



**LOCAL PENSION COMMITTEE – 20 JANUARY 2023**

**REPORT OF THE DIRECTOR OF CORPORATE RESOURCES**

**LGPS CENTRAL UPDATE**

**Purpose of the Report**

1. To provide the Committee with an update on the Fund’s pooling of assets into LGPS Central (“Central”). A presentation will also be given by Central detailing:
  - a. A shareholder update on pooling progress and Central’s company update;
  - b. A client update setting out the Fund’s holdings performance overview, and Central’s oversight of underlying managers.
  - c. how responsible investing is incorporated into ongoing monitoring;
  - d. an update their net zero approach and Responsible Investment goals for 2023.

**Background**

1. Government instigated ‘pooling’ of pension funds in 2015 with the publication of criteria and guidance on pooling of Local Government Pension Scheme (LGPS) assets. Administering authorities formed their own groups and eight asset pools were formed, which are now all operational. The scale of each pool gives significant buying power in the investment market, that would not normally be accessible to funds.
2. LGPS Central (Central), an investment management company jointly owned by eight midlands based Local Government Pension Scheme funds to deliver investment pooling, started operating on 1st April 2018.
3. The Fund is a stakeholder from two different perspectives:
  - a co-owner of the company (shareholder) and
  - as a recipient of investment services
4. The Leicestershire Pension Fund (the Fund) has invested in a number of Central products which as of 30 September 2022 was valued at c£1.9b. The Fund also has a further c£900m in low-cost passive pooled investment with investment manager Legal and General. In addition, the Fund has advisory agreements for Property and Targeted Return with LGPS Central.
5. As at 30 September 2022 the following had been invested by Central on behalf of the Fund:

Asset Class	Fund	LCCPF Invested
Passive Global Equity	All World Equity Climate Multi Factor Fund	£840m
Active Global Equity	Emerging Markets Equity Active Multi Manager Fund	£178.6m
Active Global Equity	Global Equity Active Multi Manager Fund	£474.0m
Active Global Fixed Income	Investment Grade Corporate Bond Multi Manager Fund	£104m
Active Global Fixed Income	Global Active Emerging Market Bond Multi Manager Fund	£100m
Active Global Fixed Income	Global Active Multi Asset Credit MM Fund	£200m
Private Equity	Private Equity Fund	£6.7m
Private Credit	Low Return 2021	£8.7m
Private Credit	High Return 2021	£10.3m
Infrastructure	Infra Core/Core+	£28.4m

6. Local management of investments will continue for closed-ended funds, and where Central do not have a suitable product to transition into. For example, 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.

#### **Presentation by LGPS Central**

7. A presentation providing further detail on the pooling of assets by LGPS on behalf of the Fund will be provided at the meeting.

#### **Recommendation**

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

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

9. None

#### **Officers to Contact**

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