5,583.0	417.1	(283.3)	656.1	6,372.8
Properties	90.4	-	-	1.9	92.3
Derivatives contracts	(2.6)	-	(18.4)	10.7	(10.3)
Cash and currency & other investment balances	681.8	(63.0)	-	(0.4)	618.4
Total	**6,683.8**	**790.5**	**(670.9)**	**682.9**	**7,486.3**

	Value at 1 April 2024 £m	Purchases at Cost and Derivative Payments £m	Sales Proceeds and Derivative Receipts £m	Change In Market Value £m	Value at 31 March 2025 £m
Equities	24.1	50.5	(29.0)	1.9	47.5
Government Bonds	53.7	124.8	(124.0)	(0.1)	54.5
Index-linked securities	250.9	209.3	(208.6)	(22.3)	229.3
Pooled investment vehicles	5,436.7	514.5	(569.9)	201.7	5,583.0
Properties	96.0	-	-	(5.6)	90.4
Derivatives contracts	0.4	0.8	(19.8)	15.9	(2.6)
Cash and currency & other investment balances	513.2	167.7	-	0.9	681.8
Total	6,374.9	1,067.7	(951.2)	192.5	6,683.8

The change in the value of investments during the year comprises all increases and decreases in the market value of investments held at any time during the year, including profits and losses realised on sales of investments during the year.

The Fund has the following investments which exceed 5% of the total net value of assets:

2024/25 £m		2025/26 £m
843.3	LGPS Central – All World Equity Climate Multi Factor Fund	1,063.7
783.1	LGPS Central - Global Equity Active Multi Manager Fund	827.2
426.0	LGPS Central – Multi Asset Credit Multi Manager Fund	453.5
735.8	Legal and General All World Equity Index	867.5
557.1	Internally Managed Cash Balances	508.1
3,345.3	**Total**	**3,719.9**

2024/25 £m		2025/26 £m
	Equities	
15.8	UK quoted	17.7
1.3	UK unquoted	1.3
30.4	Overseas quoted	37.5
47.5		**56.5**
	Government Bonds	
0.7	UK Government Unquoted	0.7
53.8	Overseas Quoted	116.1
54.5		**116.8**
	Index Linked Securities	
229.3	UK quoted	239.8
229.3		**239.8**
	Pooled investment vehicles (unquoted)	
358.1	Property funds	364.9
390.9	Private equity	411.3
1,176.7	Bond and debt funds	1,319.0
2,758.3	Equity-based funds	3,224.8
17.9	Commodity-based funds	8.9
116.0	Timberland fund	148.4
9.9	Protection fund	6.8
131.6	Targeted return fund	149.6
623.7	Infrastructure fund	739.2
5,583.0		**6,372.8**
90.4	**Properties UK (Note 15)**	**92.3**
680.7	**Cash and currency**	**617.1**
	Derivatives contracts	
1.0	Forward foreign exchange assets	3.9
(3.6)	Forward foreign exchange liabilities	(14.1)
(2.6)	**Sterling Denominated**	**(10.3)**
1.1	**Other Investment Balances**	**1.3**
6,683.8	**Total Investments**	**7,486.3**

Note 14: Derivatives

The Fund holds derivatives for a number of different reasons. Forward foreign exchange contracts are held to benefit from expected changes in the value of currencies relative to each other. Futures can be held to gain full economic exposure to markets without the requirement to make a full cash investment and can be held to ensure that the Fund's exposures are run efficiently. Options are generally used to express an investment view but can give a much higher economic exposure than is required to be paid for the options – they also ensure that the potential loss is limited to the amount paid for the option.

Forward Foreign Exchange Contracts

All forward foreign exchange contracts are classed as 'Over the Counter' and at the year end the net exposure to forward foreign exchange contracts can be summarised as follows:

Settlement	Currency Bought	Local Value Millions	Currency Sold	Local Value Millions	Asset Value £m	Liability Value £m
Within 1 Month	GBP	5.5	AUD	10.9	0	(0.1)
	GBP	26.1	USD	35.7	0	(0.9)
	GBP	0.6	JPY	127.7	0	0
	GBP	37.8	EUR	43.4	0	(0.1)
	GBP	0.3	CAD	0.6	0	0
Within 1 Month	USD	76.0	GBP	56.3	0	(1.3)
	EUR	4.1	GBP	3.6	0	0
	JPY	2,135.4	GBP	10.1	0	(0.2)
	JPY	(2,357.8)	USD	(15.4)	0	(0.4)
1 - 3 Months	CNY	24.5	GBP	24.3	0.2	0
	GBP	12.2	CHF	12.1	0.1	0
	GBP	13.1	CAD	13.0	0.1	0
	GBP	146.2	EUR	147.7	0	(1.6)
	GBP	18.8	INR	18.7	0.1	0
	GBP	18.9	TWD	19.0	0	(0.1)
	GBP	24.0	CNY	24.5	0	(0.4)
	GBP	3.9	HKD	4.0	0	0
	GBP	4.2	SEK	4.2	0	0
	GBP	53.7	JPY	54.4	0	(0.6)
	GBP	831.4	USD	839.7	0	(8.3)
	GBP	279.5	GBP	276.2	3.3	0
Open forward currency contracts at 31 March 2026					**3.9**	(14.1)
Net forward currency contracts at 31 March 2026					**(10.3)**	

Prior Period Comparison:		
Open forward currency contracts at 31 March 2025	**1.0**	(3.6)
Net forward currency contracts at 31 March 2025	**(2.6)**	

Note 15: Property Investments

31 March 2025 £m		31 March 2026 £m
79.0	Freehold	81.4
6.6	Long Leasehold (over 50 years unexpired)	7.0
4.8	Medium/Short Leasehold (under 50 years unexpired)	3.9
90.4	**Total**	**92.3**

All properties, with the exception of the Fund's farm investment, were valued on an open market basis by of Savills (UK) Ltd at 31 March 2026. The Fund's farm was valued by James Forman of Leicestershire County Council. All of the Valuers are Members of the Royal Institute of Chartered Surveyors.

Note 15a: Property Holdings

31 March 2025 £m		31 March 2026 £m
96.0	**Opening Balance**	**90.4**
(5.6)	Net increase/(decrease) in market Value	1.9
90.4	**Total**	**92.3**

Note 16: Current Assets and Liabilities

2024/25 £m		2025/26 £m
21.5	Contributions due from employers	22.9
3.3	Other Debtors	2.7
1.7	Cash Balances	0.6
26.5	**Current assets**	**26.2**
(3.0)	Due to Leicestershire County Council	(2.5)
(1.1)	Fund Management Fees Outstanding	(1.2)
(8.7)	Other Creditors	(6.4)
(12.8)	**Current liabilities**	**(10.2)**
13.7	**Net current assets and liabilities**	**16.0**

Note 17: Analysis of Investments by Manager

The Fund employs external investment managers to manage all of its investments apart from an amount of cash and a farm property, which are managed by Leicestershire County Council. This structure ensures that the total Fund performance is not overly influenced by the performance of any one manager.

The market value of investments in the hands of each manager is shown in the table below:-

31 March 2025 £m	%		31 March 2026 £m	%
		Investment oversight/managed by LGPS Central		
843.3	12.6	All World Equity Climate Multi Factor Fund	1,063.7	14.2
		Global equities multi-manager fund:		
202.2	3.0	*Harris*	215.7	2.9
250.6	3.7	*Schroders*	289.2	3.9
214.3	3.2	*Union*	220.3	2.9
116.1	1.7	*Longview*	102.0	1.4
		Global Active MAC Multi Manager Fund		
210.5	3.1	*Western Asset Management*	223.5	3.0
215.6	3.2	CTI	230.0	3.1
		Global Active Investment Grade Corporate Bond MMF		
95.5	1.4	*Neuberger Berman*	99.9	1.3
96.5	1.4	*Fidelity*	101.9	1.4
35.8	0.5	LGPSC Credit Partnership I LP	32.1	0.4
143.9	2.2	LGPSC Core/Core Plus Infrastructure Partnership LP	181.0	2.4
2.8	0	LGPSC Infrastructure Value Opportunistic	8.5	0.1
63.9	1.0	LGPSC Credit Partnership IV LP	85.9	1.1
158.1	2.4	LGPSC Credit Partnership II LP	170.1	2.3
0	0	LGPSC Private credit Direct Lending Ptshp 2024 LP	11.9	0.2
0	0	LGPSC Private Credit Real Asset Ptshp 2024 LP	13.1	0.2
0	0	LGPSC PE Co-Investments Ptshp 2025	1.5	0
9.0	0.1	LGPSC PE Primary Partnership 2018 LP	8.8	0.1
11.7	0.2	LGPSC PE Primary Partnership 2021 LP	19.2	0.3
6.1	1.1	LGPSC PE Primary Partnership 2023 LP	21.4	0.3
68.1	1.0	LGPSC UK Direct Property Fund	80.9	1.1
87.6	1.3	LGPSC Direct Property Portfolio	88.4	1.2
1,122.8	16.8	Legal & General Investment Management Limited	1,326.5	17.7
3,954.1	**59.2**	**Sub Total**	**4,595.5**	**61.4**
		Investments Managed outside of Pool		
563.0	8.4	Internally Managed	515.3	6.9
348.5	5.2	Adams Street Partners L.P.	352.8	4.7
333.0	5.0	Aegon Asset Management Limited	443.2	5.9
273.4	4.1	LaSalle Limited	285.9	3.8
123.8	1.9	Partners Group Limited	73.5	1.0
199.9	3.0	Ruffer LLP	219.6	2.9
168.9	2.5	JP Morgan Asset Management (UK) Limited	177.2	2.4
169.9	2.5	IFM Investors (UK) Ltd	189.7	2.5
131.6	2.0	Fulcrum Asset Management	149.6	2.0
116.1	1.7	Stafford Capital Partners Limited	148.4	2.0
57.3	0.9	Christofferson, Robb & Company Ltd	75.0	1.0
76.5	1.1	Quinbrook	144.3	1.9
49.9	0.7	DTZ Investment Management	45.3	0.6

41.8	0.6	Kravis Kohlberg Roberts & Co. Ltd	32.8	0.4
40.3	0.6	M&G	24.6	0.3
19.9	0.3	Infracapital	5.6	0.1
14.6	0.2	Aberdeen Standard Life Limited	5.4	0.1
0.9	0	Catapult Venture Managers Limited	2.4	0
0.2	0	Van Lanschot Kempen	0	0
2,729.5	**40.7**	***Sub Total***	**2,890.6**	**38.6**
6,683.8	**100.0**	**Grand Total**	**7,486.3**	**100.0**

Note 18: Custody of Assets

All the Fund's directly held assets are held by external custodians and are therefore not at risk from the financial failure of any of the Fund's investment managers. Most of the pooled investment funds are registered with administrators that are independent of the investment manager.

Note 19: Operation and Management of the Fund

Details of how the Fund is administered and managed is set out in this report

Note 20: Employing bodies and fund members

A full list of all bodies that have active members within the Fund is included at the end of this report.

Note 21: Fair value – basis of valuation

Unquoted equities in LGPS Central asset pool are valued at cost, as an appropriate estimate of fair value. All other investments are held at fair value in accordance with the requirements of the Code and IFRS 13. The valuation bases are set out below. All assets have been valued using fair value techniques based on the characteristics of each instrument, with the overall objective of maximising the use of market-based information. There has been no change in the valuation techniques used during the year.

Description of Asset	Valuation Hierarchy	Basis of valuation	Observable and unobservable inputs	Key sensitivities affecting valuations provided
Market quoted Investments (equities and bonds)	Level 1	Published bid market price ruling on final day of the accounting period	Not required	Not required
Market quoted pooled funds	Level 1	Closing bid price or closing single price at reporting date	Not required	Not required
Forward foreign exchange contracts	Level 1	Market forward exchange rates at reporting date	Not required	Not required
Pooled investment vehicles	Level 2	Fair value based on the weekly market quoted prices of the respective underlying securities	When considering the fair value of assets which are not at the reporting date, the price of a recent transaction for an identical asset	Not Required

			provides evidence of fair value	
Unquoted Equity (including Private Equity, Infrastructure and Timberland)	Level 3	Value is based on the latest investor reports and financial statements provided by the fund managers of the underlying funds, adjusted for transactions arising after the date of such reports.	Earnings before interest, tax, depreciation, and amortisation (EBITDA) multiple, revenue multiple, discount for lack of marketability.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.
Private Debt	Level 3	Valued at fair value in accordance with International Valuation Standards and the investment managers' valuation policy	Comparable valuation of similar assets, EBITDA multiple, Revenue multiple, Discounted cash flows, Enterprise value estimation	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts.
Pooled investment vehicles (including targeted return funds, commodity funds and pooled property funds)	Level 3	Stated at bid price quoted or closing single market price	Net asset value (NAV) based pricing set on a forward pricing basis.	Valuations could be affected by material events occurring between the date of the financial statements provided and the Pension Fund's own reporting date, by changes to expected cash flows, and by any differences between audited and unaudited accounts of the underlying assets.
Freehold and Leasehold Property	Level 3	Stated at open market value based on expert valuation provided by a RICS registered valuer and in accordance with RICS guidelines.	Existing lease terms and rentals, independent market research, tenant covenant strength, estimated vacancy levels, estimated rental growth, discount rate.	Valuations could be affected by significant changes in rental growth, vacancy levels or discount rate.

Sensitivity of assets valued at Level 3

The table below details the Fund's review of financial information as provided by independent advisors. The valuation methods detailed above are likely to be accurate to within the ranges and, as set out below, the consequent potential impact on the closing value of investments at 31 March 2026 and 31 March 2025.

Asset Type	Value at 31 March 2026 £m	Percentage change %	Value on increase £m	Value on decrease £m
Equities	1.3	27	1.7	0.9
Government Bonds	0.7	5	0.7	0.7
Pooled Investment Vehicles				
- Pooled property funds	364.9	23	449.6	280.2
- Pooled private equity funds	411.3	27	522.4	300.2
- Pooled bond and debt funds	506.3	9	552.4	460.2
- Pooled commodity funds	8.9	26	11.2	6.6
- Pooled timberland fund	148.4	15	170.1	126.7
- Pooled infrastructure fund	739.1	15	847.0	631.2
Properties	92.5	15	107.2	77.8
Total assets available to pay benefits	**2,273.4**		**2,662.3**	**1,884.5**

Asset Type	Value at 31 March 2025 £m	Percentage change %	Value on increase £m	Value on decrease £m
Equities	1.3	27	1.7	0.9
Government Bonds	0.7	5	0.7	0.7
Pooled Investment Vehicles				
- Pooled property funds	358.1	21	433.3	282.9
- Pooled private equity funds	390.8	27	496.3	285.3
- Pooled bond and debt funds	494.5	9	539.0	450.0
- Pooled commodity funds	17.9	19	21.3	14.5
- Pooled timberland fund	116.1	15	133.5	98.7
- Pooled infrastructure fund	623.7	15	717.3	530.1
Properties	90.5	15	104.1	76.9
Total assets available to pay benefits	**2,093.6**		**2,447.2**	**1,740.0**

Note 21a: Valuation of financial instruments and non-financial instruments carried at fair value

The valuation of financial instruments has been classified into three levels, according to the quality and reliability of the information used to determine fair values.

Level 1

Financial instruments at Level 1 are those where the fair values are derived from unadjusted quoted prices in active markets for identical assets or liabilities. Products classified as level 1 comprised quoted equities, quoted fixed interest securities, quoted index-linked securities and quoted pooled investment vehicles where the underlying assets fall into one of these categories.

Listed investments are shown at bid prices. The bid value of the investment is based on the bid market quotation of the relevant stock exchange.

Level 2

Financial instruments at Level 2 are those where quoted market prices are not available; for example, where an instrument is traded in a market that is not considered to be active, or where valuation techniques are used to determine fair value and where these techniques use inputs that are based significantly on observable market data.

Level 3

Financial instruments at Level 3 are those where at least one input that could have a significant effect on the instrument's valuation is not based on observable market data. Such instruments would include unquoted equity investments, hedge funds and infrastructure, which are valued using various valuation techniques that require significant judgement in determining appropriate assumptions.

The values of the investment in private equity are based on valuations provided by the general partners to the private equity funds in which Leicestershire County Council Pension Fund has invested. These valuations are prepared in accordance with the International Private Equity and Venture Capital Valuation Guidelines, which follow the valuation principles of IFRS and US GAAP.

The values of the investment in hedge funds and infrastructure are based on the net asset value provided by the fund manager. Assurances over the valuation are gained from the independent audit of the value.

The following tables provide an analysis of the financial and non-financial assets and liabilities of the pension fund grouped into levels 1 to 3, based on the level at which fair value is observable.

Values at 31st March 2026	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial and non-financial assets at fair value	3,275.2	1,333.3	2,273.4	6,881.9
Financial liabilities at fair value	(14.2)	0	0	(14.2)
Net financial and non-final assets carried at fair value	**3,261.0**	**1,333.3**	**2,273.4**	**6,867.7**

The above table excludes cash and cash equivalents of £617.1m which are carried at amortised cost.

Values at 31st March 2025	Quoted market price Level 1 £m	Using observable inputs Level 2 £m	With significant unobservable inputs Level 3 £m	Total £m
Financial and non-financial assets at fair value	2,779.3	1,132.7	2,093.6	6,005.6
Financial liabilities at fair value	(3.6)	0	0	(3.6)
Net financial and non-final assets carried at fair value	**2,775.7**	**1,132.7**	**2,093.6**	**6,002.0**

The above table excludes cash and cash equivalents of £680.7m and other investment balances of £1.1m which are carried at amortised cost.

Note 21b: Reconciliation of asset held at level 3

	Value at 1 April 2025	Purchases	Sales	Realised gains / (losses)	Unrealised gains or (losses)	Value at 31 March 2026
	£m	£m	£m	£m	£m	£m
Equities	1.3	0	0	0	0	1.3
Government Bonds	0.7	0	0	0	0	0.7
Pooled Investment Vehicles						
- Pooled property funds	358.1	35.8	(39.1)	8.0	2.1	364.9
- Pooled private equity funds	390.8	48.3	(56.7)	26.4	2.5	411.3
- Pooled bond and debt funds	494.5	130.6	(104.4)	3.9	(18.3)	506.3
- Pooled commodity funds	17.9	3.2	(12.7)	(1.4)	1.9	8.9
- Pooled timberland funds	116.1	28.5	(0.5)	0	4.3	148.4
- Pooled Infrastructure funds	623.7	70.5	(15.3)	3.6	56.6	739.1
Properties	90.5	0	0	0	2.0	92.5
Total	**2,093.6**	**316.9**	**(228.7)**	**40.5**	**51.1**	**2,273.4**

	Value at 1 April 2024	Purchases	Sales	Realised gains / (losses)	Unrealised gains or (losses)	Value at 31 March 2025
	£m	£m	£m	£m	£m	£m
Equities	1.3	0	0	0	0	1.3
Government Bonds	0.7	0	0	0	0	0.7
Pooled Investment Vehicles						
- Pooled property funds	315.1	52.9	(26.7)	6.0	10.8	358.1
- Pooled private equity funds	410.9	33.3	(59.2)	22.2	(16.4)	390.8
- Pooled bond and debt funds	545.2	92.0	(135.2)	16.3	(23.8)	494.5
- Pooled commodity funds	21.9	16.2	(16.2)	(6.1)	2.1	17.9
- Pooled timberland funds	124.8	14.0	(8.9)	1.4	(15.2)	116.1
- Pooled Infrastructure funds	544.3	88.3	(30.7)	9.7	12.1	623.7
Properties	96.0	0	0	0	(5.5)	90.5
Total	**2,060.2**	**296.7**	**(276.9)**	**49.5**	**(35.9)**	**2,093.6**

Note 22: Classification of Financial Instruments

2024/25 £m Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost		2025/26 £m Fair value through profit and loss	Assets at amortised cost	Liabilities at amortised cost
			Financial Assets			
47.5	0	0	Equities	56.5	0	0
54.5	0	0	Government Bonds	116.8	0	0
229.3	0	0	Index-linked securities	239.8	0	0
5,583.0	0	0	Pooled investment vehicles	6,372.8	0	0
1.0	0	0	Derivatives contracts	3.9	0	0
0	680.7	0	Cash and currency	0	617.1	0
0	1.1	0	Sundry debtors and prepayments	0	1.3	0
5,915.2	**681.8**	**0**		**6,789.7**	**618.4**	**0**
			Financial Liabilities			
(3.6)	0	0	Derivatives contracts	(14.1)	0	0
0	0	(10.1)	Sundry Creditors	0	0	(6.8)
(3.6)	**0**	**(10.1)**		**(14.1)**	**0**	**(6.8)**

The value of debtors and creditors reported in the Notes to the Statement of Accounts are solely those amounts meeting the definition of a financial instrument. The balances of debtors and creditors reported in the balance sheet and Notes include balances which do not meet the definition of a financial instrument, such as tax-based debtors and creditors.

The following gains and losses are recognised in the Fund Account:

2024/25 £m		2025/26 £m
	Financial Assets	
200.8	Fair value through profit and loss	695.6
	Financial Liabilities	
(3.6)	Fair value through profit and loss	(14.1)
197.2	**Total**	**681.5**

All realised gains and losses arise from the sale or disposal of financial assets which have been derecognised in the financial statements. The fund has not entered into any financial guarantees that are required to be accounted for as financial instruments.

Note 23: External Audit Fee

2024/25 £		2025/26 £
98,470	Payable in respect of external audit	115,490
98,470	**Total ***	**115,490**

* 2025/26 £10,000 relating to the 2025 triennial valuation data testing (2024/25 £0)

Note 24: Nature and Extent of Risks Arising from Financial Instruments

Risk and risk management

The Fund’s primary long-term risk is that the Fund’s assets will fall short of its liabilities (i.e. the promised benefits payable to members). Therefore, the aim of investment risk management is to minimise the risk of an overall reduction in the value of the Fund and to maximise the opportunity for gains across the whole Fund portfolio. The fund achieves this through asset diversification to reduce exposure to market risk (price risk, currency risk and interest rate risk) and credit risk to an acceptable level. In addition, the Fund manages its liquidity risk to ensure that there is sufficient liquidity to meet the Fund’s required cash flows. These investment risks are managed as part of the overall pension fund risk management programme.

Responsibility for the Fund’s risk management strategy rests with Leicestershire County Council’s Local Pension Committee (formerly called the Pension Fund Management Board).

a) Market risk

Market risk is the risk of loss from fluctuations in equity and commodity prices, interest and foreign exchange rates and credit spreads. The Fund is exposed to market risk from its investment activities. The level of risk exposure depends on market conditions, expectations of future price and yield movements and the asset mix. The objective of the Fund’s risk management strategy is to identify, manage and control market risk within acceptable parameters, whilst optimising the return on risk.

In general, excessive volatility in market risk is managed through the diversification of the portfolio in terms of geographical and industry sectors and individual securities. To mitigate market risk, Leicestershire County Council and its investment advisors undertake appropriate monitoring of market conditions and benchmark analysis.

The Fund manages these risks via an annual strategy review which ensures that market risk remains within acceptable levels. On occasion equity futures contracts and exchange traded option contracts on individual securities may be used to manage market risk on investments, and in exceptional circumstances over-the-counter derivative contracts may be used to manage specific aspects of market risk.

Other price risk

Other price risk represents the risk that the value of a financial instrument will fluctuate as a result of changes in market prices (other than those arising from interest rate risk or foreign exchange risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all such investments in the market.

The Fund is exposed to share and derivative price risk. This arises from investments held by the Fund for which the future price is uncertain. All securities investments present a risk of loss of capital. For all investments held by the Fund, the maximum risk resulting from financial instruments is determined by the fair value of the financial instruments. The Fund's investment managers mitigate this price risk through diversification and the selection of securities and other financial instruments is monitored to ensure that it is within the limits specified in the Fund's investment strategy.

Other price risk – sensitivity analysis

Following analysis of historic data and expected investment return movement during the financial year, in consultation with the Fund's investment advisors, Leicestershire County Council has determined that the following movements in market prices risk are reasonably possible for the 2025/26 reporting period:

Asset type	Potential market movements (+/-)
Index Linked Gilts (medium)	7%
Fixed Interest Gilts (medium)	5%
Private equity	27%
Property	16%
Commodities	26%
Global Distressed Debt	13%
Emerging Markets Equity Unhedged	24%
Unlisted Infrastructure Equity	15%
Diversified Growth Fund (medium equity beta)	9%
Multi Asset Credit (sub inv grade)	6%
All World Equity GBP Unhedged	18%
Direct Lending (Private Debt) GBP Hedged	9%
Corporate Short AA Low	4%
Corporate Medium BBB	7%
Asia-Pacific Equity Hedged	21%
European Equity Hedged	18%
US Equity Hedged	18%
Japan Equity Hedged	21%
UK REITs GBP	23%

The potential price changes disclosed above are broadly consistent with one-standard deviation movement in the value of assets. The sensitivities are consistent with the assumptions contained in the annual strategy review and the analysis assumes that all other variables, in particular foreign currency exchange rates and interest rates, remain the same.

Had the market price of the Fund's investments increased/decreased in line with the above, the change in net assets available to pay benefits in the market price would have been as follows (the prior year comparator is shown in the second table):

Asset Type	Value at 31 March 2026 £m	Percentage change %	Value on increase £m	Value on decrease £m
UK equities	19.0	0	19.0	19.0
Overseas equities	37.5	18	44.4	30.6
UK Corporate Bonds	0.7	7	0.7	0.7
Global Government Bonds	355.8	4	368.7	342.9
Pooled property funds	364.9	23	449.6	280.2
Pooled private equity funds	411.3	27	522.4	300.2
Pooled bond and debt funds	1,318.9	7	1,413.5	1,224.3
Pooled Protection funds	6.8	8	7.4	6.2
Pooled equity funds	3,224.8	18	3,814.9	2,634.7
Pooled commodity funds	8.9	26	11.2	6.6
Pooled targeted return funds	149.6	9	162.6	136.6
Pooled timberland fund	148.4	15	170.1	126.7
Pooled infrastructure fund	739.1	15	847.0	631.2
UK property	92.5	16	107.2	77.8
Cash and currency	617.1	0	619.0	615.2
Other investment balances, current assets and current liabilities	(9.0)	0	(9.0)	(9.0)
Total assets available to pay benefits	**7,486.3**		**8,548.6**	**6,424.0**

Asset Type	Value at 31 March 2025 £m	Percentage change %	Value on increase £m	Value on decrease £m
UK equities	17.1	18%	20.2	14.0
Overseas equities	30.4	18%	35.9	24.9
UK Corporate Bonds	0.7	7%	0.7	0.7
Global Government Bonds	283.1	7%	301.8	264.4
Pooled property funds	358.1	21%	433.3	282.9
Pooled private equity funds	390.8	27%	496.3	285.3
Pooled bond and debt funds	1,176.6	8%	1,266.1	1,087.1
Pooled Protection funds	9.9	9%	10.8	9.0
Pooled equity funds	2,758.1	18%	3,254.6	2,261.6
Pooled commodity funds	17.9	19%	21.3	14.5
Pooled targeted return funds	131.6	9%	143.4	119.8
Pooled timberland fund	116.1	15%	133.5	98.7
Pooled infrastructure fund	623.7	15%	717.3	530.1
UK property	90.5	15%	104.1	76.9
Cash and currency	680.7	0%	680.7	680.7
Other investment balances, current assets and current liabilities	(1.5)	0%	(1.5)	(1.5)
Total assets available to pay benefits	**6,683.8**		**7,618.6**	**5,749.1**

Interest rate risk

The Fund invests in financial assets for the primary purpose of obtaining a return on investments. These

investments are subject to interest rate risk, which represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund is not highly exposed to interest rate risk, but monitoring is carried out to ensure that the exposure is close to the agreed asset allocation benchmark. The Fund's direct exposure to interest rate movements at 31 March 2026 and 31st March 2025 is set out below. These disclosures present interest rate risk based on the underlying financial assets at fair value:

As at 31 March 2025 £m	Asset type	As at 31 March 2026 £m
680.7	Cash and Currency	617.1
283.1	Fixed Interest securities	355.8
963.8	**Total**	**972.9**

Interest rate risk sensitivity analysis

The Fund recognises that interest rates can vary and can affect both income to the Fund and the value of the net assets to pay benefits. A 1% movement in interest rates (100 BPS) is consistent with the level of sensitivity expected within the Fund's asset allocation strategy and the Fund's investment advisors expect that long-term average rates are expected to move less than 100 BPS from one year to the next and experience suggests that such movements are likely.

The analysis that follows assumes that all other variables, in particular exchange rates, remain constant, and shows the effect in the year on the net assets available to pay benefits of a +/- 100 BPS change in interest rates. The analysis demonstrates that a 1% increase in interest rates will not affect the interest received on fixed interest assets but will reduce their fair value, and vice versa. Changes in interest rates do not impact on the value of cash and cash equivalent balances but they will affect the interest income received on those balances.

Exposure to interest rate risk	Carrying amount	Impact of increase	Impact of decrease
		+100 BPS	-100 BPS
	£m	£m	£m
Cash and Currency	617.1	617.1	617.1
Fixed interest securities	355.8	313.2	408.5
Total (as at 31 March 2026)	**972.9**	**930.3**	**1,025.6**

Cash and Currency	680.7	680.7	680.7
Fixed interest securities	283.1	245.1	326.1
Total (as at 31 March 2025)	**963.8**	**925.8**	**1,006.8**

Assets exposed to interest rate risk:

Exposure to interest rate risk	Interest receivable	Impact of increase	Impact of decrease
		+100 BPS	-100 BPS
	£m	£m	£m
Cash and Currency	25.4	31.9	18.9
Fixed interest securities	4.6	4.6	4.6
Total (2025/26)	**30.0**	**36.5**	**23.5**
Cash and Currency	26.2	32.2	20.2
Fixed interest securities	3.1	3.1	3.1
Total (2024/25)	**29.3**	**35.3**	**23.3**

Currency risk

Currency risk represents the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Fund is exposed to currency risk in financial instruments that are denominated in any other currency other than sterling. The Fund holds both monetary and non-monetary assets denominated in currencies other than sterling.

The Fund's currency rate risk is actively managed, and the neutral position is to hedge 30% of the Funds total foreign currency exposure back to sterling. The table below summarises the Fund's currency exposure if it was unhedged at 31 March 2026 and at 31 March 2025:

Asset value as at 31 March 2025 £m	Currency exposure – asset type	Asset value as at 31 March 2026 £m
30.4	Overseas equities	37.3
50.4	Overseas government bonds	71.3
957.3	Overseas pooled investment vehicles	1,062.1
51.1	Overseas cash and currency	28.8
1,089.2	**Total overseas assets**	**1,199.5**

Currency Risk – Sensitivity Analysis

Following analysis of historical data in consultation with the Fund's investment advisors, it is considered that the likely volatility associated with foreign exchange rate movements is 6.8% (as measured by one standard deviation).

An 6.8% fluctuation in the currency is considered reasonable based on the Fund advisor's analysis of the long-term historical movements in the month-end exchange rates over a rolling 36-month period. This analysis assumes that all other variables, in particular interest rates, remain constant.

An 6.8% strengthening/weakening of the pound against the various currencies in which the fund holds investments would increase/decrease the net assets available to pay benefits as follows:

Current exposure – asset type	Asset value as at 31 March 2026	Change to net assets available to pay benefits	
		6.8%	-6.8%
	£m	£m	£m
Overseas equities	37.3	39.8	34.8
Overseas government bonds	71.3	76.2	66.4
Overseas pooled investment vehicles	1,062.1	1,134.4	989.8
Overseas cash and currency	28.8	30.8	26.8
Total change in assets available	**1,199.5**	**1,281.2**	**1,117.8**

Current exposure – asset type	Asset value as at 31 March 2025	Change to net assets available to pay benefits	
		6.3%	-6.3%
	£m	£m	£m
Overseas equities	30.4	32.3	28.5
Overseas government bonds	50.4	53.6	47.2
Overseas pooled investment vehicles	957.3	1,018.0	896.6
Overseas cash and currency	51.1	54.3	47.9
Total change in assets available	**1,089.2**	**1,158.2**	**1,020.2**

b) Credit Risk

Credit risk represents the risk that the counterparty to a transaction or financial instrument will fail to discharge an obligation and cause the Fund to incur a financial loss. The market value of investments generally reflects an assessment of credit in their pricing and consequently the risk of loss is implicitly provided for in the carrying value of the Fund's financial assets and liabilities.

In essence the Fund's entire investment portfolio is exposed to some form of credit risk, with the exception of derivatives positions, where the risk equates to the net market value of a positive derivative position. However, the selection of high-quality counterparties, brokers and financial institutions minimises credit risk that may occur through the failure to settle a transaction in a timely manner.

Contractual credit risk is represented by the net payment or receipt that remains outstanding, and the cost of replacing the derivative position in the event of a counterparty default. The residual risk is minimal due to various insurance policies held by the exchanges to cover defaulting counterparties.

Credit risk on over-the-counter derivative contracts is minimised as counterparties are recognised financial intermediaries with acceptable credit ratings determined by a recognised ratings agency.

Deposits are not made with banks and financial institutions unless they are rated independently and have a high credit rating. Many of the Fund's investment managers use the money market fund run by the Fund's custodian to deposit any cash within their portfolios, although one manager (Aegon Asset Management) lends cash directly to individual counterparties in the London money markets. Any cash held directly by the Fund is deposited in Money Market Fund.

The Fund believes it has managed its exposure to credit risk and has never had any experience of default of uncollectible deposits. The Fund's cash holding at 31 March 2026 was £617.1m (31 March 2025: £680.7m).

c) Liquidity Risk

Liquidity risk represents the risk that the Fund will not be able to meet its financial obligations as they fall due. The Fund therefore takes steps to ensure that it has adequate cash resources to meet its commitments. All of the Fund's cash holdings are available for immediate access, although on some occasions this will involve withdrawing cash balances from the portfolios of investment managers.

The Fund is allowed to borrow to meet short-term cash flow requirements, although this is an option that is only likely to be used in exceptional circumstances.

The Fund defines liquid assets as assets that can be converted to cash within three months. Illiquid assets are those assets which will take longer than three months to convert to cash. At 31 March 2026 the value of illiquid assets (considered to be the Fund's investments in property, hedge funds, private equity, timberland and infrastructure) was £1.8bn, which represented 23% of total Fund assets (31 March 2025: £1.6bn, which represented 24% of total Fund assets).

The Fund remains cash flow positive for non-investment related items so there is no requirement to produce detailed cash flow forecasts. All investment related cash flows are known about sufficiently far in advance that they can be covered by taking action in a manner that is both cost-effective and in line with the Fund's investment strategy. All financial liabilities at 31 March 2026 are due within one year.

Refinancing Risk

The key risk is that the Fund will be forced to sell a significant proportion of its financial instruments at a time of unfavourable interest rates, but this appears a highly unlikely scenario. The Fund's investment strategy and the structure of its portfolios have sufficient flexibility to ensure that any required sales are considered to be the ones that are in the best financial interests of the Fund at that time. There are no financial instruments that have a refinancing risk as part of the Fund's treasury management and investment strategies.

Securities Lending

The Fund ceased to take part in securities lending activities towards the end of the 2017/18 financial year and there was no stock on loan at 31 March 2026.

Reputational Risk

The Fund's prudent approach to the collective risks listed above and through best practice in corporate governance ensures that reputational risk is kept to a minimum.

Note 25: Related Party Transactions

Leicestershire County Council (LCC) is the administering Authority for the Local Government Pension Scheme (LGPS) within Leicestershire and is one of the major employers within the scheme. Information regarding key management personnel is provided within the main accounts of Leicestershire County Council. Members and officers of the Council involved in managing the Fund are allowed to be members of the LGPS. All transactions between Leicestershire County Council and the Fund and all benefit payments from the Fund are in accordance with the regulations governing the LGPS. There are no transactions therefore that are made on a different basis from those with non-related parties.

During the reporting period LCC incurred costs of £2.6m in relation to administration and management of the Fund, the full amount of which has been recharged to the Fund, and is recognised in the expenses outlined in Note 11 above. At the 31 March 2026 £2.6m of this was a creditor balance in the Fund accounts. Contributions of £79.2m were receivable from LCC during 2025/26 (£74.6m 2024/25) of which £5.9m was still outstanding at 31 March 2026 (£5.7m at 31 March 2025).

LGPS Central Ltd has been established to manage, on a pooled basis, investment assets of eight Local Government Pension Schemes across the Midlands. It is jointly owned in equal amounts by the eight Administering Authorities participating in the Pool. £1.3m is invested in the share capital and £0.7m in a corporate bond with LGPS Central Ltd.

During 2025/26 a total of £1.6m (£1.2m 2024/25) was payable to LGPS Central Ltd for governance, operator and product development fees. Of these £0.4m was a creditor balance at the year end. At 31 March 2026, £3.3bn of LCC LGPS investments were managed by LGPS Central Ltd (£2.8bn at 31 March 2025).

Note 26: Contingent Liabilities and Contractual Commitments

When a member has left the Pension Fund before accruing sufficient service to qualify for a benefit from the scheme, they may choose either a refund of contributions or a transfer value to another pension fund. There are a significant number of these leavers who have not taken either of these options and as their ultimate choice is unknown, it is not possible to reliably estimate a liability. The impact of these 'frozen refunds' has, however, been considered in the calculation of the actuarial liabilities of the fund.

If all of these individuals choose to take a refund of contributions the cost to the Fund will be around £3.1m, although the statutory requirement of the Fund to pay interest to some members would increase this figure. Should all of the members opt to transfer to another scheme the cost will be considerably higher.

At 31 March 2026, the Fund had the following contractual commitments: -

	31-Mar-25 £m	31-Mar-26 £m
Patria (formerly Aberdeen Standard Life Capital SOF III)	7.5	7.1
Adams Street Partners L.P.	125.6	94.8
Infracapital Greenfield Partners I Fund	0.7	3.4
M & G Debt Opportunities Funds IV	1.9	12.6
KKR Global Infrastructure	6.0	3.6
Stafford International Timberland & Carbon Offset Funds	38.3	34.9
LGPSC PE Primary Partnership 2018 LP	1.5	1.1
LGPSC Credit Partnership IV	47.1	22.5
LGPSC Credit Partnership II LP	83.0	65.9
LGPSC Credit Partnership I LP	27.7	31.4
LGPSC Core/Core Plus Infrastructure Partnership LP	96.4	158.6
LGPSC PE Primary Partnership 2021 LP	19.3	12.4
LGPSC PE Primary Partnership 2023 LP	73.7	60.6
LGPSC UK Direct Property	51.0	40.6
LGPSC Value Add /Opp Infrastructure Partnership	27.2	51.4
LGPSC Low Return 23/24	180.0	258.4
LGPSC Real assets 23/24	100.0	116.0
LGPSC Private Equity 2025	0	65.0
LGPSC Co-Investment Partnership 2025	0	13.6
CRC Capital Release Fund VI	32.0	0
Quinbrook Infrastructure Partners	30.9	6.2
Partners Group Multi Asset Credit VI and VII	9.5	4.0
Total	**959.5**	**1,064.2**

Note 26a: Key Management Personnel

The fund has identified the Director of Corporate Resources (LCC) and the Assistant Director of Finance, Strategic Property and Commissioning (LCC) as key management personnel with the Authority and responsibility to control or exercise significant influence over the financial and reporting decisions of the fund. The combined compensation for these officers attributable to Leicestershire County Council Pension Fund is shown below:

2024/25 £000s		2025/26 £000s
27.2	Short-term benefits	23.8
8.0	Pension contributions	7.0
35.2	**Total**	**30.8**

Note 27: Additional Voluntary Contributions (AVCs)

The Fund has an arrangement with Prudential whereby additional contributions can be paid to them for investment, with the intention that the accumulated value will be used to purchase additional retirement benefits. AVCs are not included in the pension fund accounts in accordance with Regulation 4(1)(b) of the Local Government Pension Scheme

Leicestershire County Council Pension Fund ("the Fund") Actuarial Statement for 2025/26

14 May 2026

This statement has been prepared in accordance with Regulation 57(1)(d) of the Local Government Pension Scheme Regulations 2018. It has been prepared at the request of the Administering Authority of the Fund for the purpose of complying with the aforementioned regulation.

Description of Funding Policy

The funding policy is set out in the Administering Authority's Funding Strategy Statement (FSS), dated April 2026.

In summary, the key funding principles are as follows to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency
- where appropriate, ensure stable employer contribution rates
- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations
- where appropriate, ensure fairness between employers and between different generations of tax-payers.

The FSS sets out how the Administering Authority seeks to balance the conflicting aims of securing the solvency of the Fund and keeping employer contributions stable. For employers whose covenant was considered by the Administering Authority to be sufficiently strong, contributions have been stabilised to have a sufficiently high likelihood of achieving the funding target over 17 years. Asset-liability modelling has been carried out which demonstrates that, if these contribution rates are paid and future contribution changes are constrained as set out in the FSS, there is at least an 80% likelihood that the Fund will achieve the funding target over 17 years.

Funding Position as at the last formal funding valuation

The most recent actuarial valuation carried out under Regulation 62 of the Local Government Pension Scheme Regulations 2013 was as at 31 March 2025. This valuation revealed that the Fund's assets, which at 31 March 2025 were valued at £6,698 million, were sufficient to meet 140% of the liabilities (i.e. the present value of promised retirement benefits) accrued up to that date. The resulting surplus at the 2025 valuation was £1,912 million.

Each employer had contribution requirements set at the valuation, with the aim of achieving their funding target within a time horizon and likelihood measure as per the FSS. Individual employers' contributions for the period 1 April 2026 to 31 March 2029 were set in accordance with the Fund's funding policy as set out in its FSS.

Principal Actuarial Assumptions and Method used to value the liabilities

Full details of the methods and assumptions used are described in the 2025 valuation report.

Method

The liabilities were assessed using an accrued benefits method which takes into account pensionable membership up to the valuation date; and makes an allowance for expected future salary growth to retirement or expected earlier date of leaving pensionable membership.

Assumptions

A market-related approach was taken to valuing the liabilities, for consistency with the valuation of the Fund assets at their market value.

The key financial assumptions adopted for the 2025 valuation were as follows:

Financial assumptions	31 March 2025
Discount rate	6.1%
Salary increase assumption	3.0%
Benefit increase assumption (CPI)	2.5%

The key demographic assumption was the allowance made for longevity. The life expectancy assumptions are based on the Fund's VitaCurves with improvements in line with the CMI 2024 model, with core parameterisation, except for an initial addition of 0.25% and a long term rate of 1.50% p.a. Based on these assumptions, the average future life expectancies at age 65 are as follows:

	Males	Females
Current Pensioners	21.6 years	24.5 years
Future Pensioners*	22.3 years	25.7 years

**Aged 45 at the 2025 valuation.*

Copies of the 2025 valuation report and Funding Strategy Statement are available on request from the Administering Authority to the Fund and on the Fund's website.

Experience over the period since 31 March 2025

The increase in US tariffs on imports since March 2025 and the recent conflict in the Middle East have caused significant market volatility which feeds through to the investment returns achieved by the Fund's assets. The Fund's overall investment returns since March 2025 have been positive.

Observed inflation has been higher than anticipated over 2026, resulting in LGPS benefit increases of 3.8% in April 2026 and an increase in the value placed on the Fund's liabilities.

Overall, we estimate that the funding position is likely to be weaker than at the previous formal valuation at 31 March 2025.

The next actuarial valuation will be carried out as at 31 March 2028 and will be finalised by 31 March 2029. The Funding Strategy Statement will also be reviewed during the valuation, and a revised version will come into effect from 1 April 2029.

Prepared by:

Richard Warden FFA C.Act
14 May 2026

For and on behalf of Hymans Robertson LLP

Pension Fund Accounts Reporting Requirement

Introduction

CIPFA's Code of Practice on Local Authority Accounting 2025/26 requires Administering Authorities of LGPS funds that prepare pension fund accounts to disclose what IAS26 refers to as the actuarial present value of promised retirement benefits. I have been instructed by the Administering Authority to provide the necessary information for the Leicestershire County Council Pension Fund. (“the Fund”).

The actuarial present value of promised retirement benefits is to be calculated similarly to the Defined Benefit Obligation under IAS19.

There are three options for its disclosure in the pension fund accounts:

- showing the figure in the Net Assets Statement, in which case it requires the statement to disclose the resulting surplus or deficit;
- as a note to the accounts; or
- by reference to this information in an accompanying actuarial report.

If an actuarial valuation has not been prepared at the date of the financial statements, IAS26 requires the most recent valuation to be used as a base and the date of the valuation disclosed. The valuation should be carried out using assumptions in line with IAS19 and not the Fund's funding assumptions.

Present value of promised retirement benefits

Year ended	31 March 2026	31 March 2025
Active members (£m)	2,034	2,222
Deferred members (£m)	982	903
Pensioners (£m)	2,444	1,963
Total (£m)	**5,460**	**5,088**

The promised retirement benefits at 31 March 2026 have been projected using a roll forward approximation from the latest formal funding valuation as at 31 March 2025. The approximation involved in the roll forward model means that the split of benefits between the three classes of member may not be reliable. However, I am satisfied that the total figure is a reasonable estimate of the actuarial present value of benefit promises.

The figures include both vested and non-vested benefits, although the latter is assumed to have a negligible value. Further, I have not made any allowance for unfunded benefits.

It should be noted the above figures are appropriate for the Administering Authority only for preparation of the pension fund accounts. They should not be used for any other purpose (i.e. comparing against liability measures on a funding basis or a cessation basis).

Assumptions

The assumptions used are those adopted for the Administering Authority's IAS19 report and are different as at 31 March 2026 and 31 March 2025. I estimate that the impact of the change in financial assumptions to 31 March 2026 is to decrease the actuarial present value by £131m. I estimate that the impact of the change in demographic assumptions is to decrease the actuarial present value by £105m.

Financial assumptions

Year ended	31 March 2026	31 March 2025
	% p.a.	% p.a.
Pension Increase Rate (CPI)	3.00%	2.75%
Salary Increase Rate	3.50%	3.25%
Discount Rate	6.20%	5.80%

Demographic assumptions

The longevity assumptions have changed since the previous IAS26 disclosure for the Fund.

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a.. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Males	Females
Current pensioners	21.7 years	24.6 years
Future pensioners (assumed to be aged 45 at the latest valuation date)	22.5 years	25.8 years

All other demographic assumptions have been updated since last year and are as per the latest funding valuation of the Fund.

Sensitivity Analysis

CIPFA guidance requires the disclosure of the sensitivity of the results to the methods and assumptions used. The sensitivities regarding the principal assumptions used to measure the obligations are set out below:

Change in assumption at 31 March 2026	Approximate % increase to promised retirement benefits	Approximate monetary amount (£m)
0.1% p.a. decrease in the Discount Rate	2%	92
1 year increase in member life expectancy	4%	218
0.1% p.a. increase in the Salary Increase Rate	0%	4
0.1% p.a. increase in the Rate of CPI Inflation	2%	88

Professional notes

This paper accompanies the 'Accounting Covering Report – 31 March 2026' which identifies the appropriate reliances and limitations for the use of the figures in this paper, together with further details regarding the professional requirements and assumptions.

Prepared by:-

Tom Hoare FFA
LGPS Actuary

1 May 2026

For and on behalf of Hymans Robertson LLP

Statement of Responsibilities for Leicestershire County Council Pension Fund

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required to:

- Make arrangements for the proper administration of the financial affairs of its Pension Fund and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Director of Corporate Resources.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the statement of accounts.

THE DIRECTOR OF CORPORATE RESOURCES RESPONSIBILITIES

The Director of Corporate Resources is responsible for the preparation of the Authority's Pension Fund Statement of Accounts in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing this Statement of Accounts, the Director of Corporate Resources has:

- Selected suitable accounting policies and then applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Local Authority Code.
- Kept proper accounting records which were up to date,
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.
- Assessed the Pension Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern;
- Used the going concern basis of accounting on the assumption that the functions of the Pension Fund will continue in operational existence for the foreseeable future; and
- Maintained such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

I certify that the above responsibilities have been complied with and the Statement of Accounts herewith presents a true and fair view of the financial position of the Leicestershire County Council Pension Fund at 31 March 2026 and its income and expenditure for the year ended the same date.

DECLAN KEEGAN

DIRECTOR OF CORPORATE RESOURCES

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Investments and Funding

Leicestershire County Council has delegated the responsibility for decisions relating to the investment of the Fund's assets to the Local Pension Committee. The Local Pension Committee's (the Committee's) principle aim is to consider pensions matters with a view to safeguarding the interests of all Fund members. The Members who sit on the Committee act on behalf of the beneficiaries of the LGPS and in this way have a similar role to trustees in primarily protecting the benefits of the LGPS members, overseeing the direction of investments and monitoring liabilities. More detail on the Committee's activities is set out on page 10 of this report.

The Fund's Investment Strategy Statement (ISS) is approved by the Committee and sets out the long-term asset allocation target in order to meet the Fund's primary objective to provide pension and lump sum benefits as and when they fall due for members or their dependents.

The ISS provides a clear framework for how investment decisions are made, the level of risk the Fund is prepared to take, and how those decisions support the payment of pensions over the long term. It helps the Committee balance return, risk, liquidity and responsible investment considerations, while also demonstrating compliance with statutory guidance and giving transparency to scheme members, employers and other stakeholders about how the Fund's assets are being managed. The ISS was reviewed in 2026 following the update to the Strategic Asset Allocation, and approved by Committee in March 2026, this took into account developments from 'Fit for the Future' where appropriate from draft government guidance.

The ISS links to the Funding Strategy Statement (FSS) objectives to use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency. The FSS sets out how employers' contribution rates are set and how employers are managed on entry and exit from the Fund. It was reviewed during 2025 as part of the Fund's valuation exercise. Changes made were reported to Pension Board and Committee and a consultation took place with employers from November 2025 to January 2026. The Department for Education (DfE) were also invited to comment. 41% of employers replied to the consultation.

Employer and DfE replies were considered and the final FSS was approved by Committee in March 2026 with the version going live from 1 April 2026, to align with the new employer rates. Fund Officers and the Actuary worked collaboratively to review the style, content and presentation of the FSS in response to updated guidance provided by the SAB, MHCLG and CIPFA.

Both the ISS and FSS are compliant with statutory guidance.

The Local Pension Committee believes in a long-term investment strategy with regular reviews as part of annual strategic asset allocation reviews. This is with the aim to maximise returns of the Fund while maintaining an acceptable level of risk.

The Fund's target strategic asset allocation (SAA) was agreed by the Local Pension Committee in January 2026 and is shown below alongside the actual allocation at the end year end. The difference to the January 2026 targets is also shown bearing in mind alignment will take time to enact. The Fund has been moving from growth assets which are more liquid to income assets which primarily invest in the private markets and therefore can take years to get money invested.

Changes to the portfolio holdings are then enacted over the year and sometimes over multiple years to adjust towards the target SAA. In most circumstances specific advice from the Fund's investment consultant is requested to support officer recommendations made at the relevant committee meeting.

The setting of the SAA is the one of the most important decisions that the Committee makes. It is this decision that will have the most significant impact on the investment return achieved. Both careful asset allocation and rebalancing are important for investment returns because they can help to improve risk adjusted returns by tilting towards asset classes or away from others that may be deemed overvalued from a risk adjusted returns perspective.

Rebalancing mechanically by divesting from assets that have increased in value and reinvesting in those which have fallen is also a method that has historically proven to improve long term investment returns. The Fund has a rebalancing policy which is reviewed each year alongside the SAA to aid this process. It is not a guarantee for success, however, both form part of the Fund's long term investment strategy.

Individual investment manager appointment choices are important (in future we expect all manager appointments to be carried out by the Fund's Pool, LGPS Central) as they can produce added value by outperforming their benchmarks, but their influence is smaller in comparison to the selection of benchmark as part of setting the SAA. Variances to benchmark positions can take time to close especially when investments or divestments need to be made to illiquid products such as infrastructure and property that usually have a time lag between committing capital and the money being requested (called) by the investment manager.

At the year end the major differences to the 2026 target SAA is described as being underweight to 'income' and 'protection' assets by 5.6% and 1.3% respectively and overweight to cash by 6.8%.

The major variance is within the income asset group where the majority of the Fund's uncalled commitments are awaiting to be called by mangers within infrastructure and private credit asset classes in the main. An investment to liquid global credit is planned later in 2026/27 when an investment product from LGPS Central finalises its manager review as is an investment to UK Government gilts once due diligence is completed by LGPS Central. Whilst the Fund is awaiting capital calls, available cash is held in a variety of money market funds and term deposits in line with the Fund's cash management strategy (CMS).

The UK exposure has been calculated using manager data where provided at the year end. Including the cash balance in GBP, 26% of the Fund is exposed to the UK and 19% excluding cash.

Asset group / class	Actual Weighting 31 March 2026	Target SAA Jan 2026	Variance, actual to Jan 2026 SAA target	UK exposure % 31 March 2026
Growth	***53.6%***	***53.5%***	***0.1%***	***6.2%***
Listed equity	43.3%	41.0%	+2.3%	4.3%
Private equity	5.3%	7.5%	-2.2%	0.6%
Other alternatives	5.0%	5.0%	0.0%	1.5%
Income	***30.9%***	***36.5%***	***-5.6%***	***8.2%***
Infrastructure	11.6%	12.5%	-0.9%	1.4%
Property	6.8%	7.5%	-0.7%	5.2%
Credit – private	6.4%	9.5%	-3.1%	1.1%
Credit – global liquid	6.1%	7.0%	-0.9%	0.5%
Protection	***15.5%***	***10.00%***	***+5.5%***	***11.0%***
Government bonds	3.2%	5.5%	-2.3%	3.2%
Credit - Investment grade	4.8%	3.75%	+1.1%	0.7%
Cash including hedge collateral	7.4%	0.75%	+6.7%	7.1%
	100.0%	**100.0%**		**25.5%**

The Fund currently considers the use of index linked bonds (mainly UK), global investment grade corporate bonds and a currency hedge to reduce volatility from the overseas currency exposure as its primary protection assets.

A summary of investment performance is included below at asset class level. All numbers are as at 31 March 2026 and provided by the Fund's external performance reporting contract.

	1 Year %		3 Years % p.a		5 Years % p.a	
	Fund	**Benchmark**	**Fund**	**Benchmark**	**Fund**	**Benchmark**
Growth assets	14.7	17.5	10.9	13.8	9.5	10.4
Income assets	6.5	7.4	5.5	7.1	5.5	6.0
Protection assets	4.6	4.4	1.2	0.7	-2.8	-3.5
TOTAL FUND ex HEDGE	**10.5**	**12.6**	**7.9**	**10.1**	**7.0**	**7.6**

The Fund has been rationalising the number of investment managers employed whilst maintaining appropriate asset class diversification. As a wider range of products have become available at LGPS Central the Fund has transitioned mandates alongside advice from its investment advisor, Hymans Roberston.

It is inevitable that some of managers and asset classes will have periods of disappointing performance and sometimes this disappointing performance can last multiple years. This can be the result of a particular investment 'style' not being in favour with market sentiment. It is therefore expected that at any given time there will be managers and asset classes that are not performing as well as others and this is to be expected.

It is, however, important to understand why managers are performing in the manner they are, regardless of whether this is above or below their benchmark and to assess whether this is a cause for concern. Investment decisions that are based on relatively short periods of poor performance are not usually sensible and understanding the reasons for poor performance is important.

The Fund undertakes regular reviews of asset classes with the investment advisor and reports on performance of each manager at Local Pension Committee meetings. Individual investment manager reports and overall portfolio investment performance, which are compiled on a quarterly basis are appended to every set of Local Pension Committee papers.

It is not likely that all managers appointed by the Fund can simultaneously perform well, in fact the Fund is positioned such that some assets should perform well in traditional market downturns. The Fund needs to have a reasonable spread of management styles and asset classes and occasionally a manager is chosen specifically because they provide diversification of returns from other managers within the overall portfolio. There are a number of managers that the Fund has appointed that evidenced this in 2022 when both equity and bond markets fell in tandem.

The Local Pension Committee will continue to monitor the performance of managers. As the Fund's largest manager and principal investment advisor going forward, LGPS Central have been invited to present on investment performance, market insight and outlook at every Pension Committee meeting over 2025/26.

The management of the individual asset classes is carried out as follows:

Growth Assets

This asset group includes traditional listed equity (both in passive and active variations), private equity and alternatives (targeted return) which can invest in a wide spectrum of investments and allows the Fund to potentially generate returns during market downturns.

The Fund has a global passive equity manager (Legal and General) that manages against both market capitalisation benchmarks and also against alternative benchmarks such as low carbon transition global equity index. The Fund has one active equity investments with LGPS Central, a global equity multi manager investment, this is the Fund's only active equity mandate.

The Fund also has invested into a passive product in 2020 with LGPS Central, a climate multi factor fund which is deemed semi passive given its regular planned amendments to the benchmark. The management fees are more closely aligned with that of a traditional passive mandate than an active mandate.

Within the growth assets group, the Fund also includes private equity investments (investments in unquoted companies), the majority of which are managed by Adams Street Partners as well as investments in four LGPS Central Private Equity vintages. As time has progressed the value of investments with LGPS Central have increased within the private equity asset class as proportion of all private equity investments. The Fund has continued to add exposure to Central Private Equity vintages as a cost effective method to maintaining exposure to this asset class.

The final constituents of the growth asset group are two managers classed within the targeted return class. This exposure can generally be categorised as investments that are seeking to make a return of 4% p.a. more than could be achieved by an investment in cash, with the expectation that the return will be achieved with relatively low volatility. There are many different ways of achieving this goal and the Fund uses two managers who aim to reach this goal in different methods. Both are able to make returns from markets moving down as well as up which offers useful protection from market downturns if the managers employ this ability effectively.

Income Assets

This asset group includes property, infrastructure and private credit asset classes.
Property – DTZ investors manage the Fund's directly owned property portfolio. LaSalle Investment Management manage a portfolio of pooled property funds, which includes exposure to a wider range of property sectors. They invest in funds which allows the Fund to access global property exposure.

The Fund has also invested in two stand alone non core property funds which are closed ended and continue to return capital.

Within the infrastructure asset class the Fund employs seven managers covering a broad range of global infrastructure with exposure to core infrastructure such as toll roads, ports and woodland to value add / opportunistic exposure including asset leasing, data centres and renewables.

Other asset classes included within the income class include exposure to credit investments. Provision of loans to corporates feature in this class. LGPS Central are now the single largest private credit manager based on assets under management with whom the Fund invests.

Protection assets

UK inflation is one of the Fund's biggest risks, due to the direct link to pension benefits and the less direct link to salary growth of active members. Protecting against this risk is therefore sensible. It involves reducing allocation to assets that are seeking investment growth (e.g. equities and infrastructure) and investing it in safer, and therefore lower returning, UK index linked bonds. Aegon Asset Management manages a portfolio of largely UK index linked bonds for the Fund.
The most natural asset for protecting the Fund against its inflation risk is UK Government index linked bonds. This asset class has suffered over the last few years as a combination of negative factors pushed prices lower severely in 2022 and has since had lacklustre performance. The Fund in accordance with its SAA rebalances where possible by adding to or divesting from an asset class when valuations deviate from the target allocation by a large enough margin to warrant a rebalance.

The Fund has other avenues to obtaining protection against inflation, investments to property, infrastructure, and timberland asset classes, all of which have a good historic links to inflation. In the case of infrastructure inflation protection is afforded by exposure to underlying assets which are subject to contracted or regulated income. It can also be argued that many listed global companies are able to increase their income by at least inflation which if managed well benefits shareholders over the medium to long term.

Other mandates included within protection assets include a short dated investment grade bond fund with Aegon Asset Management and a LGPS Central investment grade corporate bond fund. Both aim to provide stable and safer rates of returns in a variety of economic conditions.

Other portfolios

Active foreign exchange hedging is undertaken by Aegon Asset Management to reduce the impact of currency fluctuations from the Fund's holdings which are held in currencies other the sterling.

At the year end the benchmark level of hedge as advised by Hymans Robertson and approved by the Committee is 30% of foreign currency exposure. Aegon actively manage the level of hedge of currencies the Fund is exposed to between fully unhedged and fully hedged based on their view of the prevailing market conditions and costs of hedging.

Responsible Investment

The Fund's approach to incorporating Environmental, Social and Governance (ESG) factors into the investment approach, as well as wider responsible investment stewardship issues is set out within the Fund's Investment Strategy Statement which was updated following a scheme member survey late 2025.

Under pooling, the Fund does not implement investment decisions or select investment managers. LGPS Central (Central) is responsible for implementing the Fund's strategic asset allocation and for appointing and monitoring investment managers. The Fund sets the overall strategic framework and expects Central and external managers to reflect these within their investment processes and stewardship activities. In line with this RI encompasses both:

- Investment processes – where ESG risks and opportunities are considered by LGPS Central and underlying managers when implementing the Fund's investment strategy, and ongoing monitoring of investments.
- Stewardship – where LGPS Central and partners engage and vote on the Fund's behalf to ensure high standards of corporate governance and corporate responsibility to protect and enhance the value of the investments.

The Committee annually agrees a Responsible Investment plan which is reported against quarterly which sets further detail on engagement with managers and their processes and considerations across environmental, social and governance areas with our partners LGPS Central, the Local Authority Pension Fund Forum and investment managers.

Over 2025/26 this has included:

- Strengthened transparency and alignment following engagement with over 2000 scheme members. The Fund has identified a set of key stewardship themes that will guide expectations with Central, alongside reporting and communication with scheme members. These are where factors are financially material across:
    - corporate governance
    - human rights
    - climate risk and nature protection.
- Considered examples of engagement covering environmental, social and governance issues at each quarterly meeting.
- Considered how our investment managers, LGPS Central and LAPFF are aligned with voting at company meetings and understanding reasonings for where they did not align.

The Fund's managers vote on Leicestershire's behalf at many meetings. This included voting recommendations at 5940 company meetings (71,394 resolutions). A snapshot of those votes are set out below:

Tesla – LGPS Central voted against the executive pay package due to its excessive size, potential shareholder dilution and unclear performance metrics. This included opposing a proposal to issue new shares to the CEO.

The package includes 12 tranches worth over $7billion each, totalling $87.8billion, creating unusually high pay over the next decade, and limiting the Board's flexibility to adjust compensation if circumstances change. It was felt the value may also reduce incentives for the CEO to reach all targets. While the package is intended to keep the CEO focused on Tesla, it does not include clear requirements to ensure this. Therefore, did not seem in the best interests of shareholders.

FedEx- A shareholder resolution was proposed to require the Board chair to be an independent director. The rationale being that separating the CEO and chair roles improves oversight and reduces conflicts of interest. The resolution received over 42% support, signalling that many shareholders favour having an independent chair.

LGPS Central has a Responsible Investment and Engagement Framework, Net Zero Strategy and voting principles. More detail on LGPS Central's actions can be read in the 2025 Annual Stewardship report available here.

Net Zero Climate Strategy Progress

The Fund recognises almost all asset classes, sectors, and geographical regions that the Fund invests in are likely to be affected by the physical, policy or market-related consequences of climate change over the long term. Failure to consider risks and opportunities or exercise effective stewardship, will risk inferior investment performance. Ultimately any deficit would be covered by increase employers' contributions which could affect employers' ability to provide their primary function.

The latest report of the Fund's activities in managing climate risk and opportunities over is available here:

Net Zero by 2050, with an ambition for sooner

Achieve a 40% reduction in absolute carbon emissions for the equity portfolio by 2030	Halve the carbon intensity of the Equity portfolio by 2030
Increase the Fund's exposure to climate solutions.	Reduce the Fund's exposure to fossil fuel reserves.
90% of the Fund's assets under management in material sectors are classified as achieving Net Zero, aligned or aligning by 2030.	90% of the Fund's financed emissions are classified as achieving Net Zero, aligned or aligning, or subject to an engagement programme to build that about by 2030
Increase asset coverage analysed to 90% by 2030	Operational targets for Leicestershire County Council (Scheme Manager) and LGPS Central to achieve net zero operations by 2030.

Step 1: Evaluation

Step 2: Engagement

Step 3: Voting

Step 4: Divestment

These targets and measures support real-world emissions reduction and are in line with the Institutional Investor Group for Climate Change's Net Zero Investment Framework which support the goals of the Paris Agreement to limit global temperature well below 2degrees with the aim of achieving a 1.5degree limit. The Fund will support this through its approach to Stewardship with a four-step plan. The NZCS is in the process of being reviewed in line with best practice, fit for the future and scheme member survey.

To monitor progress against the NZCS the Fund produces an annual Climate Risk Report that performs top down and bottom-up analysis of the Funds investment portfolio. The NZCS and the Fund's latest Climate Risk Report can be viewed here.

In brief:

- Governance - The Local Pension Committee has overall responsibility for all issues relevant to the Fund, including regular engagement on the oversight and management of risks and opportunities related to climate change. The report shows a snapshot of the Committee's activities which include engaging with external representations, consideration within the Strategy Asset Allocation review and agreement of the annual Responsible Investment Plan.

  Fund Officers, Advisors, and Investment Managers support the Committee in development and delivery of the Fund's Net Zero Climate Strategy, investment decisions and stewardship activities.

- Strategy - Climate risk and opportunities have impacted the Fund's approach to investment decision making. The Fund's Net Zero Climate Strategy defines the key climate related risks and opportunities across the Fund and how it is managed. This has led to over £1billion in climate related investments and a focus on real-world impact.

  These considerations take into account advice from the Fund's Investment Advisor who provided an assessment of the impact of climate change on asset classes as a whole, and over the long-term, as exemplified below.

Exposure to:	**Transition risk**	**Physical risk**	**Climate opportunities**
Gilts (Protection)	Low: financing the transition may require more borrowing from the UK government, but we would expect some of this to be priced into markets already.	Low: there would be no direct impact, although serious damage to infrastructure may lead to additional borrowing being required, possibly pushing down gilt prices to some extent.	Low: green gilts available, although limited ability to influence government through gilts purchase. Opportunity to engage on climate risks/opportunities through ASCOR project.

Investment Grade Credit (Protection)	Medium: companies who do not prepare adequately for the transition may suffer more than others... Increased cost of capital/borrowing costs.	Medium: possible direct impact in terms of disruption to business operations (e.g. through supply chains). Bonds expected to suffer less than equity.	Medium: green bonds and sustainability linked bonds offer some ability for investors to gain exposure to decarbonisation opportunities and/or influence companies.
Infrastructure / Property (Income)	Medium: property which does not meet evolving standards may find itself obsolete... Some assets may see improvements in value e.g. renewable energy infrastructure.	Medium: possibility of direct damage to assets depending on geographical location.	High: ability to participate in the low carbon transition e.g. through building renewable infrastructure, retrofitting existing properties to highest standards etc.
Global Equities (Growth)	High: companies who do not prepare adequately for the transition may suffer greater falls than others.	High: possible direct impact in terms of disruption to business operations... Equity expected to suffer more than bonds.	High: high scope for investment in climate opportunities. Ability to engage where investing for impact or in private markets.

Figure 1 Hymans Robertson Table from Protection Assets Review for LCCPF.

- Risk Management - Climate change risk is embedded within day-to-day risk management processes and investment decisions. Committee considers the Fund risk register and stewardship activities on a quarterly basis and climate risk metrics on at least an annual basis. This supports identification of risks and supports decision making in management of them.

  Based on the findings of previous Climate Reports, the Fund has developed a priority list for climate engagements. This list is designed to identify the Fund's top contributors of financed emissions, as well as aligning with LGPS Central's climate stewardship priority companies. This alignment of the Fund's climate stewardship plan and LGPS Central's climate stewardship priority list is intended to support the delivery of meaningful portfolio company research and updates.

Company Name	Portfolio Weight	Financed Emissions	Contribution to Financed Emissions[4]
SHELL	0.49%	8,333	5.37%
ARCELORMITTAL	0.03%	5,401	3.48%
GLENCORE	0.19%	2,997	1.93%
BP	0.28%	2,818	1.82%
RWE	0.04%	2,558	1.64%
CEMEX	0.02%	1,890	1.22%
RIO TINTO	0.11%	1,551	1.00%
LINDE	0.18%	1,536	0.99%
HOLCIM	0.01%	838	0.54%
CRH	0.04%	686	0.45%

These companies are chosen following an assessment of issuer contributions to financed emissions and the Fund's capacity to leverage change through engagement. The Fund continues to monitor engagement activity undertaken by LGPS Central with the above companies.

- Metrics and Targets -The Fund reports progress annually against its nine targets, including to become net zero by 2050, with an ambition for sooner. As of 31st March 2025, the Fund has met both interim targets. The latest report is available here.

Pooling

As mentioned earlier in the report the Fund is an investor in LGPS Central Ltd, a company which pools together pension fund assets from various pension funds. The company has its own governance and risk management structures in place.

The aim of the Company is to use the combined buying power of its partner funds to reduce costs, improve investment returns and widen the range of available asset classes for investment – all for the benefit of local government pensioners, employees and employers.

Further information on the Governance Structure on LGPS Central can be found within the Governance Compliance Section here.

LGPS Central ltd is based in Wolverhampton, and their details can be found below:
Address:
LGPS Central Ltd
Floor 1
i9
Wolverhampton Interchange
Wolverhampton
WV1 1LD

Website: https://www.lgpscentral.co.uk
e-mail: enquiries@lgpscentral.co.uk

Assets under management

In total as at 31 March 2026, £4.6bn worth of assets were managed directly by the LGPS Central Pool. As at 31 March 2026 62% of the Fund's assets could be defined as pooled.

Post Pooling Report (as issued by LGPS Central for Leicestershire County Council Pension Fund)

1. Set-Up Costs

£000	Cumulative 2014/15 to 2018/19 Total
Set Up Costs	
Recruitment	27
Procurement	2
Professional Fees	187
IT	97
Staff Costs	142
Other Costs (provide details)	
Premises	49
Staffing-Related Costs	5

Travel and Expenses	1
Training and Events	1
FCA Fees	1
General Admin Costs	2
Set-Up Costs Before Funding	514
Share Capital	1,315
Debt	685
Other Costs	-
Set-Up Costs After Funding	2,514

Transition fees	
Taxation (seeding relief)	
Other transition costs	
Transition Costs	

Please note that CIPFA has not provided a set definition of Indirect Costs but notes that ‘‘these would include, for example, overhead costs incurred by the administering authority or the pool in respect of senior management time, accommodation or support services recharged on a % of time/floor area basis as opposed to being directly linked to pension fund activities’’.

£000	Cumulative 2014/15 to 2018/19 Total
Set-Up Costs Before Funding	514
Set-Up Costs After Funding	2,514
Transition Costs	

2. Governance, Operator and Product Development Charged by LGPSC to Partner Funds

£000	At 1 April-25	Charges in Year	Settled in Year	At 31 March-26
Governance Costs	0	357	0	0
Operator Costs	0	1190	0	0
IMMC	0	862	0	0
Product Development Costs	0	72	0	0
Fit for the Future	0	147	0	0
Total	**1,599**	**2628**	**-1,827**	**2,400**

3. Other Transactions between Partner Funds and LGPSC

£000	At 1 April-25	Charges in Year	Settled in Year	At 31 March-26
Interest Payable	65	59	(65)	59
Total	**65**	**59**	**(65)**	**59**

4. LGPSC Investment Management Expenses Charged to Partner Funds

	£000	Direct	Indirect	Total	Bps Charge
1	Ad Valorem	3,786		3,786	7.27
2	Performance	0		0	0.00
3	Research	0		0	0.00
4	PRIIPS Compliance	0		0	0.00
5	Other (provide details)	108		108	0.21
	Management Fees	**3,894**	**0**	**3,894**	**7.47**
6	Commissions	557		557	1.07
7	Acquisition/issue costs	176		176	0.34
8	Disposal costs	0		0	0.00
9	Registration/filling fees	1		1	0.00
10	Taxes and Stamp Duty	1,192		1,192	2.29
11	Other (provide details)			0	
	Implicit Costs	5,898		5,898	11.32
	Transaction Costs	**7,824**	**0**	**7,824**	**15.02**
12	**Custody/Depositary**	**254**		**254**	**0.49**
13	**Other (provide details)**				
	Fund Accounting	66		66	0.13
	Transfer Agent	26		26	0.05
	Property Expenses	505		505	0.97
	External Audit	51		51	0.10
	Performance Reporting	19		19	0.04
	Transaction Charges	38		38	0.07
	MACS Fees	3		3	0.00
	Total Costs	**12,679**	**0**	**12,679**	**24.34**

For the ACS, expenses are based on actuals for the 9 months ended 31 December 2025, extrapolated for a 12-month period on a pro-rata basis; while AUM is the average for the same 9-month period.

5. Investment Management Expenses By Product / Service

£'000	1	2	3	4	5	6	7	8	9	10	11	12	13	Total 2025/26 Costs	AUM/ Commitments £m	2025/26 Bps Charge
Global Multi-Manager	1,825	0	0	0	0	247	0	0	0	278	2,014	73	23	4,460	822	54.29
Climate Factor Fund	315	0	0	0	0	311	0	0	0	352	3,138	109	28	4,253	935	45.46
Emerging Market Equities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Corporate Bonds	219	0	0	0	0	0	0	0	0	0	393	20	7	640	198	32.30
Emerging Market Debt	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Multi-Asset Credit	907	0	0	0	0	0	0	0	0	0	352	37	31	1,327	441	30.07
Direct Property	205	0	0	0	108	0	176	0	1	561	0	15	619	1,685	74	227.76
ACS Sub-Funds	**3,472**	**0**	**0**	**0**	**108**	**557**	**176**	**0**	**1**	**1,192**	**5,898**	**254**	**708**	**12,365**	**2,470**	50.05
Private Equity 2018 V'tage	5	0	0	0	0	0	0	0	0	0	0	0	0	5	10	5.33
Private Equity 2021 V'tage	9	0	0	0	0	0	0	0	0	0	0	0	0	9	30	3.12
Private Equity 2023 V'tage	40	0	0	0	0	0	0	0	0	0	0	0	0	40	80	5.00
Private Debt	46	0	0	0	0	0	0	0	0	0	0	0	0	46	417	1.11
Infrastructure	68	0	0	0	0	0	0	0	0	0	0	0	0	68	395	1.72
Indirect Property	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Private Credit 2024	118	0	0	0	0	0	0	0	0	0	0	0	0	118	400	2.95
Private Credit 25+	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Private Equity 2025	16	0	0	0	0	0	0	0	0	0	0	0	0	16	80	1.97
Alternative Vehicles	**303**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**303**	1,412	2.14
LGIM Oversight	5	0	0	0	0	0	0	0	0	0	0	0	0	5	1,327	0.04
Oversight	**5**	0	0	0	0	0	0	0	0	0	0	0	0	**5**	1,327	0.04
Total	**3,786**	**0**	**0**	**0**	**108**	**557**	**176**	**0**	**1**	**1,192**	**5,898**	**254**	**708**	**12,679**	**5,209**	24.34

Items 1 – 13 relate to the categories in table 4. For the ACS, total 2025/26 costs are based on actuals for the 9 months ended 31 December 2025, extrapolated for a 12-month period of a pro-rate basis. AUM/Commitments – ACS: average AUM for the 9 months ended 31 December 2025. Private Markets: Commitments at 31 March 2026. Other: AUM at 31 March 2027.

6. Asset Under Management & Performance By Product / Service

£'000	AUM/ Commitments at 1 April-25 £m	AUM/ Commitments* £m	9-month Gross Performance % (*)	9-month Net Performance % (*)	Passive Benchmark Used	9-month Passive Index % (*)
Global Multi-Manager	783	871	11.44%	11.23%	FTSE All World Index	19.36%
Climate Factor Fund	843	1,032	22.26%	22.25%	FTSE All-World Climate Balanced Comprehensive Factor Index	22.18%
Emerging Market Equities	0	0	23.86%	23.41%	FTSE Emerging Markets Index	18.73%
Corporate Bonds	192	204	6.59%	6.49%	ICE BofAML Sterling Corporate Index 50%, ICE BofAML Global Corporate Index (ex GBP and emerging market issues) 50%, hedged to GBP	5.69%
Emerging Market Debt	0	0	13.08%	12.92%	JPMorgan EMBI Global Diversified Index, hedged to GBP	11.70%
Multi-Asset Credit	426	455	7.01%	6.85%	3-month GBP SONIA	3.05%
Direct Property *	68	81	8.00%	7.50%	MSCI Quarterly index	0.00%
ACS Sub-Funds	**2,312**	**2,644**				
Private Equity 2018 Vintage	10	10				
Private Equity 2021 V'tage	30	30				
Private Equity 2023 V'tage	80	80				
Private Debt	417	417				
Infrastructure	265	395				
Indirect Property	0	0				
Private Credit 2024	280	400				

Private Credit 25+	0	0				
Private Equity 2025	0	80				
Alternative Vehicles	**1,082**	**1,412**				
LGIM Oversight	1,123	1,327				
Oversight	**1123**	**1327**				
Total	**4,517**	**5,383**				

*excludes £40m undrawn commitments

AUM/Commitments:

- ACS: average AUM for the 9 months ended 31 December 2025
- PM: commitments at 31 March 2026
- Other: AUM at 31 March 2026

7. Transition Costs

No transitions in 2025/26.

8. Pooling Savings

The below table covers savings achieved as a result of pooling assets as reported by LGPS Central.

Product	April 25 – March 26	April 18 – March 26
Gross Savings	8,683,781	43,457,327
Total Costs	(3,091,404)	(16,364,136)
Net Savings	**5,592,377**	**27,093,192**

ASSET TABLE

A supplementary table in line with new guidance is included below showing allocations to UK investments across four asset classes in sterling.

£million asset values as at 31 March 2026	Pooled	Under pool management	Not pooled	Total
UK listed equities	316		55	371
UK government bonds	43		342	384
UK infrastructure	52		52	105
UK private equity	6		40	46
Total	**418**		**488**	**906**

The £906m is approximately 12% of total Fund assets. In addition to the above, the Fund holds £388m in UK commercial property and has lent £79m to UK corporates which is an additional 6% of total Fund assets.

The table below shows the Fund's assets split by asset classes they are usually reported in. An alternative format illustrates the same but with a different classification for asset classes that might aid comparisons across other LGPS funds.

Asset values as at 31 March 2026 £m (2)	Pooled (LGPS Central)	Not Pooled	Total
Growth	***3,261***	***724***	***3,985***
Listed equity	3,218		3,218
Private equity	43	354	397
Targeted return		370	370
Income	***1,099***	***1,199***	***2,297***
Infrastructure	176	687	864
Property	169	333	502
Private credit	299	179	478
Liquid global credit	454		454
Protection	***202***	***949***	***1,151***
Inflation linked bonds		240	240
Investment grade credit	202	157	359
Cash including hedge collateral		552	552
Total	***4,561***	***2,872***	***7,434***
% of total AUM	***61%***	***39%***	

Alternative table to aid comparison with other LGPS funds showing pooling progress in the nine asset class format.

£m Asset Values as at 31 March 2026 [(2)]	Pooled	Not Pooled	Total
Listed Equities	3,218	0	3,218
Private Equity	43	354	397
Alternatives	0	370	370
Infrastructure	176	687	864
Property	169	333	502
Private Debt	299	179	478
Multi Asset Credit	454	0	454
Fixed Income (e.g., UK Government Bonds)	202	397	599
Cash	0	552	552
Total	4,561	2,872	7,434
% of AUM	61%	39%	

[2]The figures used for the disclosures in the annual report are based on the figures produced by Hymans as part of their external quarterly investment monitoring & valuation report (produced in early May). There are therefore minor differences between these numbers and those reported in the financial statements.

Administration

Summary of Activity

The Pension Section dealt with various areas of administration throughout 2025/26. Areas include deaths, retirements, transfers, refunds, divorce calculations, new joiners, aggregations, optants out.

The Pension Section used the information contained within its Administration Strategy to communicate with various stakeholders including, members or their representatives (including actives, deferred, pensioners, prospective members), employers, Members of the Local Pension Board and Committee, and various other stakeholders including HMRC, The Pensions Regulator, and MHCLG.

Communication was provided in various formats, website, member self-service, phone calls, face to face, employer forums, training sessions, written letters and email.

Key Performance Indicators

Key performance indicators are split into 5 categories and are found in Appendix A of the report and summarised below.
The Funds 10 specific indicators split by business process and customer feedback

- Casework
- Communications and engagement
- Administration - Resources
- Data Quality

Casework

Officers have used the Scheme Advisory Board's recommended layout. It details the number of cases created and completed in the year, and the previous year, for comparison.

Communication and engagement

Officers have used the Scheme Advisory Board's recommended layout. It provides percentages of the Fund's various scheme members who have registered on the on-line Member Self-Service (MSS) system. Scheme members can run their own estimates, view annual benefit statements and update personal details and officers and employers regularly promote MSS sign up.
Communication includes numbers of phone calls, emails, online enquiries and various other types of communication methods.

Administration – Resources

Officers have used the Scheme Advisory Board's recommended layout. It provides the full time equivalent number of Officers working in pensions administration and the average length of service working at Leicestershire. It does not include previous periods of employment elsewhere.
It also provides staff vacancy rate during the year and ratio of scheme members to officers.

Data Quality

Officers have used the Scheme Advisory Board's recommended layout. The table provides the percentage of annual benefit statements issued by the statutory deadline of the 31 August.

Common data and scheme specific data are data fields the Pension Section should hold for each scheme member. These are scored annually and reported to The Pensions Regulator. Officers monitor these annually and put into place data improvement plans where necessary.

As more people move away from post to email, more email addresses are being captured on member's records.

Employers submit monthly data to the Pension Section. This is monitored and employers are chased where submissions are late.

Fund members

Scheme Membership in the last four years is set out below:

Year	Active Members	Preserved Members	Pensioner and Survivor Members	Total
2022/23	38,823	31,811	32,560	103,194
2023/24	40,848	32,250	33,902	107,000
2024/25	40,983	32,602	35,677	109,262
2025/26	41,335	32,619	37,276	111,230
Difference in the year	352	17	1,599	1,968

As of the 31 March 2026 there were 4,506 status 2 records. These are uncomplete cases (known as undecided leavers) that could become a refund, preserved or pensioner.

Fund Employers

A summary of the largest contributing employers is set out in the table below.

2025/26	Total Employers Contributions £000s	Total Employees (Members) Contributions £000s
Leicestershire CC	61,979	13,533
Leicester City Council	62,152	14,089
The Chief Constable	15,716	4,124
The OPCC	445	130
De Montfort University	12,419	3,195
Loughborough University	9,590	2,263
Charnwood Borough Council	5,652	1,155
Rutland CC	4,693	1,134
Hinckley and Bosworth BC	4,508	1,009
Blaby District Council	3,620	802
North West Leics DC	4,906	1,116
ESPO	3,055	716
Harborough District Council	2,263	494
Oadby and Wigston BC	2,009	384
Melton BC	1,983	471
Leics Fire Service (Civilians)	1,600	421
Town and Parish Councils	862	240
Academies, Free Schools and Others	53,752	13,006
FE and Sixth Form Colleges	7,840	2,109
	259,044	**60,391**

A summary of the number of employers in the Fund analysed by scheduled bodies, admitted and designated bodies which are active (with active members) and ceased (no active members but with some outstanding liabilities) is set out within Appendix E.

Administration Policy

The Pension Section used the information contained within its Administration Strategy to communicate with various stakeholders including, members or their representatives (including actives, deferred, pensioners, prospective members), employers, Members of the Local Pension Board and Committee, and various other stakeholders including HMRC, The Pensions Regulator, and MHCLG.

Communication was provided in various formats, website, member self-service, phone calls, face to face, employer forums, training sessions, written letters and email.

The Fund has a website that provides details of the scheme. New members receive a welcome letter introducing them to the scheme with a link to the website and member self-service to enable members to run their own estimate projections.

Employers auto enrol eligible new employees into the scheme and re-enrol non-members through their auto enrolment duties.

Fund officers may provide sessions with employers and scheme members when requested.

The Fund's administration strategy provides details of how we communicate with various stakeholders.

Value for Money Statement

Administration Costs

Officers must demonstrate value for money. The cost per member is calculated using the total cost for staffing, IT, actuarial and support services divided by the scheme membership on 31 March 2026. To compare the 2025/26 costs, information from three years prior is included.

The Fund has 42.5 full time equivalent working in Pension Scheme Administration. Scheme membership is 111,230 equating to 2,617 members per FTE.

The pension administration costs include staffing, IT, actuarial, support services and other. It does not include the costs relating to investment activity.

Year	Members	Full Time Equivalent – Pensions Administration	Administration Costs £000	Cost per member (Admin cost / members)
2022/23	103,194	38	2,919	£28.29
2023/24	107,000	37	3,039	£28.40
2024/25	109,262	40	3,108	£28.45
2025/26	111,230	42.5	3,535	£31.78

The 2025/26 cost per member increased to £31.78 from £28.45. The increased was predominately for the additional 2.5 staff and increased actuarial costs for the Fund valuation.

The following table compares spend between 2024/25 and 2025/26 in the five administration areas.

Year	Staffing	IT	Actuarial	Support Services	Other	Total
2024/25	1,829,000	442,000	197,000	555,000	85,000	3,108,000
2025/26	2,019,000	503,000	286,000	611,000	116,000	3,535,000
Difference	190,000	61,000	89,000	56,000	31,000	427,000

- Staffing – Staffing costs increased by £190,000 in 2025/26 but were £97,000 less than budget. The increase was for the additional 2.5 FTE employed to help support the increased demands on administration, primarily from McCloud. The £97,000 underspend was caused from vacancies at the more senior levels that took longer than anticipated to recruit.

- IT – IT budget in 2025/26 was £500,000 and spend was £503,000. During the year the Pension Section invested and rolled out enhanced security for scheme members wishing to log in to their individual portals securely.

- Actuarial – Actuarial charges were budgeted at £350,000 for 2025/26. However, the actual spend was £286,000 which was £64,000 below budget. However, there was still an increase of £89,000 compared to 2024/25. The increase in 2025/26 was due to the Fund valuation exercise. Fund valuations only take place every three years and calculate the total Fund value and the employer contribution rates for the next three-year period (1 April 2026 to 31 March 2029). There are always expected increased actuarial costs in Fund valuation periods.

- Support Services – There was an increase of £56,000 in 2025/26 compared to 2024/25. This was primarily from increased work for the Pensions Investment Team for Fit for the Future. There was however an underspend of £139,000 against budget through close management of other support charges.

- Other - These relate to other general costs e.g., LGA subscription, external qualifications, Club Vita membership, Cabinet Office's National Fraud exercise, tracing service, external legal costs, AVC tender exercise etc.

- The total budget was £3,786,000 and actual spend was £3,535,000 creating an underspend of £251,000 in 2025/26

- The total budget for 2026/27 is £3,647,000 to reflect the lower than expect spend in 2025/26 and reduced actuarial charges post valuation.

Fund Administration Charge

Funds charge a percentage of the employer primary contribution rate to fund pension administration. Given the differences in the demographics of Funds this is not considered a reliable measure of costs between Funds. For example, a Fund with a greater percentage of active members and low fund maturity will receive more income, compared with a more mature Fund that has a greater percentage of pensioners and preserved members. Officers feel the cost per member provides a more transparent way to measure administration cost between Funds.

Dispute Resolution

Complaints are usually resolved informally and can often be from initial misunderstanding or human error and can be quickly resolved.

However, in line with legislation the Fund has an Internal Disputes Resolution Procedure that deals with formal complaints against the Scheme. During 2025/26 the Fund had three Stage 2 complaints via the formal Internal Resolution Disputes process.

During 2025/26 the Fund had two ongoing cases with the Pensions Ombudsman relating to periods prior to 2025/26.

A copy of the Fund's complaint process is available on the following link https://democracy.leics.gov.uk/documents/s189013/Appendix%20G%20Pensions%20Complaint%20Process%20-%20December%202024.pdf

Further advice can be found at the following:

Money Helper	Web:	https://www.moneyhelper.org.uk
LGPS Regulation & Guidance	Web:	https://www.lgpsregs.org/

Contact Details

Help desk arrangements and information are as follows:

Contact Type	From	To	Contact
MSS Helpdesk Phones	09:00	14:00	0116 3057886

Pensions Benefits Queries :	Pensionsbenefits@leics.gov.uk
Email MSS Queries :	PensionsMSS@leics.gov.uk
General Pensions Queries:	Pensions@leics.gov.uk
Address:	Pensions Section Leicestershire County Council County Hall Glenfield Leicester LE3 8RB

External Audit Opinion

To follow

Additional Information

CIPFA Code of Practice on Public Sector Pension

The Fund is compliant with the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and skills. The Fund publishes a Training Strategy which sets out the Fund's framework for maintaining appropriate knowledge across members of the Committee, Board and officers involved in the Fund. This is supplemented by an annual training plan developed from annual self-assessments, and agreed as part of the budget and business planning process, as well as compulsory induction training for any new members. The Fund reports performance against training plans in January, and as part of this Annual Report.

Code of Practice

The Pensions Regulator produced the Code of Practice to set out the standards expected of those running occupational pension schemes. The Board and Committee received a report in 2024 setting out the assessment by Fund Officers across all relevant subject areas. Preliminary assurance work was then undertaken by Internal Audit followed by an internal audit report in 2025/26 which received substantial assurance that the Fund has taken the necessary steps to be compliant with the requirements

In year Committee and Board members completed a training needs assessment where knowledge of the Pension Regulator's Code of Practice for public sector pension schemes was generally good, training was scheduled for 20 April 2026 which included an update on the TPR General code of Practice.

The Role of Internal Audit

Internal audit provides independent assurance on the effectiveness of the pension fund's governance, risk management, and internal controls. This includes a summary of assurance audits undertaken during the year, including any key points arising from such reviews.

Internal Audit Work Undertaken – 2025/26

Every year the Fund's internal auditors carry out reviews to provide assurance that the Fund's processes and systems are appropriate for managing risks. In total, ten assurance audits were undertaken in 2025/26. This included finalising two that were carried over from the previous year. The assurance grading was overall positive and there were no high importance recommendations. Final reports for all completed audits were also shared with the Fund's External Auditor (Grant Thornton LLP) to inform their audit risk assessment in preparation for their annual audit of the Fund's accounts.

In the year, Internal Audit reviewed several areas of the Fund's administration and investment. These included, Contribution Banding Changes, Contribution Collections, annual Pensions Increase, Pension Creation, Checking and Authorisation of Payments and Transfers, Pensions Dashboard Programme, Code of Practice, and Investment Risks.

One planned audit on the Good Governance Project was replaced due to impending changes resulting from the Government's Fit for the Future Programme (FFtF). This is expected to be rescheduled when regulations have been finalised and is included in the 26/27 programme. It was replaced with 'Checking and Authorisation of Payments.' Work was also undertaken on the biennial National Fraud Initiative (NFI) counter fraud data matching exercise. Reports for the most recent exercise (2024/25) were released in January 2025. The next biennial exercise is due to be undertaken during 2026/27 with reports available around January 2027.

In addition, the Pension Service has continued to subscribe to the NFI Mortality Screening Service (MSS), where pension records are checked against the Department for Work and Pensions (DWP) Deceased Persons database. An advantage of the MSS is that the Pension Section can become aware of deaths at an earlier stage in the process. This enables pensions to be suspended at an early point in time which can limit financial risk, for example, of non-recovery of large debts. Exercises were undertaken in June and November 2025, which identified twenty-four cases where payments had continued for deceased pensioners, with estimated overpayments of £26.9K.

Whilst the Risk Register is the responsibility of the Pensions Manager and is maintained and updated by him, Internal Audit continue to review and comment on any updates prior to Board and Committee meetings.

Regarding the internal audit arrangements for LGPS Central, ongoing collaborative work with partner fund internal auditors, continues with Leicestershire staff providing feedback to the wider Internal Audit Working Group (IAWG).

The first four-year cycle of agreed internal audits has now been completed as part of this arrangement, and a revised four-year plan of audit work from 2023/24 to 2027/28 has been agreed. However, the future plan for audits and indeed the role of the IAWG are yet to be discussed considering the Government's Fit for the Future programme.

The 2025/26 audits were assigned to colleagues at Worcestershire County Council (Investments), and Nottinghamshire County Council (Governance). The Governance audit has been completed, and a draft report is currently with the Practitioners Advisory Forum (PAF) for comments. No work has been completed on the Investments audit, partly due to the changes required as part of the Government's FFtF programme which has transferred significant new responsibilities to Pool companies. The worth of potential audit work that may be undertaken is due to be discussed further at the next PAF. In addition, the IAWG reviewed the AAF 01/20 Control Reports for LGPS Central.

Freedom of Information Requests summary

All Freedom of Information requests are logged by Leicestershire County Council who keep a record of Freedom of Information requests and response in the disclosure log available here.

Area	2025/26
Investments	36
Administration	2

Glossary

A list of acronyms used within the report has been provided below:

AGM	Annual General Meeting
AVC	Additional Voluntary Contribution
CETV	Cash Equivalent Transfer Value
CIPFA	The Chartered Institute of Public Finance and Accountancy
CRR	Climate Risk Report
MHCLG	Ministry of Housing, Communities and Local Government
ESG	Environmental, Social and Governance
FCA	The Financial Conduct Authority
FSS	Funding Strategy Statement
FTE	Full Time Equivalent
IDRP	Internal Disputes Resolution Procedure
IFRS	International Financial Reporting Standards
ISS	Investment Strategy Statement
KPIs	Key Performance Indicators
LAPFF	Local Authority Pension Fund Forum
LGIM	Legal and General Investment Management
LGPS	Local Government Pension Scheme
LIBOR	London Interbank Offered Rate
LPB	Local Pension Board
LPC	Local Pension Committee
NAV	Net Asset Value
NZCS	Net Zero Climate Strategy
RI	Responsible Investing
SAB	LGPS Scheme Advisory Board - England and Wales
TCFD	Taskforce on Climate-related Financial Disclosures
TPR	The Pensions Regulator

Appendix A - Administration Key Performance Indicators

Table A - Total number of casework

Ref	Casework KPI	Total number of cases open as at 31 March 2025 (starting position)	Total number of new cases created in the year (1 April 2025 to 30 March 2026)	Total number of cases completed in year 2025/26	Total % of cases completed in year	Total number of cases completed in previous year to 31 March 2025	Total % of cases completed in previous year
A1	Deaths recorded of active, deferred, pensioner and dependent members	185	1025	1074	104.78%	987	99.09%
A2	New dependent member benefits	0	331	331	100.00%	329	100.00%
A3	Deferred member retirements	60	1291	1313	101.70%	1343	103.90%
A4	Active member retirements	543	1973	1967	99.69%	2059	96.76%
A5	Deferred benefits	1164	2101	1813	86.29%	2484	104.59%
A6	Transfers in (including interfunds in, club transfers)	205	230	230	100.00%	157	76.58%
A7	Transfers out (including interfunds out, club transfers)	255	576	410	71.18%	361	102..56%
A8	Refunds	482	3262	2772	84.98%	4125	103.54%
A9	Divorce quotations issued	12	204	202	99.01%	204	109.68%
A10	Actual divorce cases	1	6	5	83.33%	18	138.46%
A11	Member estimates requested either by scheme member and employer	156	1223	1284	104.98%	1330	100.15%
A12	New joiner notifications	0	9302	9302	100.00%	9719	100.00%
A13	Aggregation cases	1329	1725	2050	118.84%	2847	96.70%
A14	Optants out received after 3 months membership	2	58	5	8.62%	17	28.33%

A2 – No specific task for dependants – created as part of the deceased task – figures show Dependants created in period.

A12 – No specific task for new starters – created directly from i-connect – iconnect start date used for record creations.

A14 – Low numbers as cases are often created as Frozen cases.

Table B – Casework Target Completion

Ref	Casework KPI	Suggested fund target*	% completed within fund target in year	% completed in previous year
B1	Communication issued with acknowledgement of death of active, deferred, pensioner and dependent member	5 days	99.28%	32.00%
B2	Communication issued confirming the amount of dependents pension	10 days	85.00%	61.00%
B3	Communication issued to deferred member with pension and lump sum options (quotation)	15 days	91.00%	80.00%
B4	Communication issued to active member with pension and lump sum options (quotation)	15 days	91.00%	80.00%
B5	Communication issued to deferred member with confirmation of pension and lump sum options (actual)	15 days	98.80%	98.40%
B6	Communication issued to active member with confirmation of pension and lump sum options (actual)	15 days	94.60%	88.20%
B7	Payment of lump sum (both actives and deferreds)	15 days	97.00%	93.70%
B8	Communication issued with deferred benefit options	30 days	20.00%	25.20%
B9	Communication issued to scheme member with completion of transfer in	15 days	42.86%	38.50%
B10	Communication issued to scheme member with completion of transfer out	15 days	55.60%	50.00%
B11	Payment of refund	10 days	88.50%	93.40%
B12	Divorce quotation	45 days	97.40%	90.90%
B13	Communication issued following actual divorce proceedings i.e. application of a Pension Sharing Order	15 days	50.00%	29.40%
B14	Communication issued to new starters	40 days	60.79%	47.49%
B15	Member estimates requested by scheme member and employer	15 days	43.70%	46.20%

Table C - Communications and engagement

Ref	Engagement with online portals	Percentage as at 31 March
C1	% of active members registered	30.18%
C2	% of deferred member registered	17.90%
C3	% of pensioner and survivor members	49.14%
C4	% total of all scheme members registered for self-service	32.18%
C5	Number of registered users by age.	0-20 = 45 21-30 =897 31-40 = 2227 41-50 = 4126 51-60 = 9461 61-70 = 12079 71-80 = 4832 81-90 = 732 Over 90 = 57
C6	% of all registered users that have logged onto the service in the last 12 months	32.18%
	Communication	
C7	Total number of telephone calls received in year	14984
C8	Total number of email and online channel queries received	25624
C9	Number of scheme member events held in year (total of in-person and online)	3
C10	Number of employer engagement events held in year (in-person and online)	12
C11	Number of active members who received a one-to-one (in-person and online)	32
C12	Number of times a communication (i.e. newsletter) issued to:	
	a) Active members	4
	b) Deferred members	4
	c) Pensioners	4

C1 to C6 – reduction in previous years figures due to a new online service going live in January 2026 – this required all members to re-register. The figures included in this report only reflect the new online service figures.

C7 - Average queue waiting time: 1.37 mins / Average call time: 6.52 mins / Calls transferred: 322

C8 – Pensions Email Box 17902 / MSS Email Box 7722

Table D: Resources

Ref	Resources	
D1	Total number of all administration staff (FTE)	42.50
D2	Average service length of all administration staff	10.51 years
D3	Staff vacancy rate as %	4.70%
D4	Ratio of all administration staff to total number of scheme members (all staff including management)	2617:1
D5	Ratio of administration staff (excluding management) to total number of scheme members	2966:1

D5 – 5 Managers so based on 37.5 FTE

Table E - Data Quality

	Annual Benefit Statements	
E1	Percentage of annual benefit statements issued as at 31 August	99.99%
	Short commentary if less than 100%	124 records not issued on time due to late receipt of information from employers' payroll providers
	Data category	
E3	Common data score	97.90%
E4	Scheme specific data score	97.23%
E5	Percentage of active, deferred and pensioner members recorded as 'gone away' with no home address held, or address is known to be out of date	1.27%
E6	Percentage of active, deferred and pensioner members with an email address held on file	56.00%
	Employer performance	
E7	Percentage of employers set up to make monthly data submissions	93.60%
E8	Percentage of employers who submitted monthly data on time during the reporting year	82.24% based on March 2026 return

Appendix B: Governance Compliance Statement

This statement will be kept under review and will be revised and published following any material change in the governance arrangements of the Pension Fund.

The regulations require a statement as to the extent to which the governance arrangements comply with guidance issued by the Secretary of State. This guidance contains a number of best practice principles and these are shown below with the assessment of compliance.

Principle	Compliance/Comments
Structure	
The strategic management of fund assets clearly rests with the main committee established by the appointing council.	Fully compliant
That representatives of participating LGPS employers, admitted bodies and scheme members are members of the committee.	Fully compliant
That where a secondary committee has been established, the structure ensures effective communication across both levels.	Fully Compliant
That where a secondary committee has been established, at least one seat on the main committee is allocated for a member of the secondary committee.	Fully Compliant - All Investment Subcommittee will be full LPC members
Representation	
That all key stakeholders are afforded the opportunity to be represented within the main committee structure (including employing authorities, scheme members, independent professional observers and expert advisors)	Fully Compliant
That where lay members sit on a main committee, they are treated equally and are given full opportunity to contribute to decision making, with or without voting rights.	Fully Compliant
Selection and Role of Lay Members	
That committee members are fully aware of their status, role and function they are required to perform.	Fully Compliant
Voting	
The policy of the administering authority on voting rights is clear and transparent, including the justification for not extended voting rights to certain groups.	Fully Compliant
Training/Facility Time/Expenses	
That the policy applies equally to all members of committees.	Fully Compliant

Meetings (frequency/quorum)	
That the main committee meet at least quarterly	Fully Compliant
That secondary committees meet at least twice a year and the meetings are synchronised with the main committee.	The Investment Subcommittee met once in 2025/26 due to business needed to be transacted. The Local Pension Board meets quarterly ahead of Local Pension Committee meetings. Fully compliant.
If lay members are not included in formal governance arrangements, a forum is available outside of these arrangements by which their interests can be represented.	Lay members are included on main committee. The Fund also holds an annual general meeting open to all scheme members and employers.
Access	
That, subject to any rules in the Council's constitution, all members have equal access to committee papers, documents and advice that falls to be considered by the main committee.	Fully Compliant
Scope	
That administering authorities have taken steps to bring wider scheme issues within the scope of the governance arrangements.	Fully Compliant
Publicity	
That the administering authority have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed can express an interest in wanting to be part of those arrangements.	Fully Compliant. A copy of this statement will be available on the Pension Fund's website for public viewing.

Appendix C: Meeting Attendance

The attendance figures for the Local Pension Committee and Investment Sub-Committee for 2025/26 are recorded in the table below:

		June LPC	September LPC	October ISC	December LPC	January LPC	March LPC	%
VOTING MEMBERS (EMPLOYER REPRESENTATIVES)	**REPRESENTING**							
Mr. K. Crook CC (to September 2025	Administering Authority	✓	\	\	\	\	\	100%
Dr. J. Bloxham CC (from September 2025)	Administering Authority	\	✓	\	✓ (v)	✓	✓	100%
Mr. M. Durrani CC (from May 2025)	Administering Authority	✓	✓	\	x	✓	x	60%
Mr. B. Piper CC (from May 2025)	Administering Authority	✓	✓	x	x	✓	x	50%
Mr. Grimley CC (from May 2022)	Administering Authority	x	✓	✓	✓	✓	✓ (v)	83%
Mr. P. King CC (from May 2022)	Administering Authority	✓	✓	✓	✓	✓	✓	100%
Cllr. R. Denney (from June 2023)	District Representative	✓	✓	✓	✓	✓	✓	100%
Cllr. M. Cartwright (from June 2023)	District Representative	✓	✓	\	✓ (v)	✓	✓	100%
Cllr. Geoff Whittle (from September 2024)	Leicester City Council	x	✓ (v)	x	✓	x	✓	50%
Cllr. B. Dave (from August 2025)	Leicester City Council	\	✓	\	✓	x	x	50%
Mr. J.M. Henry (from June 2024)	University Representative	✓	x	✓	x	✓	x	50%
NON-VOTING EMPLOYEE REPRESENTATIVES								
Mr. N. Booth (from 2023 AGM)	Employee Representative	✓	✓	\	✓	✓	✓	100%
Mr. C. Pitt (to December 2025 AGM)	Employee Representative	x	x	\	x	\	\	0%
Mr. V. Bechar (from 2023 AGM)	Employee Representative	✓	✓	✓	x	✓	✓	83%
Mr. R. Simms (from December 2025 AGM)	Employee Representative	\	\	\	\	✓	x	50%

VOTING MEMBERS (EMPLOYER REPRESENTATIVES) SUBSTITUTES								
Mrs. B. Seaton CC (from July 2024) - Substitute	Leicestershire County Council	\	\	\	\	\	\	\
Mr. C. Smith CC (from January 2023) - Substitute	Leicestershire County Council	✓for Mr. Grimley	\	\	\	\	\	100%
Mr. J. McDonald CC (from June 2025) - Substitute	Leicestershire County Council	\	\	\	\	\	✓ for Mr. Piper	100%

(v) = Members attended virtually online, but in line with regulations are not classed as being formally in attendance and were not allowed to vote on any matters arising during the meeting.
\ = Not a member at the time, or not required.

Appendix D: Training Attendance

LPC Training 2026/27	Joint Training - overview of fund governance, fiduciary duty, conflicts of interest, Nolan principles. 13 June 2025	Hymans training 9.00 to 9.30 27 June	Meeting 27 June 2025 - training from Hymans 9.00 to 9.30	Joint Training - Fund Valuation FSS, ISS, Annual Report risk monitoring and accounting requirements 15 September	LGPS Advisory Board Annual Assembly - 22 October 2025	Joint Training 14 November Update on the SAA & Valuation Update TCFD Enhanced Module Current Issues Module	LGPS Responsible Investment Summit (online) - 18 November 2025	LGA Fundamentals Training Online	LPC / LPB Training 20 April 2026
Mr. K. Crook CC (to 16/9/25)	y	y	y	x	\	\	\	\	x
Dr. J. Bloxham CC (from 16/9/25)	\	\	\	y	\	x	\	y	y
Mr. M. Durrani CC (from May 2025)	y	x	y	x	\	y	\	\	x
Mr. B. Piper CC (from May 2025)	y	y	y	y	\	y	y	y	x
Mr. Grimley CC (from May 2022)	x	x	x	x	\	x	\	\	y
Mr. P. King CC (from May 2022)	y	y	y	y	y	x	\	y	y
Cllr. R. Denney (from June 2023)	x	y	y	y	\	y	\	\	x
Cllr. M. Cartwright (from June 2023)	y	y	y	x	\	y	\	\	y
Mr. N. Booth (from 2023 AGM)	x	y	y	x	\	y	\	\	y
Mr. C. Pitt (from 2022 to December 2025 AGM)	x	x	x	x	\	x	\	\	\
Mr. V. Bechar (from 2023 AGM)	y	y	y	x	\	x	\	\	x

Mr. R. Simms (from December 2025 AGM)	\	\	\	\	\	\	\	\	x
Cllr. Geoff Whittle (from September 2024)	y	x	x	y	\	x	\	\	x
Cllr. B. Dave (from August 2025)	\	\	\	x	\	y	\	\	x
Mr. J.M. Henry (from June 2024)	x	y	y	x	\	x	\	\	x
Mrs. B. Seaton CC (from July 2024) - Substitute	x	\	\	\	\	\	\	\	\
Mr. C. Smith CC (from January 2023) - Substitute	x	y	y	\	\	\	\	\	\
Mr. J. McDonald CC (from June 2025) - Substitute	x	\	\	\	\	\	\	\	\

INVESTMENT SUB-COMMITTEE TRAINING 2025/26		**Private Credit, Private Debt and Property Recommended Investments**
		1 October 2025
Mr. B. Piper CC (from May 2025)	Leicestershire County Council	x
Mr. Grimley CC (from May 2022)	Leicestershire County Council	y
Mr. P. King CC (from May 2022)	Leicestershire County Council	y
Cllr. R. Denney (from June 2023)	District Representative	y
Cllr. M. Cartwright (from June 2023)	District Representative	\
Mr. N. Booth (from 2023 AGM) (on rota)	Employee Rep Elected 2023 AGM	\
Mr. C. Pitt (to December 2025 AGM) (on rota)	Employee Rep Elected 2022 AGM	\
Mr. V. Bechar (from 2024 AGM) (on rota)	Employee Rep Elected 2024 AGM	y
Mr. R. Simms (from December 2025 AGM)	Employee Rep Elected 2025 AGM	\
Cllr. Geoff Whittle (from September 2024)	Leicester City Council	x
Cllr. B. Dave (from August 2025)	Leicester City Council	\

\ = Not a member at the time, or not required.

Hymans Robertson Aspire Training – the Local Pension Committee Members 2025/26

The table below show training undertaken by members following the updating of modules in June 2023.

	1 - Committee Role and Pensions Legislation	2 - Pensions Governance	3 - Pensions Administration	4 - Pensions Accounting and Audit Standards	5 - Procurement and Relationship Management	6 - Investment Performance and Risk Management	7 - Financial Markets and Product Knowledge	8 - Actuarial methods, Standards and Practices
Mr. K. Crook CC (to 16/9/25)	C	C	C	C	C	C	C	C
Dr. J. Bloxham CC (from 16/9/25)	C	C	C	C	C	C	C	C
Mr. M. Durrani CC (from May 2025)	C	C	C	C	C	C	C	C
Mr. B. Piper CC (from May 2025)	C	C	C	C	C	C	C	C
Mr. Grimley CC (from May 2022)	C	C	C	C	C	C	C	C
Mr. P. King CC (from May 2022)	C	C	C	C	C	C	C	C
Cllr. R. Denney (from June 2023)	C	C	C	C	C	C	C	C
Cllr. M. Cartwright (from June 2023)	C	C	C	C	C	C	C	C
Mr. N. Booth (from 2023 AGM)	C	C	C	C	C	C	C	C
Mr. C. Pitt (from 2022 to December 2025 AGM)	C	C	C	C	C	C	C	C
Mr. V. Bechar (from 2023 AGM)	C	C	C	C	C	C	C	C
Mr. R. Simms (from December 2025 AGM)								
Cllr. G. Whittle (from September 2024)	C	C	C	C	C	C	C	C
Cllr. B. Dave (from August 2025)	C	C	C	C	C	C	P	C
Mr. J.M. Henry (from June 2024)	C	C	C	C	C	C	C	C

P – Partial Completion C – Completed

Appendix E: Employer List by Type, Active, Admission, Cease

Emp Code	Employer Name	Employer Type	Employer Sub Type	Actives	Admission Date	Admission Cease Date
Scheduled Bodies						
00001	Leicestershire CC	Scheduled Body	--	TRUE		
00002	Leicester City Council	Scheduled Body	--	TRUE		
00003	Blaby District Council	Scheduled Body	--	TRUE		
00004	Charnwood Borough Council	Scheduled Body	--	TRUE		
00005	Harborough District Council	Scheduled Body	--	TRUE		
00006	Hinckley and Bosworth BC	Scheduled Body	--	TRUE		
00007	Melton BC	Scheduled Body	--	TRUE		
00008	North West Leics DC	Scheduled Body	--	TRUE		
00009	Oadby and Wigston BC	Scheduled Body	--	TRUE		
00010	Rutland CC	Scheduled Body	--	TRUE		
00099	The Chief Constable	Scheduled Body	--	TRUE		
00100	Leics Fire Service (Civilians)	Scheduled Body	--	TRUE		
00170	East Midland Shared Services	Scheduled Body	--	TRUE		
00231	ESPO	Scheduled Body	--	TRUE		
00499	The OPCC	Scheduled Body	--	TRUE	01-Apr-25	

Further Education Bodies						
00013	Loughborough University	Scheduled Body	--	TRUE	10-Dec-40	
00042	SMB Group(Brook/Melton/Steph)	Scheduled Body	--	FALSE	31-Mar-05	31-Jul-25
00050	Loughborough College Group	Scheduled Body	--	TRUE	01-Apr-93	
00054	South Leics College	Scheduled Body	--	TRUE	01-Apr-93	
00055	WQE and Regent College Group	Scheduled Body	--	TRUE	01-Apr-93	
00074	Leicester College	Scheduled Body	--	TRUE	31-Mar-05	
00105	Leics De Montfort University	Scheduled Body	--	TRUE	06-Apr-78	
Academies						
00059	Uppingham Community College	Scheduled Body	Academy	FALSE	01-Apr-93	31-Aug-25
00063	Better Futures MAT (Gateway)	Scheduled Body	Academy	TRUE	01-Apr-93	
00069	Rutland&District Schools Fed	Scheduled Body	Academy	TRUE	01-Sep-96	
00082	Tudor Grange Academies Trust	Scheduled Body	Academy	TRUE	01-Jan-07	
00084	Casterton B&EC AT	Scheduled Body	Academy	TRUE	01-Apr-96	
00112	Welland Park CC	Scheduled Body	Academy	TRUE	01-Aug-11	
00113	Lutterworth High School	Scheduled Body	Academy	TRUE	01-Aug-11	
00114	OAK Multi Academy Trust	Scheduled Body	Academy	TRUE	01-Aug-11	
00115	Brooke Hill Academy	Scheduled Body	Academy	TRUE	01-Sep-11	
00118	Avanti Schools Trust	Scheduled Body	Academy	TRUE	01-Sep-11	
00121	The Mowbray Education Trust	Scheduled Body	Academy	TRUE	01-Nov-11	
00122	Woodbrook Vale School	Scheduled Body	Academy	TRUE	01-Sep-11	
00131	Forest Way School	Scheduled Body	Academy	FALSE	01-Mar-12	31-May-25

00133	LIFE Academy Trust	Scheduled Body	Academy	TRUE	01-Apr-12	
00135	Bradgate Education Partnership	Scheduled Body	Academy	TRUE	01-Apr-12	
00136	Redmoor Academy	Scheduled Body	Academy	FALSE	01-Apr-12	31-Mar-25
00138	The Market Bosworth School	Scheduled Body	Academy	TRUE	01-May-12	
00140	Symphony Learning Trust	Scheduled Body	Academy	TRUE	01-Jun-12	
00141	Open Thinking Partnership	Scheduled Body	Academy	TRUE	01-Jun-12	
00142	Gartree High School	Scheduled Body	Academy	TRUE	01-Jun-12	
00143	Lutterworth Academies Trust	Scheduled Body	Academy	TRUE	01-Jun-12	
00144	Learn Academies Trust	Scheduled Body	Academy	TRUE	01-Jul-12	
00145	Discovery Schools Acad Trust	Scheduled Body	Academy	TRUE	01-Jul-12	
00146	Long Field Academy	Scheduled Body	Academy	TRUE	01-Sep-12	
00154	The Futures Trust	Scheduled Body	Academy	TRUE	01-Jul-12	
00155	St Thomas Aquinas CMAT	Scheduled Body	Academy	TRUE	01-Jul-12	
00158	Brookvale Groby Learning Trust	Scheduled Body	Academy	FALSE	01-Jul-12	31-Aug-25
00160	The Success Academy Trust	Scheduled Body	Academy	TRUE	01-Aug-12	
00166	Embrace AT	Scheduled Body	Academy	TRUE	01-Aug-12	
00179	Raleigh Education Trust	Scheduled Body	Academy	TRUE	01-Oct-12	
00181	Castle Donington College(EMET)	Scheduled Body	Academy	TRUE	01-Oct-12	
00183	Birkett House School	Scheduled Body	Academy	TRUE	01-Nov-12	
00184	Church Hill CofE Junior School	Scheduled Body	Academy	TRUE	01-Nov-12	
00185	Wigston Academies Trust	Scheduled Body	Academy	TRUE	01-Apr-12	
00189	Queensmead Primary Academy	Scheduled Body	Academy	TRUE	01-Nov-12	
00190	Rendell Primary School	Scheduled Body	Academy	TRUE	01-Nov-12	
00191	Barwell CofE Academy	Scheduled Body	Academy	TRUE	01-Nov-12	

00195	Holywell Primary School	Scheduled Body	Academy	TRUE	01-Nov-12	
00197	Lift Schools	Scheduled Body	Academy	TRUE	01-Dec-12	
00200	Outwoods Edge Primary School	Scheduled Body	Academy	FALSE	01-Dec-12	31-Mar-26
00201	LEAD Academy Trust	Scheduled Body	Academy	TRUE	01-Jan-13	
00204	Stonebow Primary School	Scheduled Body	Academy	TRUE	01-Feb-13	
00208	Rise A CofE MAT	Scheduled Body	Academy	TRUE	01-Mar-13	
00210	Asfordby Hill Primary School	Scheduled Body	Academy	TRUE	01-Mar-13	
00212	South Charnwood High School	Scheduled Body	Academy	TRUE	01-Apr-13	
00215	Lionheart Academies Trust	Scheduled Body	Academy	TRUE	01-May-13	
00216	The Pastures Primary School	Scheduled Body	Academy	TRUE	01-May-13	
00217	Battling Brook Primary School	Scheduled Body	Academy	TRUE	01-Jun-13	
00219	Flying High Trust	Scheduled Body	Academy	TRUE	01-Jun-13	
00220	Thringstone Primary School	Scheduled Body	Academy	TRUE	01-Jun-13	
00222	Odyssey Educational Trust	Scheduled Body	Academy	TRUE	01-Aug-13	
00224	The OWLS AT	Scheduled Body	Academy	TRUE	01-Jul-13	
00226	Inspiring Primaries AT	Scheduled Body	Academy	TRUE	01-Jul-13	
00228	Rothley CofE Primary School	Scheduled Body	Academy	TRUE	01-Jul-13	
00229	Hastings High School	Scheduled Body	Academy	TRUE	01-Sep-13	
00230	Old Dalby CofE Primary School	Scheduled Body	Academy	TRUE	01-Sep-13	
00232	Stanton under Bardon Primary	Scheduled Body	Academy	TRUE	01-Oct-13	
00234	Hall Orchard Primary School	Scheduled Body	Academy	TRUE	01-Oct-13	
00235	Kirby Muxloe Primary School	Scheduled Body	Academy	TRUE	01-Nov-13	
00237	Robert Bakewell Primary School	Scheduled Body	Academy	TRUE	01-Dec-13	
00246	Falcon Primary School	Scheduled Body	Academy	TRUE	26-Aug-14	
00250	David Ross Education Trust	Scheduled Body	Academy	TRUE	01-Sep-14	

00252	Ryhall CE Academy	Scheduled Body	Academy	TRUE	01-Oct-14	
00253	The Rutland Learning Trust	Scheduled Body	Academy	TRUE	01-Oct-14	
00254	Townlands CofE Primary Academy	Scheduled Body	Academy	TRUE	01-Jan-15	
00260	The Mead Educational Trust	Scheduled Body	Academy	TRUE	01-Nov-15	
00267	Learning Without Limits AT	Scheduled Body	Academy	TRUE	01-Oct-16	
00276	The Priory AT Belvoir Academy	Scheduled Body	Academy	TRUE	01-Oct-17	
00277	Nova Ed Trust (Melton Vale)	Scheduled Body	Academy	TRUE	01-Oct-17	
00291	Attenborough Learning Trust	Scheduled Body	Academy	TRUE	01-Apr-19	
00406	St Mary & St John Rutland	Scheduled Body	Academy	TRUE	01-Apr-20	
00428	Aspire Learning Partnership	Scheduled Body	Academy	TRUE	01-Jun-23	
00459	United Learning Trust	Scheduled Body	Academy	TRUE	08-Dec-23	
Resolution Bodies						
00016	Mountsorrel PC	Resolution Body	--	TRUE	14-Sep-73	
00034	Shepshed TC	Resolution Body	--	TRUE	01-Oct-82	
00035	Ashby Town Council	Resolution Body	--	TRUE	30-Jun-85	
00037	Lutterworth TC	Resolution Body	--	TRUE	10-Jan-90	
00040	Glen Parva PC	Resolution Body	--	TRUE	01-Apr-95	
00041	Braunstone Town Council	Resolution Body	--	TRUE	01-Feb-00	
00044	Thurmaston Parish Council	Resolution Body	--	TRUE	02-Apr-01	
00045	Countesthorpe PC	Resolution Body	--	TRUE	01-Nov-01	
00046	Broughton Astley PC	Resolution Body	--	TRUE	01-Jan-04	
00071	Anstey Parish Council	Resolution Body	--	TRUE	31-Mar-97	
00072	Sileby Parish Council	Resolution Body	--	TRUE	01-May-97	
00073	Syston Town Council	Resolution Body	--	TRUE	01-Jul-98	

00075	Kirby Muxloe PC	Resolution Body	--	TRUE	01-Aug-04	
00076	Leics Forest East PC	Resolution Body	--	TRUE	01-Apr-05	
00077	Whetstone PC	Resolution Body	--	TRUE	01-Jul-05	
00079	Oakham Town Council	Resolution Body	--	TRUE	01-Dec-05	
00090	Ashby Woulds Town Council	Resolution Body	--	TRUE	01-May-07	
00091	Market Bosworth PC	Resolution Body	--	TRUE	01-Jun-07	
00213	Barwell Parish Council	Resolution Body	--	TRUE	01-Apr-13	
00238	Blaby Parish Council	Resolution Body	--	TRUE	01-Jan-14	
00258	Bagworth & Thornton PC	Resolution Body	--	TRUE	01-Apr-16	
00268	Thurcaston & Cropston PC	Resolution Body	--	TRUE	01-Oct-16	
00269	Groby Parish Council	Resolution Body	--	TRUE	01-Feb-17	
00271	Enderby Parish Council	Resolution Body	--	TRUE	01-Feb-17	
00273	East Goscote Parish Council	Resolution Body	--	TRUE	01-Apr-17	
00288	Bottesford Parish Council	Resolution Body	--	TRUE	01-Jan-21	
00289	Scraptoft Parish Council	Resolution Body	--	TRUE	01-Oct-18	
00438	Croft Parish Council	Resolution Body	--	TRUE	01-Jan-23	
00471	Dadlington & Sutton Cheney PC	Resolution Body	--	TRUE	01-Apr-24	
00483	Thurlaston Parish Council	Resolution Body	--	TRUE	01-Apr-25	
00513	Gilmorton PC	Resolution Body	--	TRUE	25-Mar-26	
CABs						
00096	EMH Homes	Contractor (TAB)	--	TRUE	01-Oct-11	
00108	Melton Learning Hub	Contractor (TAB)	--	TRUE	01-Apr-11	

TABs						
00049	Rushcliffe Care Ltd	Contractor (TAB)	--	TRUE	08-Mar-04	
00089	SLM (Blaby DC 2006 contract)	Contractor (TAB)	--	TRUE	03-Jul-06	
00101	G4S (City Council)	Contractor (TAB)	--	TRUE	19-Dec-07	
00241	Capita IT City of Leicester	Contractor (TAB)	--	TRUE	01-Jan-14	
00244	Idverde Ltd (formerly Quadron)	Contractor (TAB)	--	TRUE	01-Apr-14	
00262	Chartwells(LeicsCC Ravenhurst)	Contractor (TAB)	--	TRUE	01-Sep-15	
00272	Solo Service Group (Leics CC)	Contractor (TAB)	--	TRUE	01-Aug-16	
00283	SLM (O&W BC)	Contractor (TAB)	--	TRUE	01-Aug-18	
00294	SLM (North West DC)	Contractor (TAB)	--	TRUE	01-May-19	
00296	SLM (Blaby DC 2019 contract)	Contractor (TAB)	--	TRUE	01-Apr-19	
00407	Govindas Limited	Contractor (TAB)	--	TRUE	01-Nov-18	
00409	Aspens (Nova ET)	Contractor (TAB)	--	TRUE	27-Aug-19	
00412	Coombs Catering Ltd (Ashby Hilltop)	Contractor (TAB)	--	FALSE	01-Oct-20	30-Nov-25
00415	Caterlink (Tudor Grange AT)	Contractor (TAB)	--	TRUE	01-Aug-20	
00418	Mitie Care (Chief Constable)	Contractor (TAB)	--	TRUE	17-Sep-20	
00420	Compass Services (City, Shaf)	Contractor (TAB)	--	TRUE	12-Apr-21	
00421	Caterlink (DRET)	Contractor (TAB)	--	TRUE	04-Apr-20	
00427	Hutchison Catering (Lift Schs)	Contractor (TAB)	--	TRUE	10-Jan-22	
00429	Compass Services (City, Marr)	Contractor (TAB)	--	TRUE	10-Mar-22	
00431	Taylor Shaw Limited (MET)	Contractor (TAB)	--	FALSE	19-Apr-22	31-Jul-25
00433	MCS Cleaning (South Charnwood 2021)	Contractor (TAB)	--	TRUE	26-Jul-22	
00434	Turning Point (County 2022)	Contractor (TAB)	--	TRUE	24-Aug-22	
00435	Turning Point (City 2022)	Contractor (TAB)	--	TRUE	24-Aug-22	

00436	Cucina (Lutterworth AT)	Contractor (TAB)	--	TRUE	28-Oct-22	
00437	Total Swim (Life MAT)	Contractor (TAB)	--	TRUE	31-Oct-22	
00440	Caterlink (City, Granby)	Contractor (TAB)	--	TRUE	21-Feb-23	
00441	Caterlink (City, St Barnabas)	Contractor (TAB)	--	TRUE	21-Feb-23	
00442	Coombs Catering (Hastings Sch)	Contractor (TAB)	--	TRUE	10-Mar-23	
00444	Ingeus (LCC)	Contractor (TAB)	--	TRUE	27-Apr-23	
00446	Churchill Contract (Lift Schs)	Contractor (TAB)	--	TRUE	27-Apr-23	
00447	Caterlink (Bradgate EP IH)	Contractor (TAB)	--	TRUE	27-Apr-23	
00448	Caterlink (Bradgate EP (LCC))	Contractor (TAB)	--	TRUE	27-Apr-23	
00449	Compass (MEAD ET) Primary	Contractor (TAB)	--	TRUE	13-Jun-23	
00450	Compass (MEAD ET) Secondary	Contractor (TAB)	--	TRUE	13-Jun-23	
00451	Compass (Rich Hill (Vines AT))	Contractor (TAB)	--	FALSE	29-Jun-23	11-Apr-25
00452	Dolce (LCC Belvoirdale Sch)	Contractor (TAB)	--	TRUE	11-Jul-23	
00453	Caterlink (City, Mellor)	Contractor (TAB)	--	TRUE	27-Jul-23	
00454	CleanTEC (Bradgate EP-Wreake)	Contractor (TAB)	--	TRUE	08-Aug-23	
00455	Coombs (LCC, Hemington)	Contractor (TAB)	--	TRUE	11-Sep-23	
00456	Coombs (LCC, St Edward's)	Contractor (TAB)	--	TRUE	11-Sep-23	
00457	Dolce (LCC, Sir John Moore)	Contractor (TAB)	--	FALSE	13-Oct-23	30-Nov-25
00458	Coombs (Lionheart ET)	Contractor (TAB)	--	TRUE	19-Oct-23	
00461	CSE (TGAT, Samworth Acad) 2023	Contractor (TAB)	--	TRUE	16-Jan-24	
00462	Coombs (VofB - LCC Schools)	Contractor (TAB)	--	TRUE	22-Jan-24	
00463	Caterlink (Cobden Primary)	Contractor (TAB)	--	FALSE	01-Aug-23	31-Aug-25
00464	Relish (Symphony LT)	Contractor (TAB)	--	TRUE	23-Jan-24	
00465	Coombs (VofB - Old Dalby)	Contractor (TAB)	--	TRUE	30-Jan-24	

00466	Voluntary Action Leic (2023)	Contractor (TAB)	--	TRUE	31-Jan-24	
00467	Aspens (City, Herrick)	Contractor (TAB)	--	FALSE	01-Sep-22	31-Aug-25
00468	CleanTEC (Lionheart ET)	Contractor (TAB)	--	TRUE	07-Mar-24	
00469	BAM FM (Tudor Grange AT)	Contractor (TAB)	--	TRUE	12-Mar-24	
00470	Bradgate Park Trust (2023)	Contractor (TAB)	--	TRUE	17-Sep-24	
00472	Taylor Shaw (United Learning)	Contractor (TAB)	--	TRUE	12-Jul-24	
00473	Relish (LCC, Be Skilled Group)	Contractor (TAB)	--	TRUE	23-Jul-24	
00475	Innovate Services (Aspire LP)	Contractor (TAB)	--	TRUE	21-Aug-24	
00476	Coombs (LCC, St Bartholomews)	Contractor (TAB)	--	TRUE	04-Sep-24	
00477	Caterlink (BEP, Mountfields)	Contractor (TAB)	--	TRUE	04-Sep-24	
00478	ABM (City, Crown Hills)	Contractor (TAB)	--	TRUE	12-Sep-24	
00479	Dolce (Discovery Trust)	Contractor (TAB)	--	TRUE	21-Nov-24	
00480	Dolce (Badgerbrook PS)	Contractor (TAB)	--	TRUE	21-Nov-24	
00481	Hands (Cleaners) (City, LPS)	Contractor (TAB)	--	TRUE	09-Dec-24	
00482	CleanTEC (LWLAT)	Contractor (TAB)	--	TRUE	11-Feb-25	
00484	Dolce (LCC, Little Bowden Sch)	Contractor (TAB)	--	FALSE	12-Mar-25	31-Jan-25
00485	Relish (RISE)	Contractor (TAB)	--	TRUE	01-Apr-25	
00486	Coombs (Odyssey Trust)	Contractor (TAB)	--	TRUE	01-Apr-25	
00487	Aspens (ALT, Uplands Inf)	Contractor (TAB)	--	TRUE	01-Apr-25	
00488	Aspens (Attenborough Trust)	Contractor (TAB)	--	TRUE	15-Apr-25	
00489	Aspens (LEAD AT, Uplands Jr)	Contractor (TAB)	--	TRUE	15-Apr-25	
00490	Dolce (Discovery, Ashfield)	Contractor (TAB)	--	TRUE	15-Apr-25	
00491	Relish (City, Rolleston PS)	Contractor (TAB)	--	TRUE	06-May-25	
00492	Kindred (The Futures Trust)	Contractor (TAB)	--	TRUE	10-Jun-25	
00493	Miquill Catering (Learn AT 1)	Contractor (TAB)	--	TRUE	10-Jun-25	
00494	Taylor Shaw (Inspiring PAT)	Contractor (TAB)	--	TRUE	11-Jun-25	

00495	ABM (City, Taylor Road PS)	Contractor (TAB)	--	TRUE	24-Jun-25	
00496	ABM (LCC, Burbage Inf&Jr Sch)	Contractor (TAB)	--	TRUE	24-Jun-25	
00497	MCS Cleaning (LCC,Hugglescote)	Contractor (TAB)	--	TRUE	01-Jul-25	
00498	Miquill Catering (Holywell PS)	Contractor (TAB)	--	TRUE	17-Jul-25	
00501	Miquill Catering (Learn AT 2)	Contractor (TAB)	--	TRUE	17-Jul-25	
00502	Aspens (Attenborough Trust 2)	Contractor (TAB)	--	TRUE	24-Jul-25	
00503	Inspiring Leaders (Disc Trust)	Contractor (TAB)	--	TRUE	18-Sep-25	
00504	Aspens (OAK Multi Acad Trust)	Contractor (TAB)	--	TRUE	01-Oct-25	
00505	Aspens (City, 15 Schools)	Contractor (TAB)	--	TRUE	07-Oct-25	
00506	Stir Food (City, Folville JS)	Contractor (TAB)	--	TRUE	21-Oct-25	
00507	Aspens (City, Slater PS)	Contractor (TAB)	--	TRUE	10-Nov-25	
00508	Dolce (Church Hill CofE Jr)	Contractor (TAB)	--	TRUE	20-Jan-26	
00509	Innovate Services (Mowbray ET)	Contractor (TAB)	--	TRUE	19-Feb-26	
00510	Freshstart (City, Hazel PS)	Contractor (TAB)	--	FALSE	23-Feb-26	25-Jan-26
00511	Beacon Hill Kitchen&Deli (LCC)	Contractor (TAB)	--	TRUE	24-Feb-26	
00512	Churchill Contract (Learn AT)	Contractor (TAB)	--	TRUE	24-Feb-26	

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Agenda Item 10

LOCAL PENSION BOARD – 29 JULY 2026

REPORT OF THE LOCAL PENSION BOARD

ANNUAL BOARD REPORT 2025/2026

Purpose of the Report

1. The purpose of this report is to seek the Board's approval of the appended Annual Board Report for the financial year 2025/2026.

Background

2. The Public Service Pensions Act 2013 requires the establishment of Local Pension Boards to assist local authorities with the effective management of local pension funds. The Ministry of Housing, Communities and Local Government issued regulations and reporting guidelines concerning the implementation of Local Pension Boards.

Annual Report

3. As part of the Fund's Independent Governance Review undertaken in 2020 a recommendation was for the Board to write an Annual Report as best practice. The report provides a summary of the work carried out by the Board, covering the period from April 2025 to March 2026.

4. The Annual Report will go to the Local Pension Committee on 11 September 2026 and to the Pension Fund Annual General Meeting on 14 December 2026.

Recommendation

5. The Board is asked to approve its Annual Report for 2025/26.

Equality Implications

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

Human Rights Implications

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

Appendices

Appendix - Pension Board Annual Report

Officers to Contact

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LOCAL PENSION BOARD ANNUAL REPORT

YEAR ENDED 31 MARCH 2026

Foreword by the Chair of the Local Pension Board

On behalf of the Local Pension Board, I am delighted to be able to present the seventh Annual Report of the Local Pension Board of the Leicestershire County Council Pension Fund. This report covers the period from 1 April 2025 to 31 March 2026, to align with the Fund's Annual Report.

As a defined benefit scheme for our 111,230 members, the Leicestershire Pension Fund pays scheme members a retirement income based on salary and the number of years worked for the employer. The Fund invests contributions made by employers into long term investments, and though the market will always fluctuate, investment performance does not affect members' pensions. As of 31 March 2026, the Fund contained £7.4billion of assets.

Throughout the year we have complemented the Administering Authority, ensuring compliance with the Public Service Pensions Act, the LGPS Advisory Board, the Chartered Institute of Public Finance and Accounting (CIPFA) and The Pensions Regulator.

The Board has, over the course of the year, received regular updates on the implementation of the McCloud Remedy, which came into force on 1 October 2023 and continues to be the biggest pension administration challenge.

The Board has no concerns about the Leicestershire County Council Pension Fund or its Administration, though it will continue to monitor the welfare of the pension officers in administering the McCloud remedy, and any future legislative requirements on the Fund. We will continue to support the Pensions Manager, and we are confident he will continue to administer the Fund efficiently and effectively despite ongoing pressures.

To keep the Annual Report succinct, it is difficult to reflect the variety of issues we have considered during another busy year, though a summary is provided. Further information about the Board's work can be found on the website. Despite the continual challenges, I am looking forward to another successful year ahead.

I would like to place on record the Board's appreciation for the support and transparent advice of the officers.

Mr. Manjit Singh Saroya

Chairman of the Local Pension Board Approved: 29 July 2026

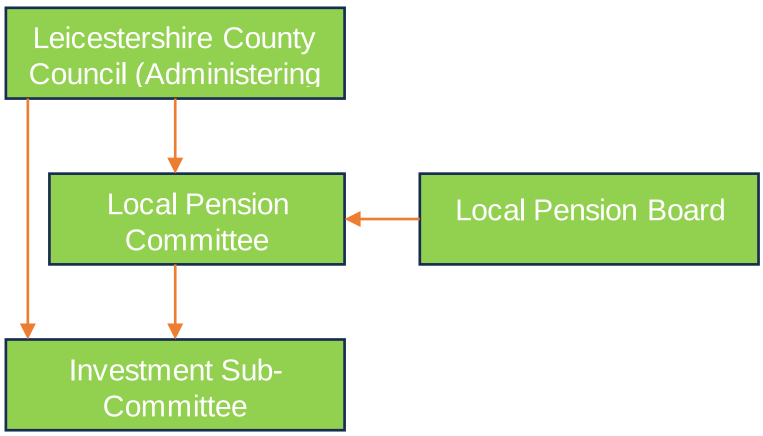
What is the Local Pension Board

The Board was established in accordance with the Local Government Pension Scheme (Amendment) (Governance) Regulations 2015 to assist the Administering Authority in:

- securing compliance with the Regulations, other legislation relating to the governance and administration of the LGPS, and the requirements imposed by the Pension Regulator in relation to the LGPS; and
- ensuring the effective and efficient governance and administration of the LGPS.

While the Local Pension Board was established by the County Council, it does not sit within the typical arrangements that apply to local authority committees, including those that apply to the Local Pension Committee. Instead, the Board operates outside of the usual local authority committee structure and serves an advisory and compliance role for the Fund as set out within its Terms of Reference. The Board cannot be delegated to carry out the functions and responsibilities that legally pertain to the administering authority. However, it does perform activities which support the Local Pension Committee, and it can escalate issues with the Committee and the Pensions Regulator where it expresses concern.

The structure of the Fund is set out below.



The Local Pension Board is comprised of:

- Three employee representatives and
- Three employer representatives.

The current Members of the Board as at 29 July 2026 are as detailed below:

Employer Representatives	Employee Representatives
Mr. Andrew Innes CC *Leicestershire County Councillor*	**Mr. Manjit Singh Saroya – Chairman**
Ms. Helen Butler CC *Leicestershire County Councillor*	**Mr. Anthony Cross**
Cllr. Elly Cutkelvin *Leicester City Councillor*	**Mr. Andrew Stewart**

Details of how the Members of the Local Pensions Board are appointed can be found in its Terms of Reference.

Member Attendance

The Board has met on four occasions during the year and attendance has been positive with employer and employee representatives freely giving their time and commitment as shown in the table below.

2025/26	**REPRESENTING**	**JUNE**	**SEPTEMBR**	**OCTOBER**	**FEBRUARY**	**%**
MR. J. BOAM CC (TO AUGUST 2025)	Administering Authority	X	\	\	\	0%
MR. P. MORRIS CC (TO NOVEMBER 2025)	Administering Authority	✓	✓	✓	\	100%
DR. J. BLOXHAM CC (TO SEPTEMBER 2025)	Administering Authority	\	✓	✓	\	25%
MR. K. CROOK CC (FROM SEPTEMBER 2025)	Administering Authority	\	\	\	✓	50%
MISS. H. BUTLER (FROM NOVEMBER 2025	Administering Authority	\	\	\	✓	100%

CLLR. E. CUTKELVIN (FROM NOVEMBER 2023)	Employer Representative, Leicester City Council	✓	In attendance	✓	x	75%
MR. M. SINGH SAROYA (FROM 2021 AGM)	Employee Representative	X	✓	✓	✓	75%
MS. R. GILBERT (TO DECEMBER 2025 AGM)	Employee Representative	✓	✓	✓	\	100%
MR. A. CROSS (FROM DECEMBER 2023 AGM)	Employee Representative	✓	✓	✓	✓	100%
MR. A. STEWART (FROM DECEMBER 2025 AGM)	Employee Representative	Sub for Mr. Saroya	\	In attendance	✓	100%
MR. M. SQUIRES – SUBSTITUTE EMPLOYER		Sub for Mr. Boam	\	Sub. for Mr. Crook	\	100%
MR. RITESH CHAUHAN – RESERVE EMPLOYEE (FROM DECEMBER 2025 AGM TO FEBRUARY 2026		\	\	\	x	0%

Highlights

Full details of the Board's work can be found on the Council's website. A summary is provided below.

Pension Fund Administration

The Board received quarterly administration reports covering benefits, performance, complaints, breaches, employer monitoring and major projects. It monitored service performance and noted that most administration targets were met despite regulatory and project pressures. It also reviewed employer admissions, contribution monitoring, data quality, website redevelopment and year-end statutory preparations.

2025 Actuarial Valuation and Funding Strategy Statement

The Board scrutinised the 2025 actuarial valuation assumptions, employer risks and draft Funding Strategy Statement. It noted the improved funding position, from 105% in 2022 to 140% as at 31 March 2025, and monitored implementation of employer contribution rates from April 2026. The Board fed comments to the Local Pension Committee on the 3% cap of employer secondary rates.

McCloud Remedy

The Board received regular updates on the McCloud Remedy, a major LGPS administration challenge. It noted completion of active and deferred member record updates for Annual Benefit Statements and monitored remaining retrospective work for pensioners and historic cases.

The Board supported measures to manage officer workload while maintaining service delivery.

Pensions Dashboards Programme

The Board oversaw preparations for connection to the national Pensions Dashboards Programme. Members monitored data improvement, address tracing, AVC matching, dashboard connection and national testing milestones. It supported improved data quality to reduce matching failures and support compliance.

Digital Transformation and Member Engagement

The Board monitored development of the new pension website and Member Self-Service platform. It welcomed the January 2026 launch, including electronic identity verification and multi-factor authentication.

Risk Management and Internal Controls

The Board reviewed the Pension Fund Risk Register, internal controls and audit updates during the year, maintaining oversight of governance, administration, employer, regulatory and operational risks. Particular focus was given to data quality, employer compliance, regulatory changes, resource pressures and major projects including McCloud and Pensions Dashboards. Internal audit activity continued to provide substantial assurance on key Fund processes and controls.

Pension Fund Policy and Governance

The Board considered governance and policy matters including the 2026/27 Business Plan, Budget and Training Plan, governance arrangements, audit plans, data improvement, climate-related disclosures and draft Investment and Funding Strategy Statements. It continued to support effective governance and regulatory compliance.

LGPS Developments and Government Consultations

The Board monitored national LGPS developments and the Government's reform agenda. Members considered the 'Fit for the Future', 'Access and Fairness' and 'Access and Protections' consultations and their implications for administration, governance and service delivery.

It noted proposals on survivor benefits, gender pension gap reporting, Fair Deal, councillor access and wider pension reforms.

LGPS Central and Investment Pooling

The Board received an LGPS Central update on pooling developments and Government expectations for greater asset and service pooling. Members noted that administering authorities would retain strategic investment responsibility while benefitting from enhanced pooling and economies of scale.

Additional Voluntary Contributions

The Board considered the AVC provider review and welcomed Prudential's retention, reduced charges, improved communications and additional investment options.

Looking Ahead to 2026/27

The Board will continue oversight of Fund administration, governance, compliance and risk management. Priorities include reviewing McCloud work, pooling arrangements, implementing consultation changes, monitoring dashboards, delivering valuation outcomes, onboarding employers, improving data quality and supporting officers.

It remains committed to supporting effective and efficient governance and administration of the Fund.

Issues of Concern

The Board has a responsibility to report any matter that appears to be materially significant. There were no significant issues of concern.

There was one item referred by the Board to the Committee following comments raised by the Board on consultation of the triennial valuation, and whether the 3% cap rate remained appropriate. Members requested further information from Fund officers and the Fund Actuary in relation to the retention of the 3% cap on employer secondary rates. As a result, more information was reported to Board Members alongside the Local Pension Committee in March 2026 for their consideration.

Training

We considered a revised Training Policy and training plan for 2025, the requirements for which are set out in the Terms of Reference for the Board, and applies to all members of the Local Pension Committee, Local Pension Board and senior officers involved in the management and administration of the Fund. The Policy has regard to relevant codes of practice and guidelines issued by the Pensions Regulator, CIPFA, the training needs of the Committee and Board and the Fund's current priorities.

The 2013 Public Service Pension Act requires that members of Local Pension Boards to have the appropriate level of knowledge and understanding to enable them to properly exercise their functions. Board Members must therefore be conversant with the LGPS regulations, relevant scheme administration policies, and the law relating to pensions.

The Fund supports members in meeting those requirements through its training policy, annual self-assessments, individual training plans and access to relevant internal and external training, including Hymans Robertson's Aspire online learning modules.

Given there have been several recent changes both within the LGPS, and externally in the broader pension's environment, all Local Pension Board Members are expected to complete training provided by the Fund's independent advisor, Hymans Robertson - Aspire Website online module training, as well as other external training as provided by the Scheme Advisory Board, Local Government Association, and LGPS Central.

The Fund has historically reported training undertaken as best practice and was ahead of the Government's proposal that each administering authority should report regularly on training undertaken and are compliant with the General Code of Practice requirements. The attendance log for training undertaken outside of Board Meetings is as follows:

2025 – 2026		**Joint Training – overview of fund governance, fiduciary duty, conflicts of interest, Nolan principles – June 2025**	**Hymans – 25 June 2025**	**Joint Training – Fund Valuation FSS, ISS, Annual report risk monitoring and accounting requirements September 2025**	**LGPS Advisory Board Annual Assembly – October 2025**	**Joint Training – Hymans Modules – November 2025**	**LGPS Online Responsible Investment Summit November 2025**	**LGA Fundamentals Training Online**
Mr. J. Boam CC (to august 2025)	Administering Authority	x	x	\	\	\	\	\
Mr. P. Morris CC (to November 2025)	Administering Authority	✓	✓	x	\	\	\	\
Dr. J. Bloxham CC (to	Administering Authority	\	\	✓	\	x	\	\

September 2025)								
Mr. K. Crook CC (from September 2025)	Administering Authority	✓	\	X	\	✓	\	\
Miss. H. Butler (from November 2025	Administering Authority	\	\	\	\	✓	\	\
Cllr. E. Cutkelvin (from November 2023)	Employer Representative, Leicester City Council	x	x	x	\	✓	\	\
Mr. M. Singh Saroya (from 2021 AGM)	Employee Representative	✓	✓	✓	✓	✓	\	\
Ms. R. Gilbert (to December 2025 AGM)	Employee Representative	✓	✓	x	\	x	\	\
Mr. A. Cross (from December 2023 AGM)	Employee Representative	✓	✓	x	\	x	\	\
Mr. A. Stewart (from December 2025 AGM)	Employee Representative	\	✓	\	\	x	\	\

Hymans Aspire Learning Training

The Fund introduced the Hymans Aspire Learning Academy during November 2021, which was updated in June 2023. This was designed to support the training needs of the Pension Committee and Board members, and Fund Officers, and it supplements the Fund's own training plan. It consists of a series of video presentations with supplemental learning material and quizzes. Completion by Committee and Board Members of these training modules from April 2025 to March 2026 is set out below. Members also complete current issues modules when published, which are updated regularly, for example, issues around the McCloud remedy implementation.

2025-2026	1 - Committee Role and Pensions Legislation	2 - Pensions Governance	3 - Pensions Administration	4 - Pensions Accounting and Audit Standards	5 - Procurement and Relationship Management	6 - Investment Performance and Risk Management	7 - Financial Markets and Product Knowledge	8 - Actuarial methods, Standards and Practices
Mr. J. Boam CC (to august 2025)	\	\	\	\	\	\	\	\
Mr. P. Morris CC (to November 2025)	\	\	\	\	\	\	\	\
Dr. J. Bloxham CC (to September 2025)	C	C	C	C	C	C	C	C
Mr. K. Crook CC (from September 2025)	C	C	C	C	C	C	C	C
Miss. H. Butler (from November 2025	C	C	P	X	X	X	X	X
Cllr. E. Cutkelvin (from November 2023)	C	E	C	E	C	E	E	C
Mr. M. Singh Saroya (from 2021 AGM)	C	C	C	C	C	C	C	C
Ms. R. Gilbert (to December 2025 AGM)	C	C	C	C	C	E	E	C
Mr. A. Cross (from December 2023 AGM)	C	C	C	C	C	C	E	C
Mr. A. Stewart (from December 2025 AGM)	C	C	C	C	C	C	C	C

E – Enrolled C – Completed P – Partial Complete

LOCAL PENSION BOARD – 29 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 Board (LPB) 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 LPB'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 LPB and Local Pension Committee (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 this Board.

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 3 July 2026.

9. There has been no material change to the risk register this quarter. Officers are maintaining review of ongoing developments and working through the implications from Government's final guidance in relation to 'Fit for the Future'. This is considered in more detail in a report elsewhere on the agenda.

10. Consideration around the outcome of Government's local government reorganisation decision is also to be reviewed. This will be set out in a report later in the year, building on the report considered by the Local Pension Committee in December 2025.

11. 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.

12. The risk register is attached to the report at Appendix A and Risk Scoring Matrix and Criteria at Appendix B.

Recommendation

13. The Local Pension Board is asked to note the report.

Equality Implications

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

Human Rights Implications

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

Background Papers

Local Pension Committee – 5 December 2025 - Local Government Reorganisation
https://democracy.leics.gov.uk/documents/s193520/LGR%20Report%205%20December%202025.pdf

Appendix

Appendix A – Risk Register
Appendix B – Risk Scoring Matrix and Criteria

Officers to Contact

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Appendix A

Leicestershire County Council Pension Fund : Risk Register

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 implenting 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 strength 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 addtional 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 Stwarship Plan. Consideration of clmiate 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 2025 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% fiunded.	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 which introduced a "corridor approach" that granted greater protection for employer cessations.	**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 comlpete 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 Assesment 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 withold 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**	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. The Unions challenge on the 2016 cost cap, could result in possible benefit recalculations if the challenge is successful	Ultimate outcome on both McCloud and the cost cap are currently unknown but likelihood is; Increasing administration Revision of previous benefits Additional communications Complaints/appeals Increased costs	Guidance from LGA, Hymans, Treasury Employer bulletin to employers making them aware of the current situation on McCloud Team set up in the Pension Section to deal with McCloud casework. Quarterly updates to the Board. Internal Audit completed an audit on the first phase of McCloud implementation in the final quarter of 2023/24.	**3**	**3**	**9**	Treat	Final system changes have been loaded into the system. 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.	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**	National decision to implement pension dashboards thereby enabling people to view all their pension benefits via one single dashboard	Increased administration Data cleaning exercise on member records Increased system costs Additional communications	Initial data cleaning completed. Contract in place with system provider to allow Fund data to link with the dashboard. The Prudential provide upto date information AVC funds.	**3**	**3**	**9**	Treat	GDPR requirements Quarterly updates to the Board. Awaiting go live date for project from Government.	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.**	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. Pensions review underway with respect to further consolidation. Fit for the Future consultation proposals and the tight timescales with relation to the Pension Schemes Bill and any required compliance by the Fund. If extensive recruitment at Central is not at the sufficent level to undertake and present investment proposals. Local government reogranisaion.	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. 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. Significant changes in the oversight, governance of investment management is probable over the next 12-24 months.	Response provided to all consultation strands for Fit for the Future, alongside Central partners on challenges that may arise from proposed changes. 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. Careful consideration of government proposals, balancing pooling proposals and improved governance and continuation of the investment strategy including the net zero journey. Legal and regulatory 1 April deadline for Fit for the Future requirements achieved. ISS agreed March 2026 which took into account member views, fund beliefs and expected government guidance/requirements.	**3**	**4**	**12**	Tolerate	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. 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. Committee and Board will be kept updated on implications as part of any future local government reorganisation or devolution proposals.	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.**	Number of staff aged over 55 continues to rise (noting that minimum retirement age increases to age 57 from April 2028). 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.	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). Delays in the calculation and payment of all pension benefits. Complaints. Reputational damage.	All new staff undergoing extensive training. Utilise apprentice scheme as part of recruitment planning. Monitor the situation with Team 1-2-1s with colleagues to ensure awareness of any upcoming retirement plans. Offer external training from Barnett Waddingham to compliment internal training and to encourage retention of existing staff.	**3**	**3**	**9**	Treat	Additional funding to be secured for two apprentice roles.	3	2	6		Pensions Manager

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Appendix B

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)

Residual Risk Score Change since last meeting indicator

↑	Risk Increase
▬	No Change
↓	Risk Decrease

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

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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