



**LOCAL PENSION COMMITTEE – 4 JUNE 2021**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**LGPS CENTRAL UPDATE**

**Purpose of the Report**

1. To provide the Committee with an update on the budget for LGPS Central (“Central”). A presentation will also be provided by Central detailing:
  - a. the Fund’s holdings including performance versus benchmarks and targets,
  - b. how responsible investing is incorporated into manager selection and ongoing monitoring;
  - c. an update on decarbonisation and engagement using a relevant example.

**Background**

2. LGPS Central (Central), an investment management company jointly owned by eight midlands based Local Government Pension Scheme funds, to deliver investment pooling, successfully went live on 1st April 2018.
3. Pooling will take several years to implement, due to the need to set-up sub-funds by Central and then transition the existing holdings for the eight partner funds. The Leicestershire Pension Fund (the Fund) has currently invested in a number of Central products which at the quarter end was valued at c£1.7b. The Fund also has c£880m in low cost passive pooled investments with Legal and General investment managers. In addition, the Fund has advisory agreements for Property and Targeted Return.
4. Local management of investments will continue in the medium term for closed-ended funds, whereby an investment manager is appointed to fulfil a specific purpose via fund that is set up to run for a specified period of time. These investments will be managed locally until the capital is repaid, due to the lack of a natural ability to exit the investment in the event of issues arising.

**LGPS Central budget 2021/22**

5. At the last company meeting held in February the LGPS Central budget was approved by the shareholders of the Company. The total budget approved was £12.4m which is made up of a 1.1% inflation increase (£151k) on base of £11.7m plus ‘changes’ to the business in the year that include costs associated with new products and change of office, adding £575k less costs saved products deemed not needed by partner funds, minus 101k. Where new products are approved in year the company can request additional budget.
6. An estimate of the share of costs that the Leicestershire Fund would pay was included in the February committee report and will be updated later in the year to

include more accurate estimates from investments into Central products such as private debt and infrastructure that are currently under review.

### **Central resolutions approved at the February meeting**

7. At the February meeting the resolution to approve the company's strategic plan which included the proposed budget was approved.

### **Recommendation**

8. The Local Pension Committee is asked to note the report.

### **Equality and Human Rights Implications**

9. None

### **Appendix**

Appendix A – LGPS Central presentation

### **Officers to Contact**

Mr C Tambini, Director of Corporate Resources  
Tel:0116 305 6199                      Email: Chris.Tambini@leics.gov.uk

Mr D Keegan, Assistant Director Strategic Finance and Property  
Tel:0116 305 7668                      Email: Declan.Keegan@leics.gov.uk

Mr B Kachra, Senior Finance Analyst - Investments  
Tel: 0116 305 1449                      Email: Bhulesh.Kachra@leics.gov.uk