

Members Information Pack

Contents page

Leicestershire County Council has delegated the responsibility for decisions relating to the investment of the Fund's assets to the Local Pension Committee in accordance with Section 101 of the 1972 Superannuation Act. The Members who sit on the Local Pension 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. This pack forms the basis of key information, documents and Strategies most relevant to the Committee.

	Title	Purpose	Last Update	Page Numbers
Background	AGM Presentation 2024	General Background	December 2024	3 – 70
	A brief guide to the LGPS	LGPS guide published by Hymans, the Fund's Investment Advisor.	June 2024	71 – 80
	Summary of Member Benefits	Key features of the LGPS, link to regulations and Member Self Service Website.	March 2023	81 – 82
	General Internal and External Fund Governance	National and Local Governance Structures	January 2025	83 – 104
Fund Governance	Terms of Reference	Local Pension Committee ToR Local Pension Board ToR	LPC – 2024 LPB – 2025	Linked
	Conflict of Interest Policy	Conflict of Interest Policy Members must follow	February 2025	Linked
	Training Policy	Training Policy for all Board and Committee members.	June 2024	Linked
	Fiduciary Duty and the LGPS	Note on the fiduciary duty of the Fund and Committee	2023	Linked
Investment	Asset Class Glossary	Glossary of asset classes the Fund is invested in.	2025	105 – 114
	Strategic Asset Allocation Review	Details the annual refresh of the allocation of assets to specific classes, the rationale and expected returns.	Jan 2025	Linked

	Investment Strategy Statement	Provides the structure in relation to how the Fund's investments are managed.	March 2025	Linked
	Active Equities Newsletter	Explains use of Style Analytics in manager monitoring.		115 – 120
	Investment Performance	As at 31 December 2024	Dec 2024	121 – 124
Operational	Pension Fund Budget and Business Plan	Fund Budget Administration Plan, Investment Business Plan, and Training Plan.	March 2025	Linked
	LGPS Central Accounts	Updated annually.	2023	125 – 186
Employer / Funding	Administration and Communication Strategy	Sets out quality and performance standards for Fund and employers.	March 2024	Linked
	Funding Strategy Statement	Governs how employers pay their liabilities	March 2023	Linked
Valuation	Actuarial Valuation Report	High level outcomes from the 2022 actuarial valuation.	March 2023	Linked
Responsible Investment and Climate Change	Net Zero Climate Strategy	How the Fund is managing the risk and opportunities arising from climate change.	March 2023	Linked
	Climate Risk Management Report	Annual reporting against	November 2024	
	LGPS Central Responsible Investment and Engagement Framework	LGPS Central's approach to Responsible Investment.	April 2024	
Other	Training Weblinks	<ul style="list-style-type: none"> Pension Regulator Toolkit Aspire Hymans Training 		187 – 188

LEICESTERSHIRE COUNTY COUNCIL PENSION FUND



ANNUAL GENERAL MEETING 9 DECEMBER 2024

CHAired BY THE CHAIRMAN OF THE LOCAL PENSION COMMITTEE
MR TOM BARKLEY CC

Agenda Item 1: Minutes of the meeting held on 11 December 2023

Agenda Item 2: Question Time

Agenda Item 3: Questions
by members under
Standing Order 7(3) and
7(5).

Agenda Item 4: To advise
of any other items which
the Chairman has decided
to take as urgent.

Agenda Item 5: Declarations of Interest

Agenda Item 6: Pension Fund Annual Report and Accounts

Introduction

Declan Keegan, Director of Corporate Resources



What is the LGPS?



An introduction to the Leicestershire County Council Pension Fund



Pensions Administration



Pensions Investment



Responsible Investment and Net Zero

What is the LGPS?

National Scheme

Defined Benefit Pension Scheme

Final Salary v Career Average

183 employers with active members
(Councils, Academies, Universities etc)

Overseen by the
**Ministry of Housing,
Communities and Local
Government and the
Pension Regulator**

Two local governance bodies

- Local Pension Committee
- Local Pension Board

An Introduction to the LCCPF

IAN HOWE PENSIONS MANAGER

Governance

Local Pension Committee – Chaired by Mr Tom Barkley CC

- Delegated authority taking overall responsibility for the Fund.
- Ten employer representatives (elected members and universities rep)
- Three non-voting scheme member representatives
- Principal aim is to consider pensions matters with a view to safeguarding the interests of all scheme members

Local Pension Board – Chaired by Mrs Rosita Page CC

- Three employer representatives (elected members)
- Three scheme member representatives
- Role in assisting the Administering Authority in ensuring the effective and efficient governance and administration of the scheme



Administering Authority

Main Administration Duties include:

- Calculating and paying all types of pension benefits
- Employers joining and leaving the scheme
- Regulation changes
- Year-end, benefit statements, Fund valuation
- Governance - Reports to the Pension Board and as part of the Fund's Annual Report.

Pensions Administration

IAN HOWE PENSIONS MANAGER

Fund Statistics: Membership Numbers



	31 March 2022	31 March 2023	31 March 2024
Active contributors	37,139	38,823	40,848
Preserved members	30,704	31,811	32,250
Pensioners	31,397	32,560	33,902
Total	99,240	103,194	107,000

Administration Statistics 2023/24

Area of work	Cases Completed
Preserved Benefits	1,948
Retirements	3,042
Divorce quotes	160
Deaths	954
Refunds	3,428
Estimates	1,277
Transfers in and out	472
Aggregations (combining membership)	994
New starters	9,552

2023/24 Admin Key Performance Indicators

Full Year - 1 April 2023 to 31 March 2024							
Business Process Perspective	Target			Customer Perspective - Feedback	Target		
Retirement Benefits notified to members within 10 working days of paperwork received	92%	88%	▶	Establish members understanding of info provided - rated at least mainly ok or clear	95%	98%	▲
Pension payments made within 10 working days of receiving election	95%	94%	▶	Experience of dealing with Section - rated at least good or excellent	95%	93%	▶
Death benefits/payments sent to dependant within 10 working days of notification	90%	83%	▼	Establish members thoughts on the amount of info provided - rated as about right	92%	93%	▲
				Establish the way members are treated - rated as polite or extremely polite	97%	99%	▲
Below target	▼			Email response - understandable	95%	98%	▲
Close to target	▶			Email response - content detail	92%	100%	▲
Good or better than target	▲			Email response - timeliness	92%	95%	▲

Looking Ahead



Judgement - McCloud/Sargeant Judgement



Pension Dashboard



Expected national pension changes

Looking Ahead

McCloud Sargeant Judgement

- In December 2018 the Court of Appeal found the protections granted during the move from final salary to career average (CARE) unlawful, on the grounds of age discrimination
- Remedy has been finalised for the Local Government Pension Scheme
- All Leicestershire Fund employers were written to requesting scheme members hour changes for the period April 2014 to March 2022, required for the remedy
- The system is being developed to enable leaver's benefits to be "rerun"
- Benefits will be compared – using the better of final salary versus CARE
- Members benefits that increase will have arrears paid
- Active member's benefits are calculated with the remedy applied
- The increased cost of the remedy was scoped into the Fund valuation

Looking Ahead

Dashboard

- National move to improve the pension experience
- People will have a "single sign in" to view all their pension benefits in one place (the dashboard)
- Data will be "pulled" securely from all pension systems – including the Leics LGPS
- Officers hope this will increase our own member self-service take up and increase member awareness
- Pension schemes will have a phased implementation
- Leicestershire Fund started connection testing in late 2024, with a connection date 31 October 2025
- All Pension schemes in scope must be connected to the dashboard by 31 October 2026

Looking Ahead

Expected national pension changes

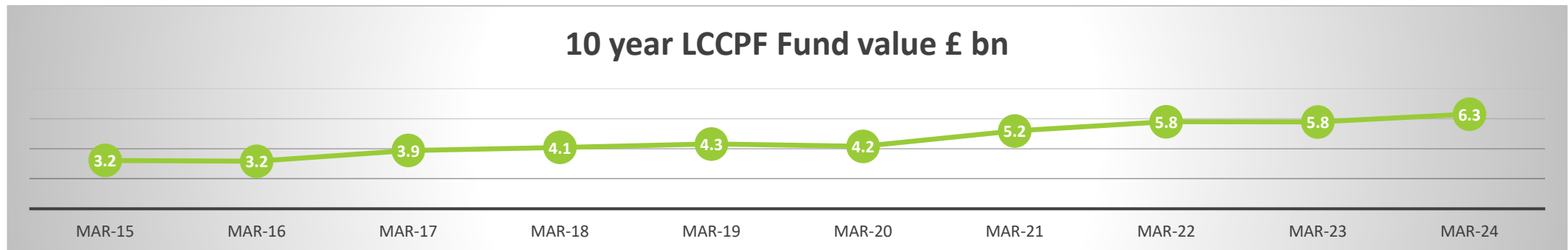
- Announced in 2014 - Minimum retirement age increasing from age 55 to 57 in April 2028
- To coincide with the rise of State Pension Age to 67
- We expect some form of protection for members who will be impacted
- Ill health retirements will remain protected
- Announced in the November 2024 Budget - Pension Fund death grants to fall in scope for inheritance tax from April 2027

Pension Investments

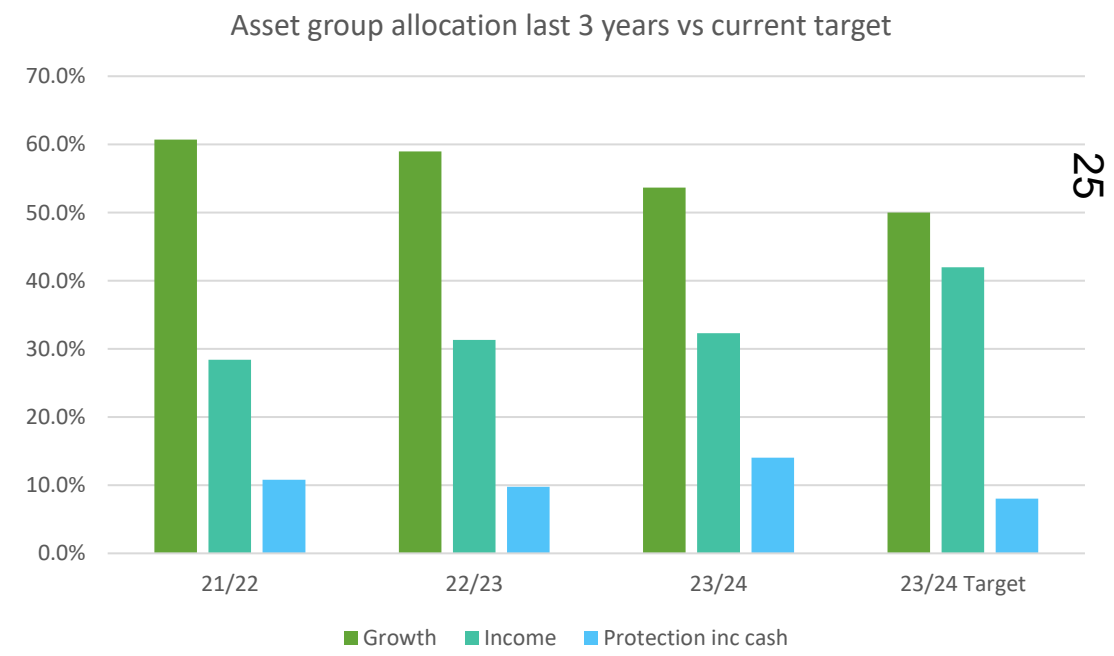
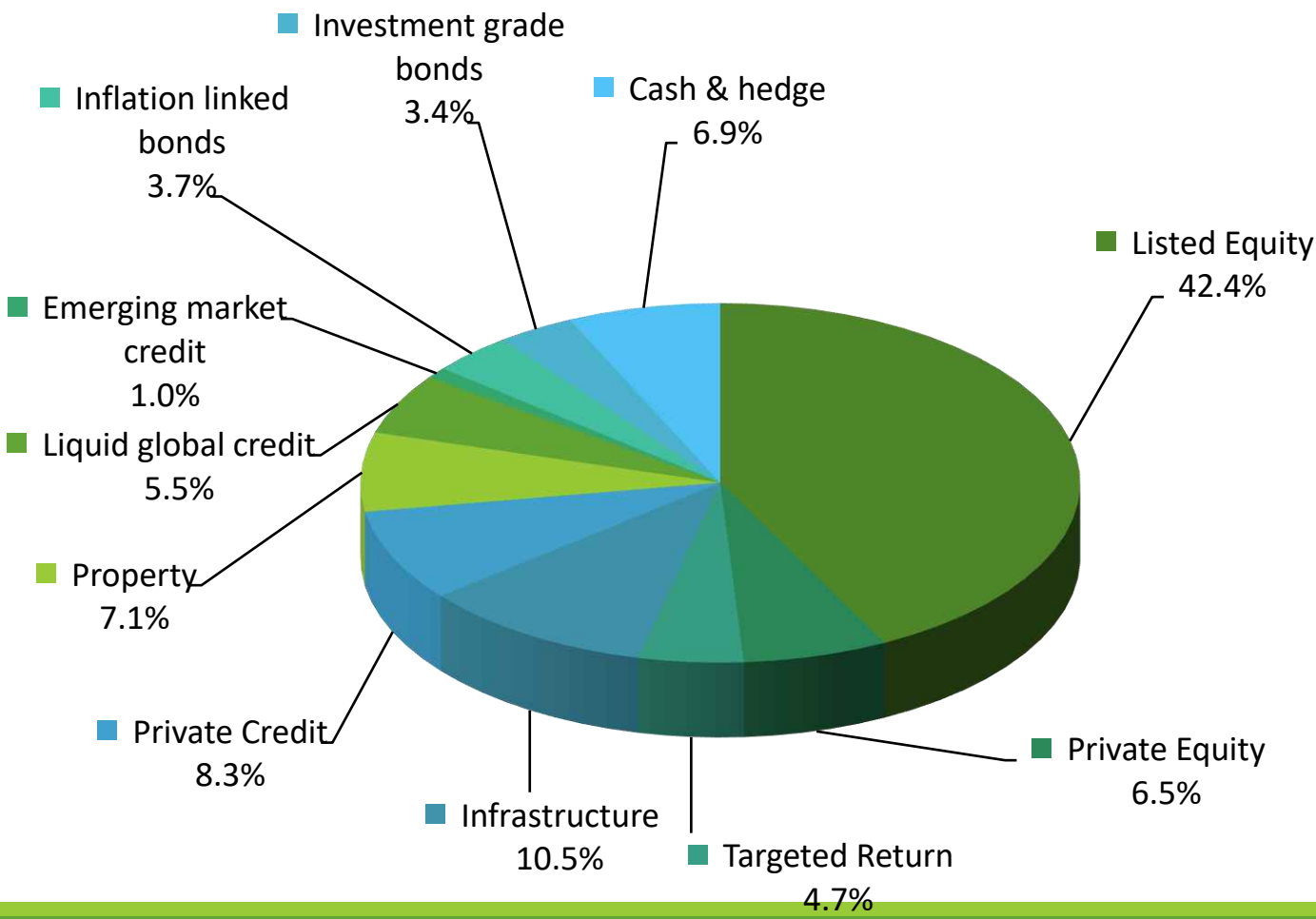
BHULESH KACHRA, SENIOR FINANCE ANALYST

Current Investment Goals

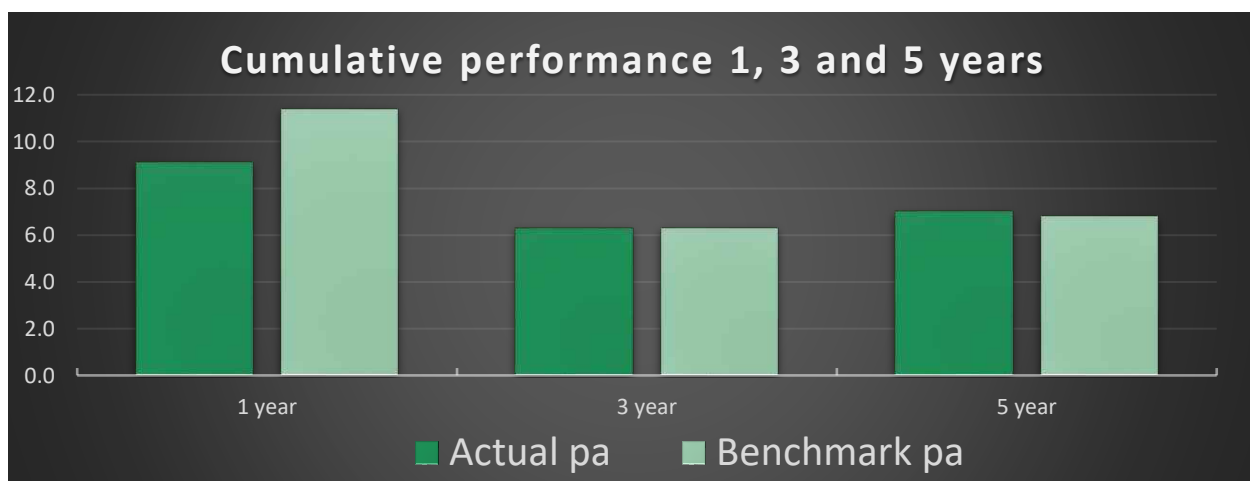
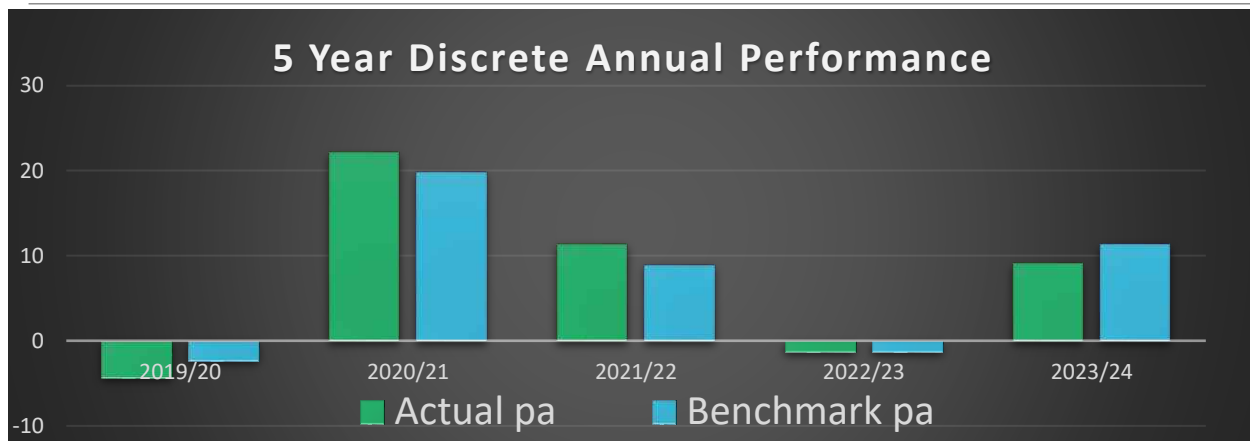
- Long term view of investment returns 20 years +
- Continued commitment to Responsible Investment with a comprehensive Net Zero Climate Strategy (NZCS) approved at the March 2023 Local Pension Committee after successful engagement and consultation during 2022.
- Annually balancing investment returns versus risk with the Fund's investment advisor taking into account a variety of factors
- Considerable diversification to asset classes to balance risk and volatility whilst continuing to simplify the Fund
- Preference to investing with the 'Pool' (LGPS Central) and established external institutional managers
- Continued commitment to asset pooling, improving ESG goals & generating cost savings



Investment allocation as at March 2024 (£6.3bn)



Investment Returns



	Actual % pa	Benchmark % pa	Diff %
2019/20	-4.3	-2.3	-2
2020/21	22.1	19.8	2.3
2021/22	11.4	8.9	2.5
2022/23	-1.3	-1.3	0
2023/24	9.1	11.4	-2.3

	Actual % pa	Benchmark % pa	Diff pa
1 year	9.1	11.4	-2.3
3 year	6.3	6.3	0.0
5 year	7.0	6.8	0.2

LGPS Central and LCCPF

LGPS Central continues to be the first port of call for investments for the Fund:

- One of 8 investment pooling companies, LGPS Central has now been in operation for 7 years
- Total value of pension assets from the eight totals over £60bn and is of a similar size to the 3 other large pools (Northern LPS, Access and Border to Coast)
- As at March 31 2024; 32% of the 8 LGPS funds assets are pooled. This excludes commitments made to private market funds and the 24% within collaboratively procured investment products.
- A combination of internally managed and externally managed investment products are available, covering passive funds, active funds and private markets, a total of 27 investment products have been launched.
- A single investment 'manager' providing access to multiple asset classes and providing client support
- Access to Environmental, Social and Governance (ESG) specialism incorporating responsible investing and climate risk reporting, the Fund has now received its 5th annual climate risk report from Central



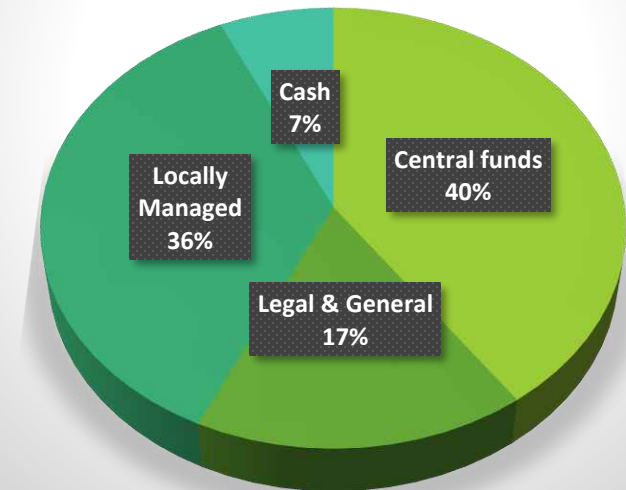
LGPS Central investments for the LCCPF

The LCCPF is has invested in 12 investment products as 31st March 2024

- 2 active and 1 passive equity fund - c£1.6bn
- 3 private equity vintages - £120m (80m after 31 March 2024)
- Infrastructure core/core+ £235m committed, (with approvals for a further £200m split 2025 and 2026)
- Infrastructure value add / opportunistic £30m committed after 31 March 2024, with a further £60m split 2025 and 2026
- Private credit 2021 - £417m committed
- Private credit 2023 - £280m committed after 31 March 2024
- Multi Asset Credit – £348m (with a further £221m planned)
- Investment Grade Credit – £159m

Including LGIM low cost passive investments the Fund has pooled 57% of total funds. (55% this point last year)

**40% of funds Pooled with Central
with an additional 17% pooled with a
collectively procured Legal and
General low cost passive tracker**

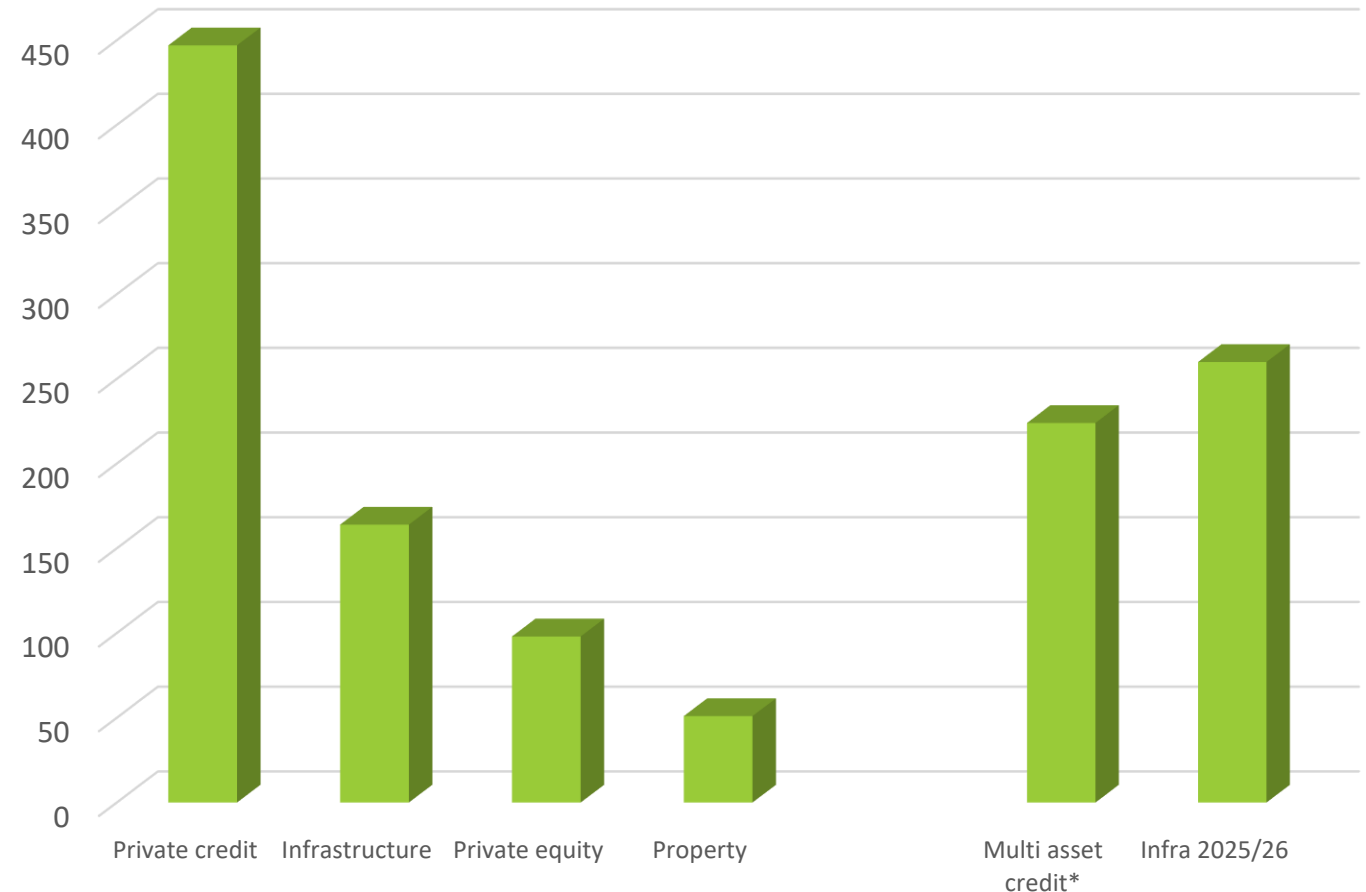


Uncalled commitments...

The Fund at the time of writing has c£940m in uncalled commitments

With the Fund's commitment to pooling, over £750m (about 80%) is earmarked to Central products

LGPS Central commitments and future approvals



Fit for the future consultation

This consultation follows the previous governments call for evidence on the 4 September which the Fund responded to.

MHCLG consultation seeks views on 3 main proposals covering :

- reforming the LGPS asset pools,
- boosting LGPS investment in the localities and UK,
- strengthening governance of administering authorities and LGPS pools.

A paper was presented to the LPC last month and feedback received; a full response will be submitted by the deadline, 16 Jan 2025

Reforming LGPS Pooling:

AA's to delegate implementation of investment strategy to the pool

Take principal investment advice from pool

Transfer assets to pool by April 2026

Local investments (UK):

Fund to set out approach wrt local growth plans and include within the investment strategy

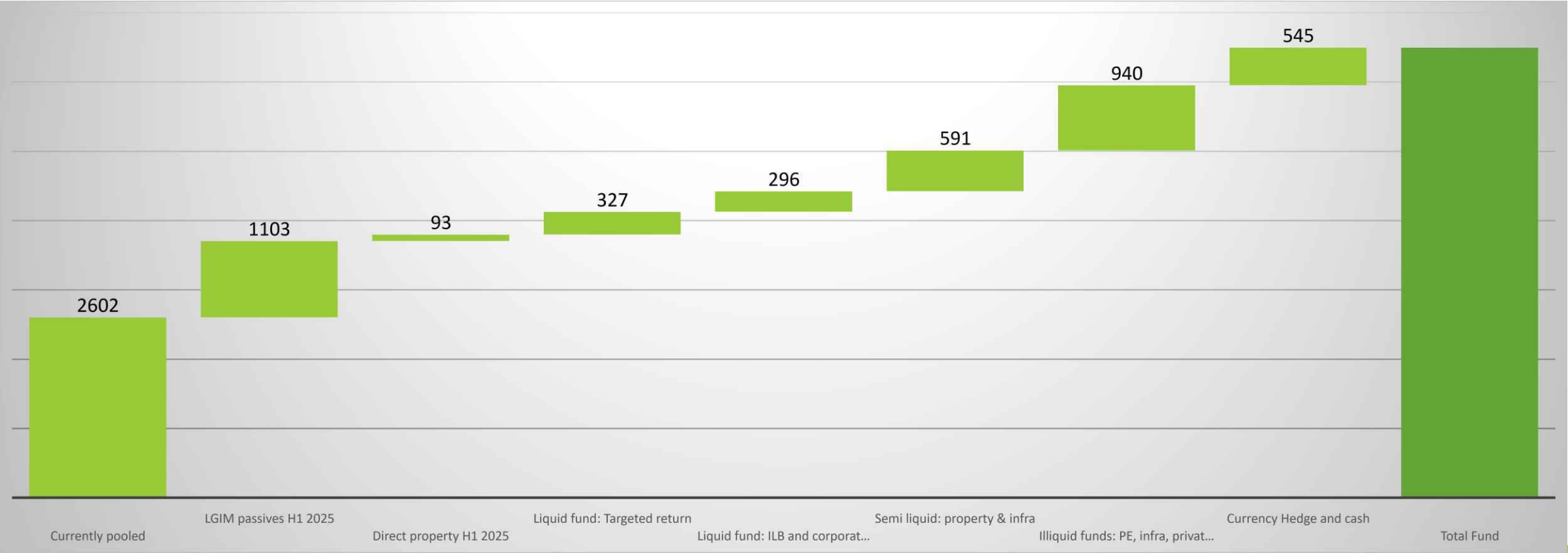
Minded to encourage the government to be clearer on local investment requirements

Governance of pools and funds:

How to instil recommendations from the SAB's good governance review

Future plans to pool £6.5bn, based on 30th September portfolio

In line with previous guidance and the current governments push to pool faster the table below describes the Fund's options based on current investments



RESPONSIBLE INVESTMENT

CAT TUOHY, RESPONSIBLE INVESTMENT ANALYST



ENVIRONMENTAL

- climate change
- resource depletion
- waste
- pollution
- deforestation



SOCIAL

- human rights
- modern slavery
- child labour
- working conditions
- employee relations



GOVERNANCE

- bribery and corruption
- executive pay
- board diversity and structure
- political lobbying and donations
- tax strategy

Responsible Investment

“Responsible investment is an approach to investment that aims to incorporate environmental including climate risk, social and governance (ESG) factors into investment decisions, to **better manage risk** and **generate sustainable investment returns**”

Climate risk is considered through the physical risk it may pose to certain assets, and through transition risks. These same risks may generate opportunities

- Policy changes both domestic and international
- Technology developments
- Market changes
- Resource scarcity and disruption of supply chain
- Extreme weather events

Progress so far



2011: The Fund first began investing in forestry.

2019: Became members of the Local Authority Pension Fund Forum

2020: First annual Responsible Investment Plan approved and first iteration of the Climate Risk Management Report.

2022: Development of the Net Zero Climate Strategy and engagement with scheme members, employers and other stakeholders.

2021: First Taskforce for Climate related Financial Disclosure aligned report

£800 million invested in a Central Climate Fund that tilts away from carbon intensive companies towards those that generate green revenue.

2023: Approval of the Net Zero Climate Strategy following over 1700 responses.
£1billion invested in climate related investments.

2024:



Progress against the NZCS



Achieved **both 2030** interim primary targets for in scope investments to:

reduce weighted average carbon intensity by 50%
reduce financed emissions by 40%



Over 20% of the Fund invested in climate related investments.



75% of equity financed emissions are aligned, aligning to the Paris Agreement, or under engagement.



57% of the Fund assets are able to be monitored, targeting 90% by 2030.

EQUITY FINANCED EMISSIONS:

112,811 tCO₂e

↓ 40.4%

vs 2019

↓ 39.2%

vs reference index

EQUITY WEIGHTED AVERAGE CARBON INTENSITY:

76.7 tCO₂e/\$m sales

↓ 52.8%

vs 2019

↓ 45.5%

vs reference index

EQUITY EXPOSURE TO CLEAN TECH:

6.5%

(apportioned by revenue)

↑ 1.6 percentage

points vs 2019

EQUITY EXPOSURE TO FOSSIL FUEL:

1.9%

(apportioned by revenue)

↓ 0.1 percentage

points vs 2019

Climate Stewardship Plan Companies

- These are the key companies LGPS Central target on our behalf due to their outsized contributions to the Fund's financed emissions, in support of real-world emissions reductions.

Company Name	Weight in Total Portfolio (%)	Financed Emissions	Contribution to Total Financed Emissions
SHELL	0.4%	5,975	4.3%
CEMEX	0.1%	4,758	3.4%
CRH	0.1%	3,570	2.5%
HOLCIM	<0.1%	2,885	2.1%
GLENCORE	0.2%	2,271	1.6%
BP	0.2%	1,494	1.1%
LINDE	0.2%	1,492	1.1%
TAIWAN SEMICONDUCTOR MANUFACTURING CO	1.2%	1,271	0.9%

Engagement in numbers 2023/24

- LGPS Central and LGIM vote on our behalf, over 2023/24 this was at 9863 meetings amounting to 125,468 resolutions
 - Opposing one or more resolutions in 68% of the meetings
 - Voting with management by exception in 1.6% of meetings and abstained in less than 0.1% of meetings.



ShareAction, a nongovernmental organisation working to define the highest standards for responsible investment ranked LGIM within the top 5 asset managers that support shareholder resolutions aimed at improving companies' impacts on some of the most pressing social and environmental issues.

Agenda Item 7: Hymans Robertson Valuation Presentation

Leicestershire Pension Fund AGM - 2025 Employer Valuation Preparation

9 December 2024

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Agenda

- 1 Formal funding valuations – a refresher
- 2 What has happened since the 2022 formal valuation?
- 3 Key funding risks at the 2025 valuation
- 4 What does this mean for the 2025 formal valuation?
- 5 2025 valuation timeline
- 6 How can you help?

Formal funding valuations – a refresher

How the Fund works

Collect money

(contributions)



Invest money

(its assets)



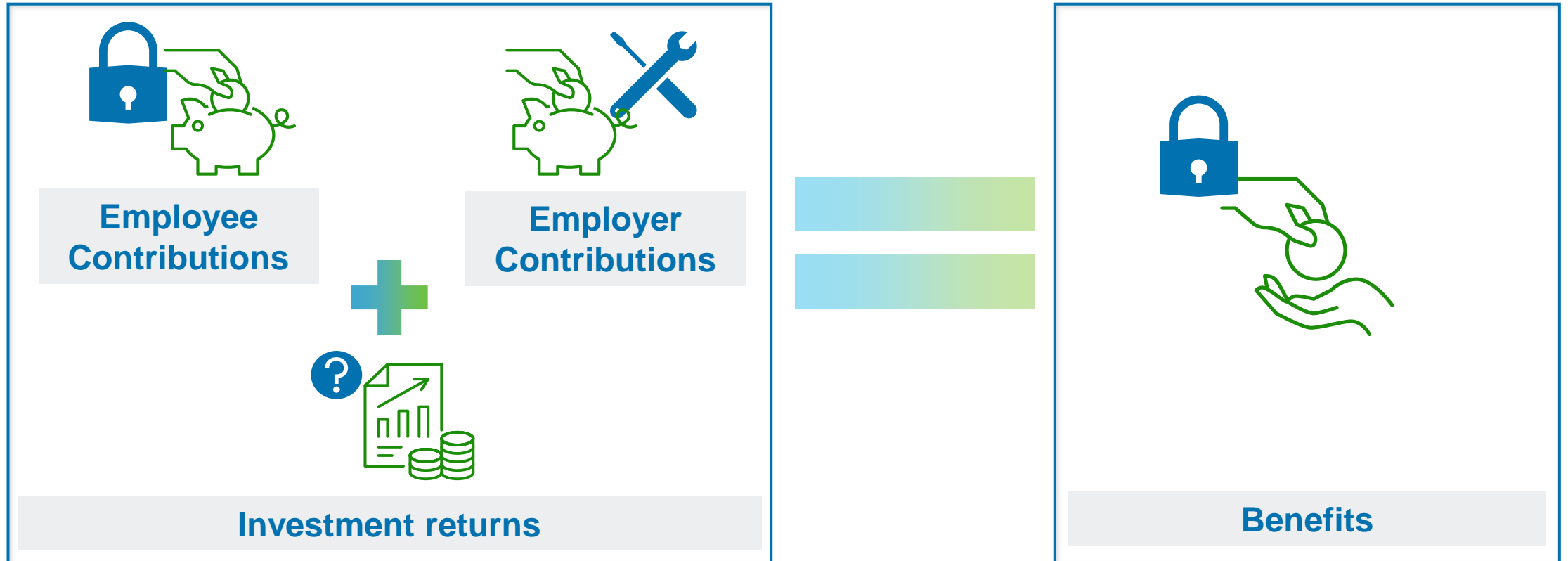
Pay money out

(benefits)








Contributions and investment returns fund all the benefits

How do we get the sides to balance?



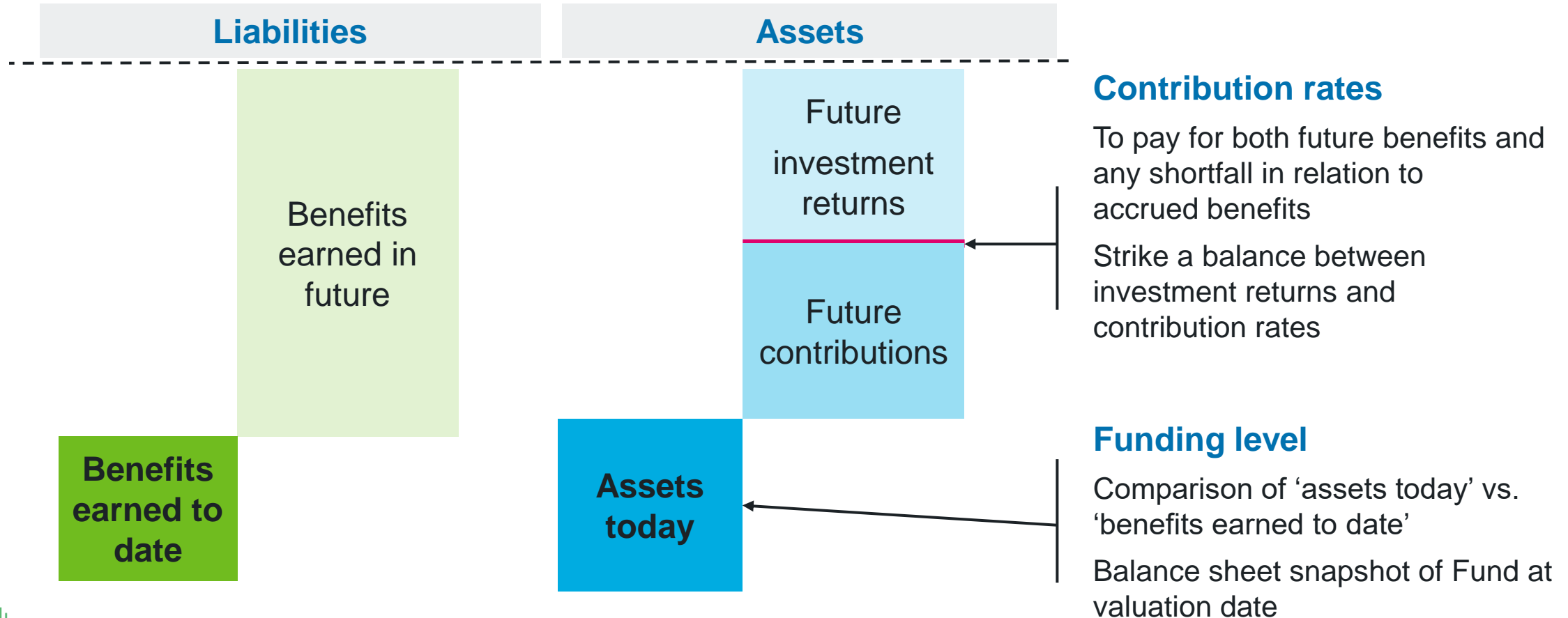
Employer contributions are the main tool we can control to meet the balance of cost

Why do we do a valuation?

-  Calculate employer contribution rates
-  Compliance with legislation
-  Analyse actual experience vs assumptions
-  Review Funding Strategy Statement
-  Part of continual 'health check' on Fund's solvency

A valuation is a large risk management exercise

Outputs of the valuation



How we do the valuation

Inputs

Data for each member

Financial and demographic assumptions

Funding and investment strategy

LGPS benefit structure

Actuary's models



Primary outputs



Individual employer results schedule



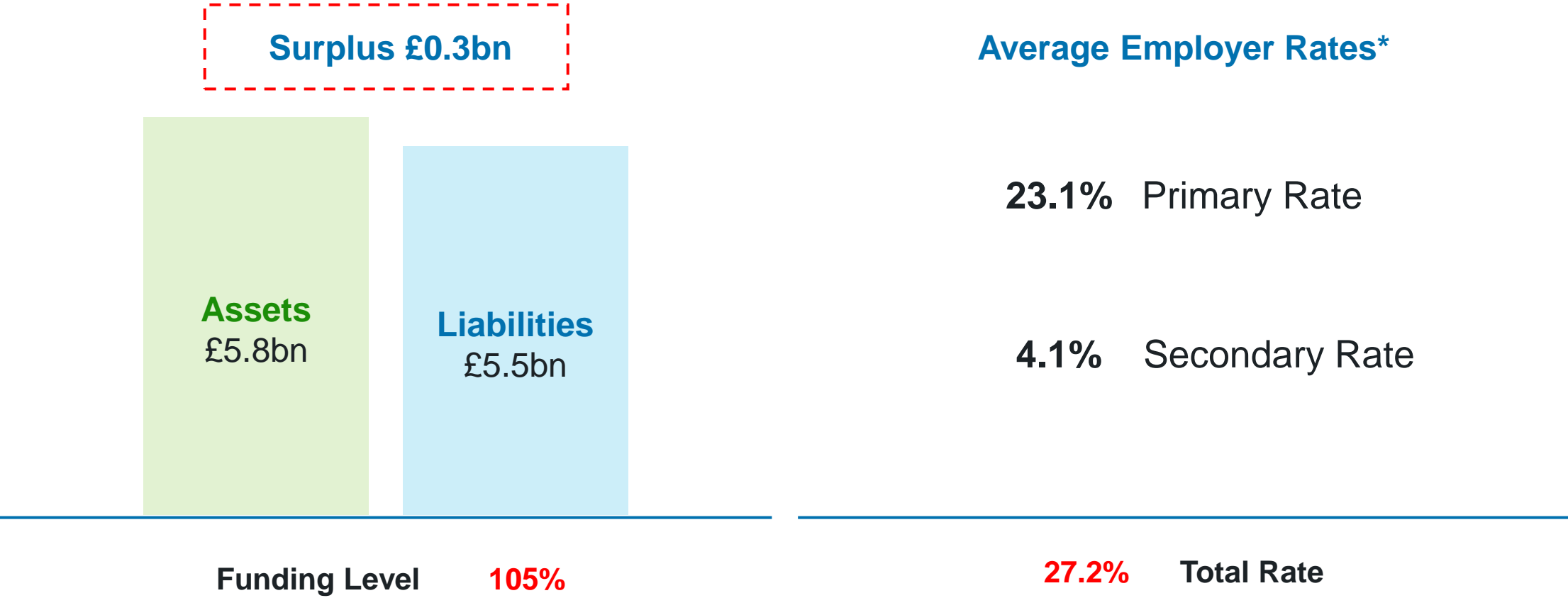
Updated Funding Strategy Statement



Final valuation report

What has happened
since 2022?

Recap of 2022 valuation results



*Contribution rates are expressed as a percentage of pensionable payroll

What has happened since 2022?

Funding progression since 2022 valuation



General insights



Whole Fund funding position has improved since 2022



Investment returns were lower than expected up to September 2023 in line with the general market, but have since improved



Rising interest rates & high inflation



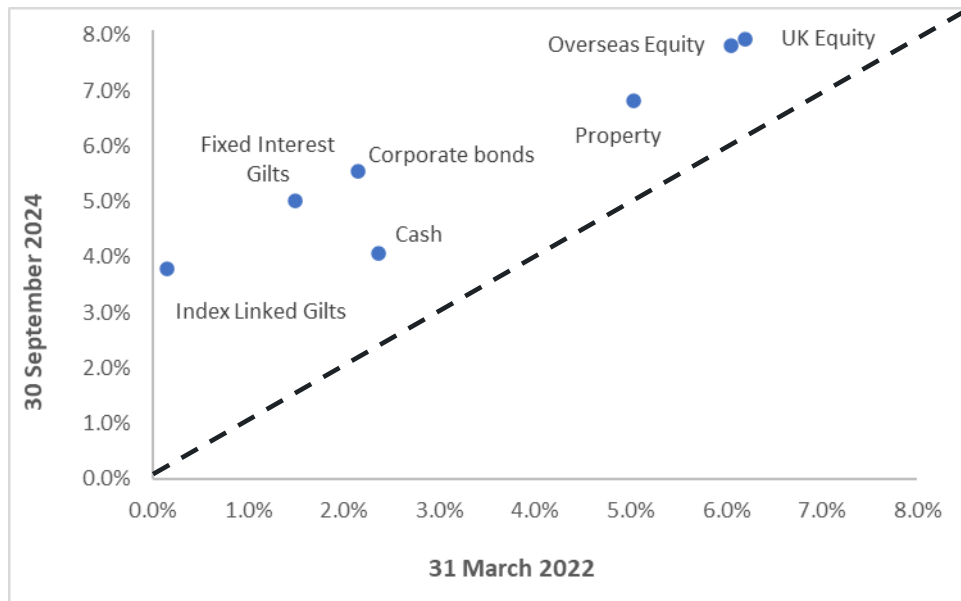
Higher expected future return on the Fund's assets

Employers will see variation based on their own circumstances

Key funding risks at 2025

Investment outlook

Expected future investment returns



General insights



Expected returns are higher for all asset classes



Higher returns driven by increased interest rates



Leads to a lower value placed on employer liabilities

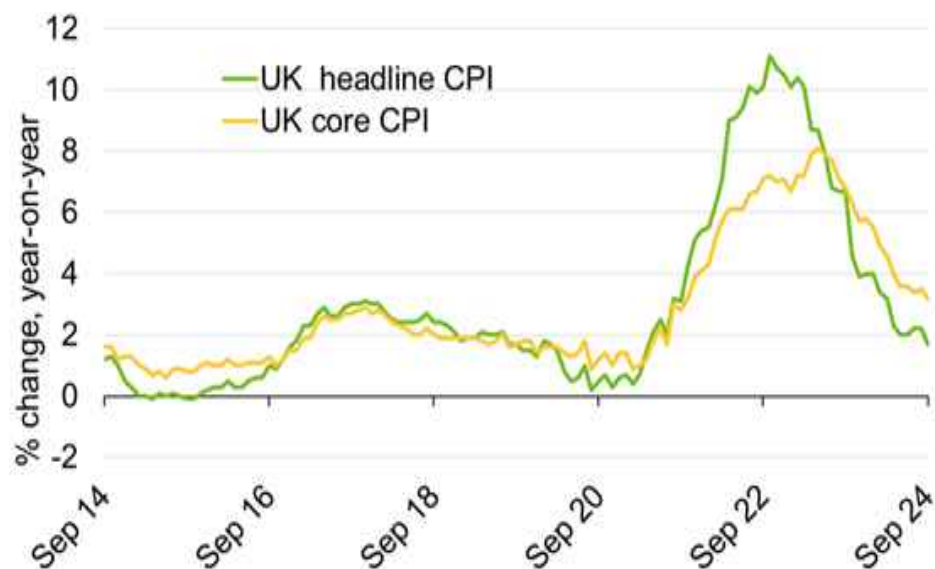


Caution required at 2025 valuation

The improved funding level is being driven by higher expected future investment returns

High inflation

UK inflation over past 10 years



General insights



High inflation increases the cost of benefits



Pension increases of 10.1% (2023) and 6.7% (2024)



Varying impact on employer net cashflow positions



Future inflation remains uncertain

Monitoring inflation is important to manage long-term benefit cost and short-term cashflow risks

Life expectancy

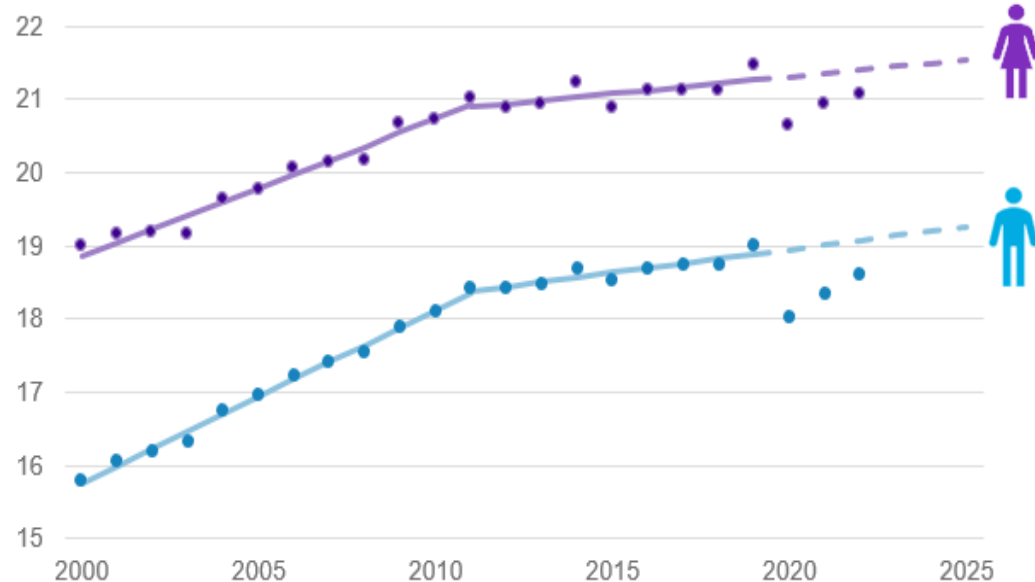


Socio-economic factors can make a big difference to longevity

Source: Club Vita, map available at <https://maps.clubvita.co.uk>

Recent longevity trends

Period Life Expectancies from 65 in England and Wales



General insights



Improvements slowing down



Long term impact of the pandemic uncertain



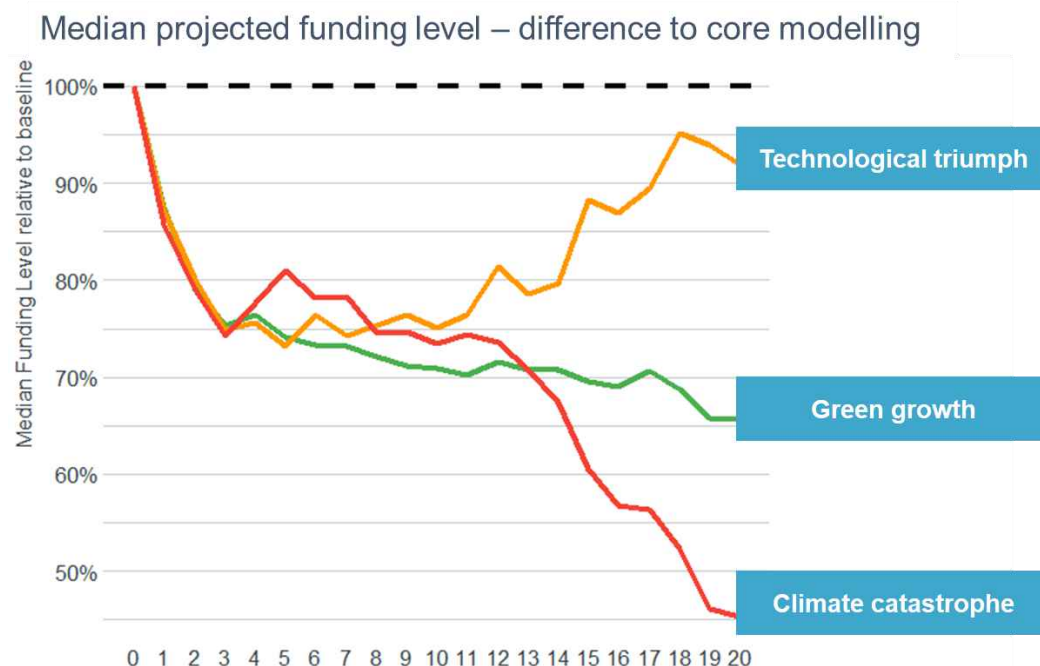
LGPS 'bucking the trend' on excess deaths

Monitoring longevity trends is key to setting life expectancy assumptions

Source: CMI_2022 model. Life expectancies calculated using projected qx rates, using calibration data, with W2020 through W2022 set to 100% and Sk set to 0%.

Climate risk

Global food supply shock (example)



General insights



Climate damages could be extreme




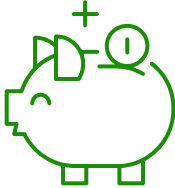


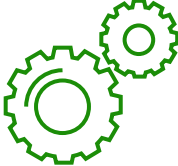
Sectors have strong correlations under stress



Events can cascade through supply chains

Factor in risks when exploring strategy at 2025 valuation

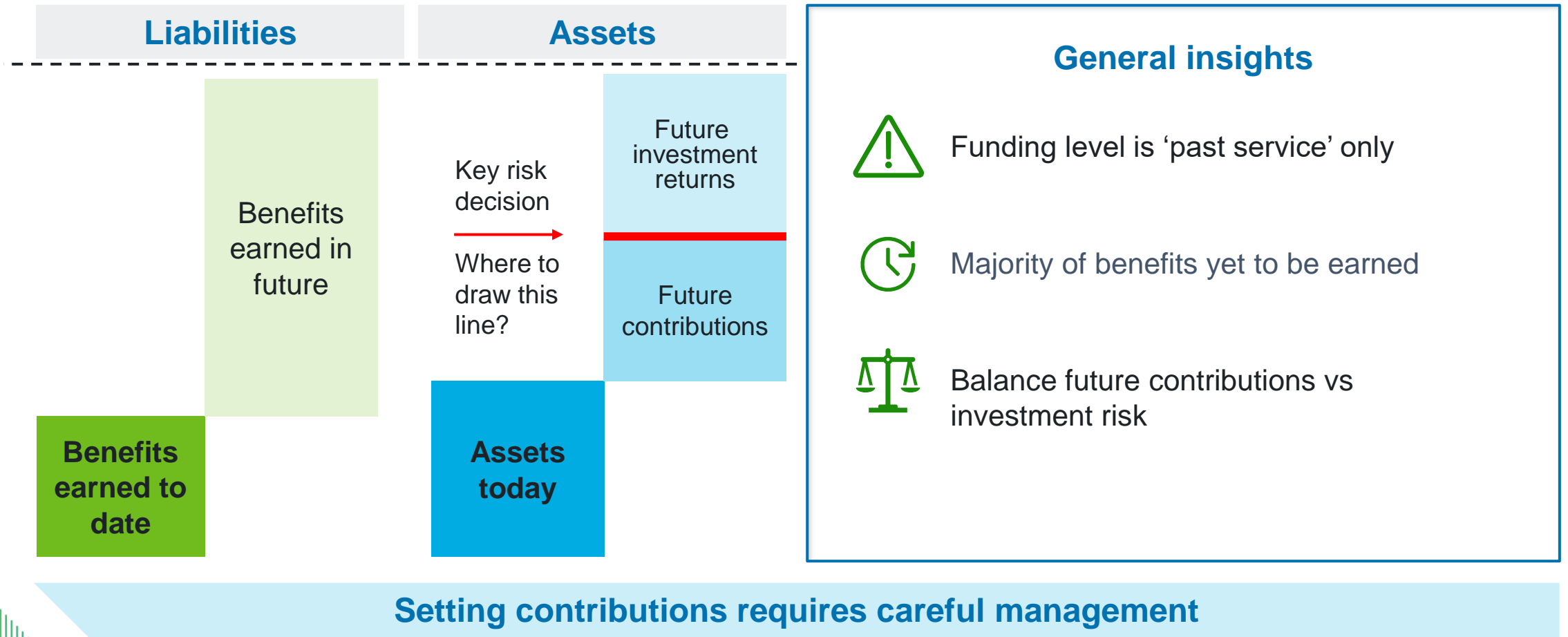
A challenging environment?

Market risk	Cashflow risk	Longevity risk	Climate risk	Covenant risk
<ul style="list-style-type: none">• High inflation• Interest rates• Market volatility	<ul style="list-style-type: none">• High inflation• Reduced contributions• Liquidity risks	<ul style="list-style-type: none">• Increased deaths• Longevity trends• Future improvements	<ul style="list-style-type: none">• Inflation• Investment returns• Longevity	<ul style="list-style-type: none">• (Economic environment• Demographic changes• Regulatory environment
				

New economic cycle? What are the key risks to future funding...

What does this mean
for 2025?

Surplus – what now?



Considerations

Reasons for Caution	Future asset returns Central banks signalling economic slow-down	Inflation BoE signalling higher than 2% expectations	Other risks Central banks signalling economic slow-down
Reasons for Optimism	Higher interest rates vs 2022 Puts downwards pressure on contribution rates	Investment experience Below expectation, but recently made-up ground	Benefit certainty Cost-sharing and McCloud increasingly settled
Known unknowns	Pensions review Potentially impacting investment risk / benefits	GAD Section 13 Increasing focus on intergenerational fairness	Opportunistic exits Employers tactically exiting the Fund

Overall, it is looking positive, but what does the new economic cycle mean for the 2025 valuation...

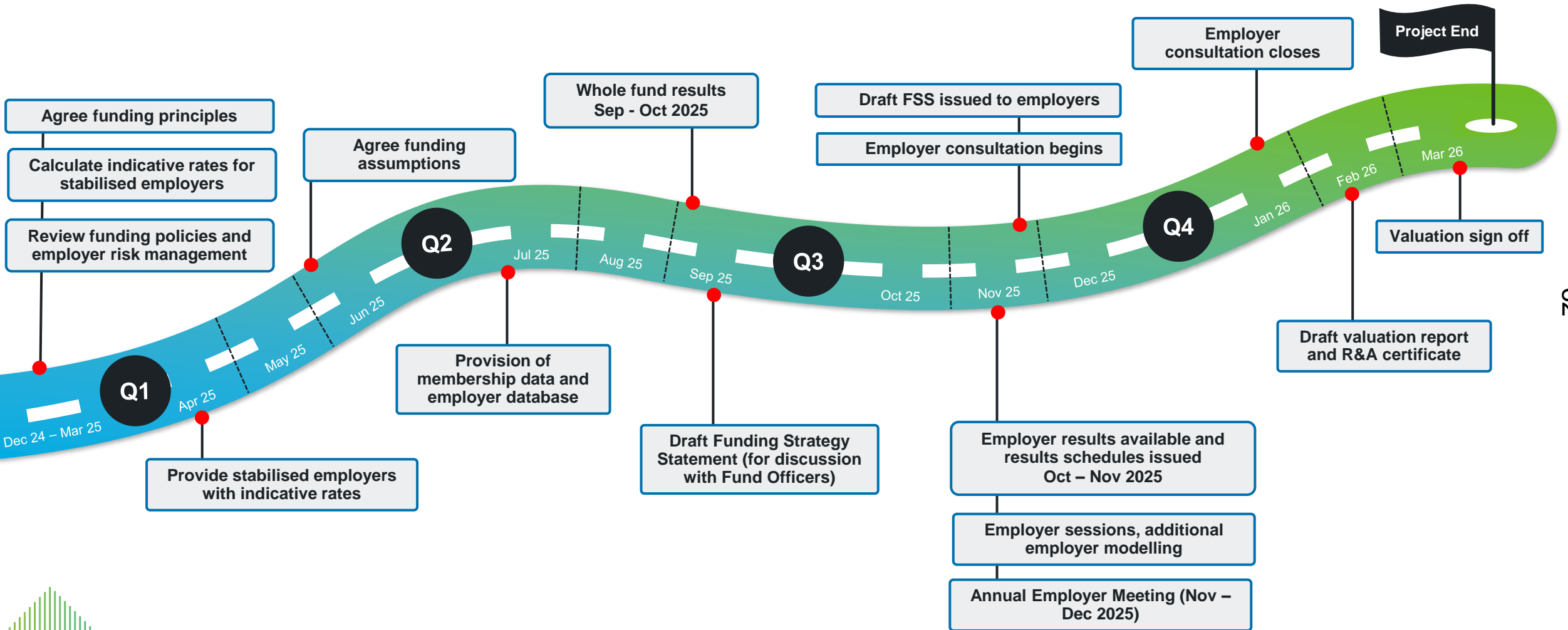
In surplus? What are the options?



Focus on balancing employer affordability with long-term sustainability

2025 valuation timeline

2025 valuation timeline



How can you help?

How can you help now?

Data Timescales

- Review the data you hold and ensure it is up to date
- Submit returns on time
- Promptly reply to any admin queries

Keeping informed

- Attend employer forums – for information on general outlook for 2025, hot topics and trends
- Read valuation communications from the Fund

Engagement with the Fund

- Speak regularly to your local contact at Leicestershire County Council
- Ask questions – especially if this is your first valuation
- Communicate any changes in your circumstances

Thank you

Questions

Hymans Robertson LLP (HR) has relied upon or used third parties and may use internally generated estimates for the provision of data quoted, or used, in the preparation of this report. Whilst reasonable efforts have been made to ensure the accuracy of such estimates or data, these estimates are not guaranteed, and HR is not liable for any loss arising from their use. This report does not constitute legal or tax advice. Hymans Robertson LLP (HR) is not qualified to provide such advice, which should be sought independently.

Agenda Item 8: Local Pension Board Report

MRS PAGE CC

Agenda Item 9:Local Pension Committee Employee Representatives Report

Agenda Item 10: Election of Local Pension Committee Employee Representative

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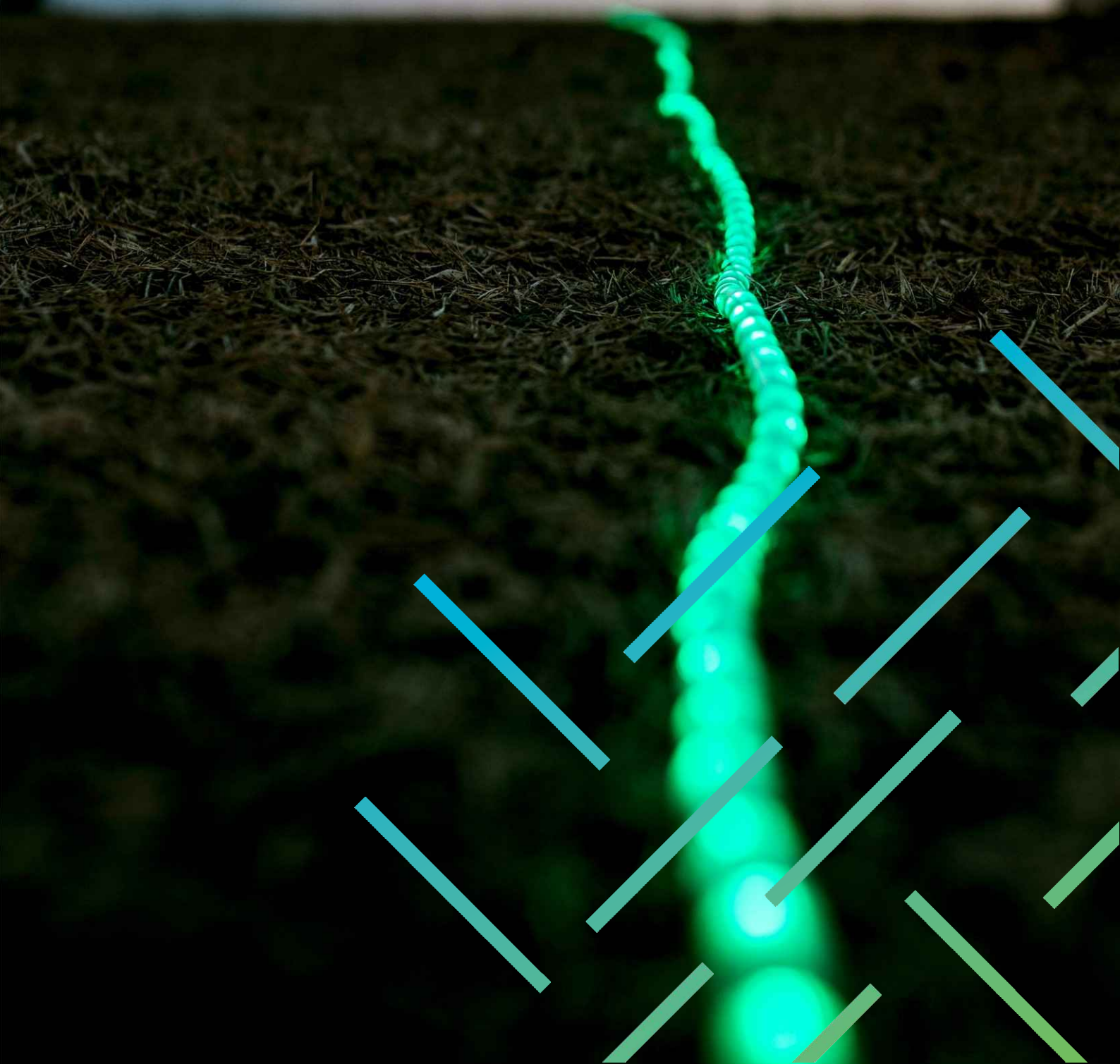
Agenda Item 11: Election of Local Pension Board Employee Representative

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HYMANS  ROBERTSON

A Brief Guide to the
**Local Government
Pension Scheme**

May 2025







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Local Government Pension Scheme	Page
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LGPS basics

The Local Government Pension Scheme (LGPS) is a defined-benefit occupational pension scheme set up by government regulations.

 This scheme is open to local government employees and public service employers like charities. Benefits, which are set nationally, are very secure, because they're written in statute.

 The LGPS is a nationwide scheme made up of many standalone funds, which are usually administered by local authorities. Separate regulations for administration, governance and investments apply in England & Wales, Scotland and Northern Ireland. But the scheme is broadly similar in each country or province.

Key LGPS Facts: England and Wales

-  Made up of 86 regional funds
-  Around 6.7 million members
-  Total fund assets: £392 billion
-  Total expenditure on benefits of £13.7 billion pa

Source:



[Local government pension scheme funds for England and Wales: 2023 to 2024 - GOV.UK](#)

Since 1 April 2014, the LGPS in England and Wales (2015 for Scotland and Northern Ireland) has been a Career Average Revalued Earnings (CARE) scheme. That means pensions accrue each year based on members' earnings over their career.

The scheme is also 'funded', which means it's built up from employee and employer contributions, investment income and growth to meet future benefit payments.

Most other public service schemes are unfunded (also referred to as "pay-as-you-go").

Key LGPS Facts: Scotland

-  Made up of 11 regional funds
-  Over 0.6 million members
-  Total fund assets: £60 billion
-  Total expenditure on benefits of £1.8 billion pa

Source:

[Annual Report 2022/2023 | LGPSAB](#)

Members' benefits are based on their average pay over their time in the scheme. Members' contributions to the scheme are based on their pay and contribution rates vary from 5.5-12.5%. The LGPS offers flexibility for members in terms of contribution options and retirement age, and benefits can include survivor or ill-health pensions depending on member cases. Employers also pay contributions into the fund, with rates re-calculated regularly and dependent on employer circumstances.

Who's who in the LGPS

Your own officers can provide you with details of the people involved in your fund, and your governance arrangements. But it's likely that you'll deal with or hear about most of the following groups or individuals.

The Administering Authority

Usually a local authority – it has the responsibility of managing all aspects of the fund.

Advisers

These may include auditors; lawyers; investment managers; actuaries; investment, governance, administration and benefit consultants; and custodians.

Ministry for Housing, Communities and Local Government (MHCLG)

The central government department responsible for strategic management and policymaking for the LGPS in England and Wales. The Scottish equivalent is the Scottish Public Pensions Agency, while the Northern Irish version is the Department of the Environment.

Officers

Employees of the administering authority, who carry out the fund's administration and management for the elected members.

Local Pension Board

Member and employer representatives, who assist the administering authority in the scheme's governance.

Unlike the pension committee, local pension boards have no direct delegated decision-making responsibilities.

The Pension Committee

Usually elected members from the council. Most committees have some delegated authority from the administering authority, but some are advisory only. Normally, the committee has overall responsibility for the fund, like trustees in private sector pension schemes.

Pools (England and Wales only)

Each LGPS fund in England and Wales is a member of an investment pool. These pools were created to reduce costs, improve investment oversight and provide access to alternative asset classes.

Scheme Advisory Board (SAB)

A national body that has a statutory function to advise the government on making changes to the scheme. The SAB also works with government and other stakeholders to encourage best practice, increase transparency and coordinate technical and standards issues. There are separate SABs for England & Wales, Scotland and Northern Ireland.

Scheme Employers

Local authorities, public service organisations and private contractors providing an outsourced service.

Scheme Manager

The body that runs a public sector pension scheme. Each administering authority is a scheme manager in the LGPS.

Scheme Members

Active, deferred or pensioner members of the LGPS.

The Pensions Regulator (TPR)

TPR has oversight of all UK occupational pension schemes and reviews the governance and administration of public service pension schemes. It has recently published its General Code of Practice. This applies to all UK pension schemes, including the LGPS.

Other groups you'll come across include:

- LGA (Local Government Association), who provide guidance on the technical aspects of the LGPS
- CIPFA (Chartered Institute of Public Finance and Accountancy), who support reporting and accountancy aspects

Local and national LGPS boards

All LGPS funds must have a local pension board to ensure that funds are governed in line with regulatory and best-practice requirements.

The local pension board assists the scheme manager (the administering authority) in complying with:

- The scheme regulations
- Other governance and administration legislation
- Any TPR requirements, such as compliance with the General Code of Practice
- Additional matters, if specified by scheme regulations

Boards must have an equal number of representatives from employers and scheme members. Other types of members – independent experts, for example – are allowed, but they won't have a vote.

The law requires local pension board members to have knowledge and understanding of relevant pensions laws, the LGPS and its documentation.

The pension committee's role usually involves decision-making, but members of pension boards should focus on the processes involved in running the fund.

For example, are policies and procedures up to date? Are TPR's requirements being met? And is the fund following recognised best practice?

In addition to local boards, separate national Scheme Advisory Boards exist for England & Wales, Scotland and Northern Ireland. These advise the government on making changes to the scheme and encourage best practice, increase transparency and coordinate technical and standards issues across the scheme. Like local boards, they're also made up of an equal number of representatives from employers and scheme members.

Knowledge and skills

TPR's General Code of Practice requires those charged with pension scheme governance to have access to the skills and knowledge for carrying out their role effectively.

Members of local pension boards also have a statutory requirement to have knowledge and understanding of the law relating to pensions and any other matters specified in the regulations.

Unlike local board members, there's currently no statutory requirement for decision-makers on a pension committee or panel to have a level of knowledge about pensions law or LGPS matters.

To comply with MiFID II (Markets in Financial Instruments Directive II) fund committees must provide evidence of their knowledge and understanding to be classed as a 'professional client'.

CIPFA's Pensions Knowledge & Skills Framework (KSF) outlines the necessary skills for those responsible for pension financial management and decision-making.

Regulations and guidance on the English and Welsh SAB Good Governance Review is being prepared by MHCLG. It recommends that members of pension committees should be required to obtain the knowledge and understanding necessary to carry out their role effectively.

This isn't the same as being a pensions subject-matter expert: it's about having the skills to ask questions, seek advice and weigh up options.

What are the pension committee's duties?

Agreeing the fund's objectives and investment beliefs

- Monitoring the fund's progress against its objectives
- Using the beliefs to form the fund's investment strategy

Deciding an appropriate investment strategy and structure for your fund

- Considering advice from your investment advisers and the fund's actuary
- Identifying and managing the fund's key risks
- Setting ESG-related policy matters, including climate change

In relation to the management of your fund's assets

- Liaising with your pool on investment options (England and Wales)
- Selecting new investment managers (Northern Ireland and Scotland)
- Overseeing and managing investment managers for any unpooled funds (England)
- Monitoring performance of decisions delegated to other parties (all)

Complying with legislation and guidance

- Ensuring compliance with all legislation that relates to the LGPS
- Tracking, monitoring and reviewing compliance on an ongoing basis
- Creating an improvement plan to address any shortcomings

Dealing with your fund actuary

- Ensuring that you have an appropriate funding strategy for setting contributions
- Agreeing contribution rates at the triennial valuation
- Monitoring progress of the funding strategy

Ensuring all relevant documentation is in order

- Reviewing and updating the mandatory documents (including the annual report, funding strategy statement and governance compliance statement)
- Reviewing administering authority policies
- Approving your pension fund accounts

Being responsible for risk management of the fund

- Maintaining an up-to-date risk register
- Establishing appropriate policies to deal with the admission and departure of employers into or from the fund
- Ensuring smooth and effective administration of the fund for members and employers
- Keeping an eye out for possible long-term risks eg how your longevity experience is changing over time



Pooling LGPS investments

- Every fund in England and Wales invests a proportion of its assets through an investment pool.
- Each administering authority (usually through the pension committee) sets its own objectives, beliefs and strategic asset allocation, as well as setting the fund's policy on ESG (environmental, social and governance) matters.
- The responsibility for choosing investment managers sits largely with the pool, depending on the type of pool structure.
- The pension committee must monitor its own fund's arrangements to ensure the pool is performing as required.
- At the time of writing, there are no requirements for pooling in Scotland.
 - The Government's 'Fit for the Future' consultation issued in November 2024 proposes changes to the functions of pools and the way they're set up. None of these changes will affect members' benefits under the scheme.

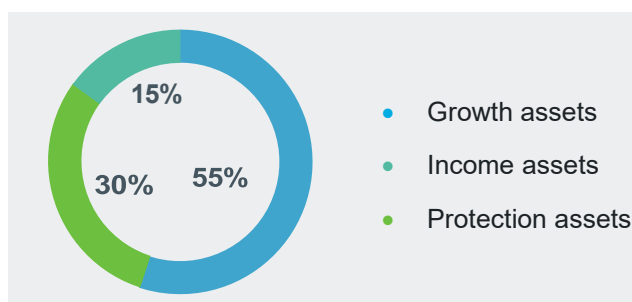
Key components of investment decision-making

The pension committee's main responsibilities include setting the fund's investment objectives, beliefs and strategy, as set out in the investment regulations.

Once the objectives and beliefs are established, attention turns to the fund's investment strategy. Funds will typically invest in:

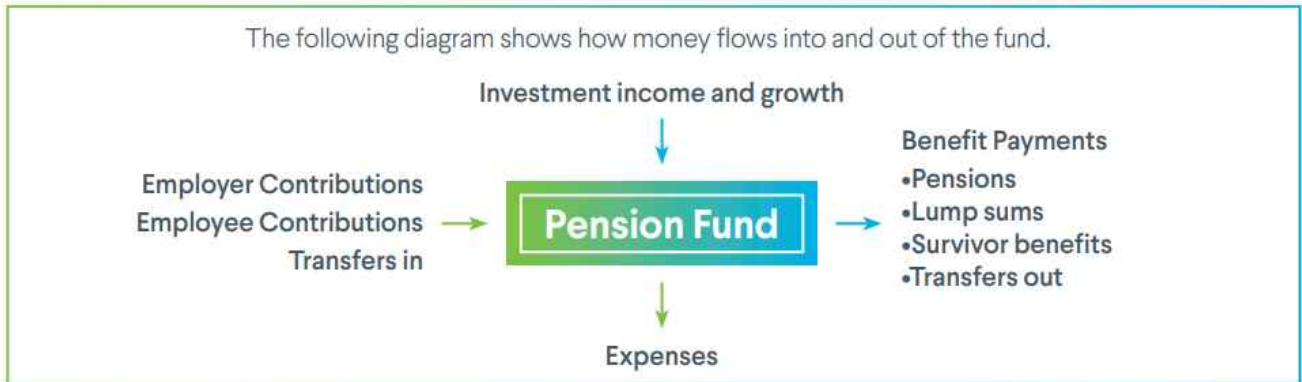
- Growth assets, such as equities, which generally provide an above-inflation return over the long term.
- Income assets like property, infrastructure and other alternatives that provide diversification. These also typically generate above-inflation returns, with a high proportion as income, which can help to fund benefits payments.
- Protection assets like government bonds and high-quality corporate bonds, which are usually held for funding stability and security.

A typical LGPS fund's asset allocation may look like this:



The actuary's role

Your main objectives when running a pension fund are to ensure there are sufficient funds to pay for the benefits when they're due, and that contributions are paid at an appropriate level.

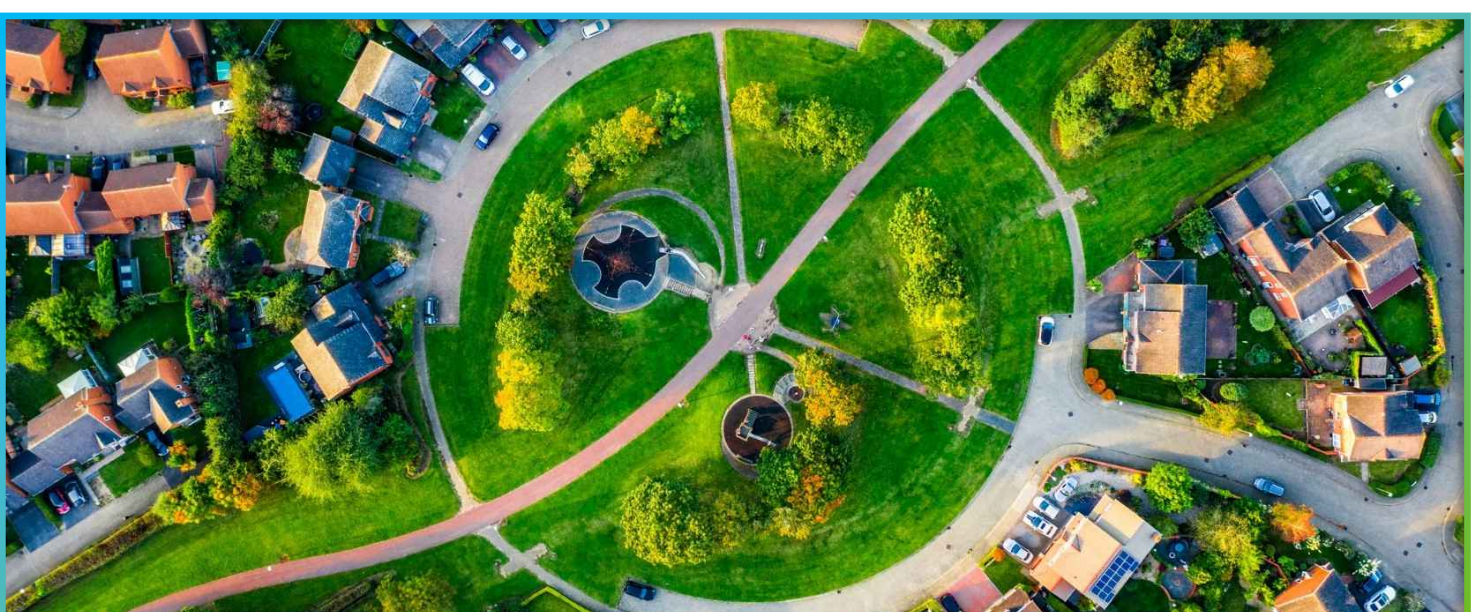


Your fund actuary will perform regular actuarial valuations of the fund to:

- Comply with legislation (valuations every three years are mandatory)
- Monitor the ongoing health of the fund and manage funding risks (ie do you have enough money to pay the pensions?)
- Recommend appropriate contribution rates for employers
- Monitor the actual experience of the fund against the assumptions made

To carry out the valuation, assumptions must be made about future experience. The most important assumptions concern the expected investment return, inflation (to determine pension and salary increases) and longevity (life expectancy). These feed into financial modelling to help decisions about funding strategies. At valuation time, your actuary will provide analysis and advice in determining these assumptions and setting funding strategies.

The Funding Strategy Statement documents how the fund will pay for benefits and the approach the actuary will use when setting employer contribution rates.



Important definitions for valuation

Funding strategies

These target full funding for each employer over an appropriate time horizon by balancing future employer contributions with future investment returns. The financial strength and risk profile of employers are key factors.

Rates and Adjustments Certificate

A document required by the LGPS Regulations, which must be updated after each formal valuation. This is completed by the actuary and confirms the contributions to be paid by each employer (or group of employers) in the fund until the next valuation is completed.

Primary contribution rate

The employer contribution rate required to pay for new benefits earned by staff, expressed as a percentage of pensionable pay.

Secondary Contribution Rate

Any adjustment to the Primary Contribution Rate (such as additional contributions to fund accrued benefits or ensure long-term contribution stability), which can be expressed as a percentage of pensionable pay or as an annual lump-sum amount.

Current issues

The ‘Fit for the Future’ consultation was released in November 2024. The consultation proposed changes relating to both investments and governance arrangements for LGPS funds. Some of the key points included:

- More stringent requirements for investment pools, including becoming FCA-authorised companies.
- Delegation of implementing investment strategy – currently undertaken by each fund – to pools
- A greater focus on local investment opportunities
- Plans to implement the SAB’s Good Governance recommendations

The 2025 valuations in England and Wales

Every three years, LGPS funds must undergo a formal valuation. This requires a review of the current funding strategies and employer contribution rates to check they remain appropriate, and an assessment by the fund actuary of the fund’s liabilities (the total value of the benefits that members are entitled to as at 31 March 2025) relative to the fund’s total assets as at 31 March 2025. The Scottish valuations are due to take place in 2026.

General Code of Practice

The Pensions Regulator released its General Code of Practice in March 2024, which applies to all UK occupational pension schemes, including the LGPS. There are many requirements in the Code that relate to LGPS funds.

Pensions Dashboard

All LGPS funds will be required to connect to the Pensions Dashboard ecosystem. This will allow users to view their pension benefits across multiple schemes, including the LGPS, from a single platform. LGPS funds need to be connected by October 2025, which requires a lot of preparatory work by administration teams.

Resources and training

Here at Hymans Robertson, we've created and made available a range of resources to help pension committees and boards achieve the right level of knowledge in the areas covered in this guide.

Resources include:

- [2025 LGPS valuations hub](#).
- [Hymans Robertson insights](#), tailored for our public sector audiences and regularly updated by our LGPS team.
- And our online training tool [LGPS Online Learning Academy \(LOLA\)](#) covers all key areas needed to successfully manage the running of a fund.



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Key features of the LGPS

The Local Government Pension Scheme (LGPS) is a valuable part of the pay and reward package for employees working in local government or working for other employers participating in the scheme. The key features of the scheme include:

A secure pension

Your pension is worked out every year and added to your [pension account](#). Each year 1/49th of your pensionable pay is put into your pension account; at the end of the year the total amount of pension in your account is adjusted to take into account the cost of living.

Flexibility to pay more or less contributions

You can boost your pension by paying more contributions, which you would get tax relief on. You also have the option in the LGPS to pay half your normal contributions in return for half your normal pension. This is known as the 50/50 section of the scheme and is designed to help members stay in the scheme when times are financially tough.

Tax efficient now and in the future

As a member of the LGPS, you receive tax relief on the contributions that you pay plus you have the option when you draw your pension to exchange part of it for tax-free cash.

Peace of mind

Your family enjoys financial security, with immediate life cover and a pension for your spouse, civil partner or eligible cohabiting partner and eligible children in the event of your death in service or if you die after leaving having met the 2 year qualifying period also known as [vesting period](#). If you ever become seriously ill and you've met the 2 year qualifying period, you could receive immediate ill health benefits.

Freedom to choose when to take your pension

Your pension is usually payable from your normal pension age which is linked to your State Pension age (with a minimum of 65). You can choose to retire and take your pension at any time between the age of 55 and 75. If you choose to take your pension before your normal pension age it will normally be reduced, as it's being paid earlier. If you take it later than your normal pension age it will be increased because it's being paid later.

Redundancy and efficiency retirement

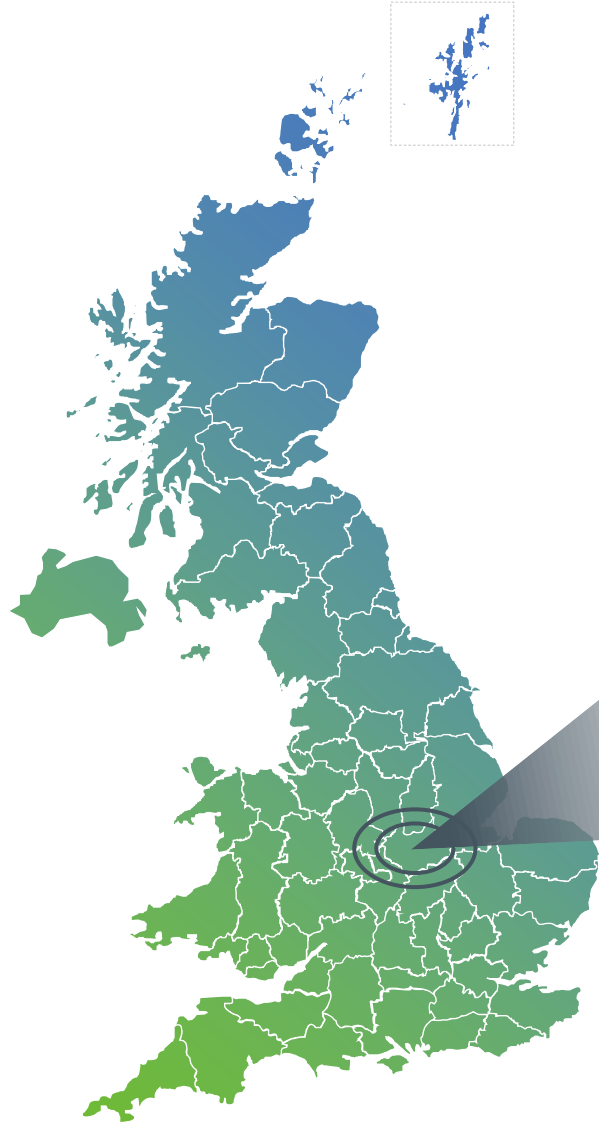
If you are made redundant or retired in the interests of business efficiency at or after age 55 you will, provided you've met the 2 years vesting period, receive immediate payment of the main benefits you've built up (but there would be a reduction for early payment of any additional pension you have chosen to buy).

Flexible retirement

If you reduce your hours or move to a less senior position at or after age 55 you can, provided your employer agrees, and you've met the 2 years vesting period, draw some or all of the benefits you have already built up, helping you ease into retirement, although your benefits may be reduced for early payment.

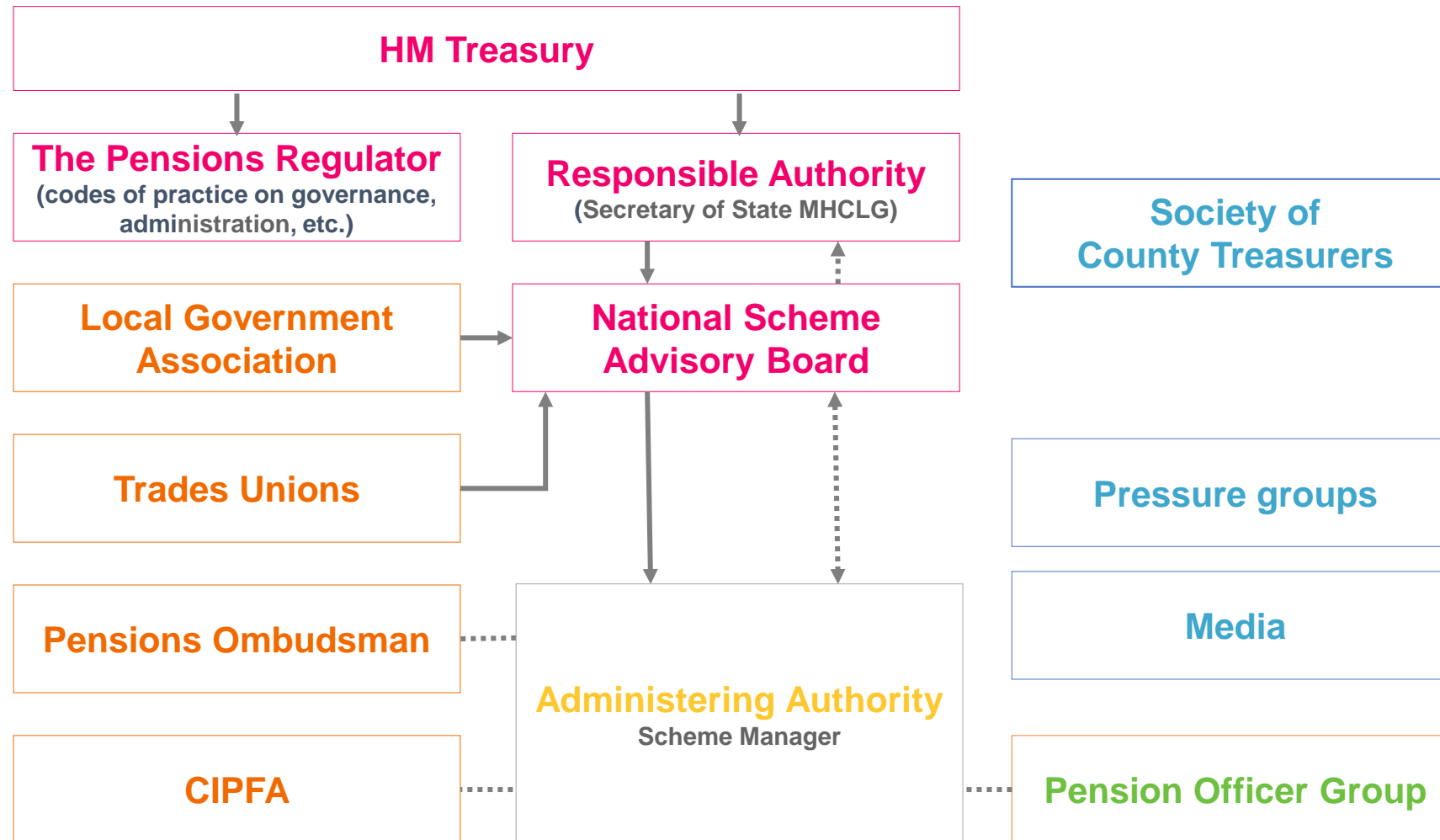
General Fund Governance

Who's who at the national level?

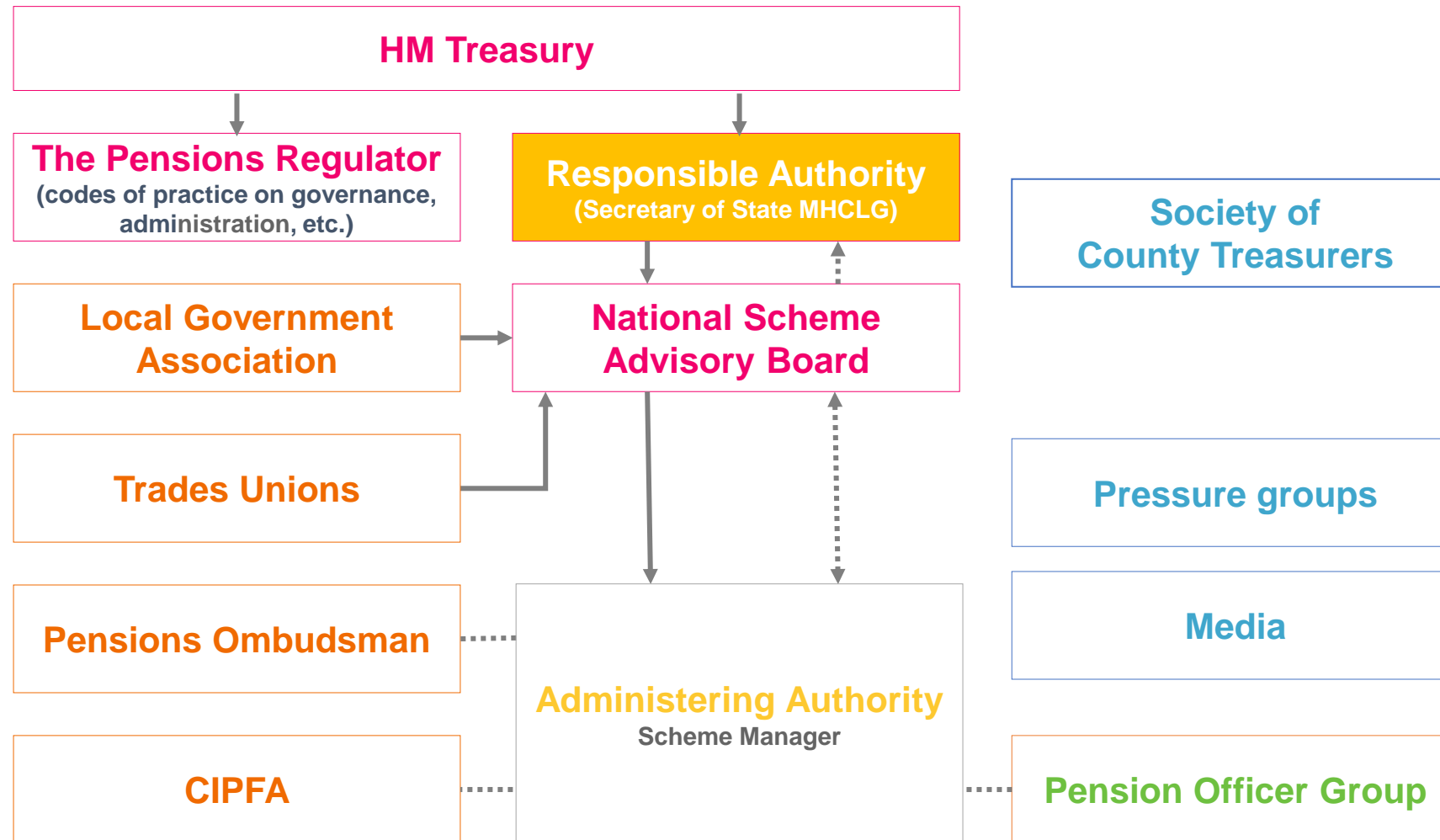


- 1 scheme in England and Wales
- 86 independent funds
- Government departments
- Regulators
- Interested parties

Who's who at national level



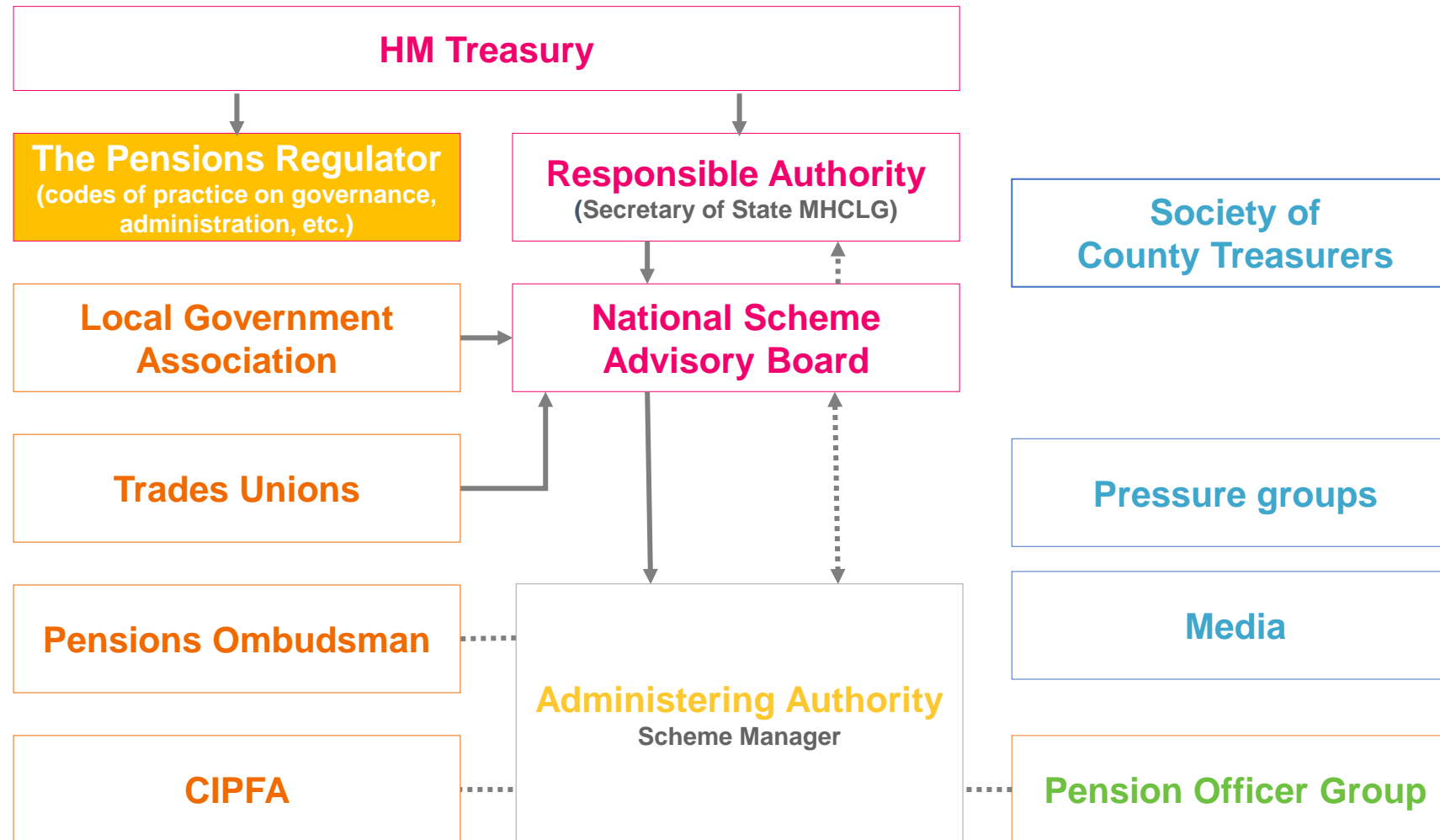
Who's who at national level



Secretary of State Ministry of Housing, Communities and Local Government

- Ministry of Housing, Communities and Local Government
- Secretary of State: Angela Rayner
- Minister for Local Government: Jim McMahon
- Draft Regulations
- Produce/commission statutory guidance
- Big decisions come from Treasury/cabinet office

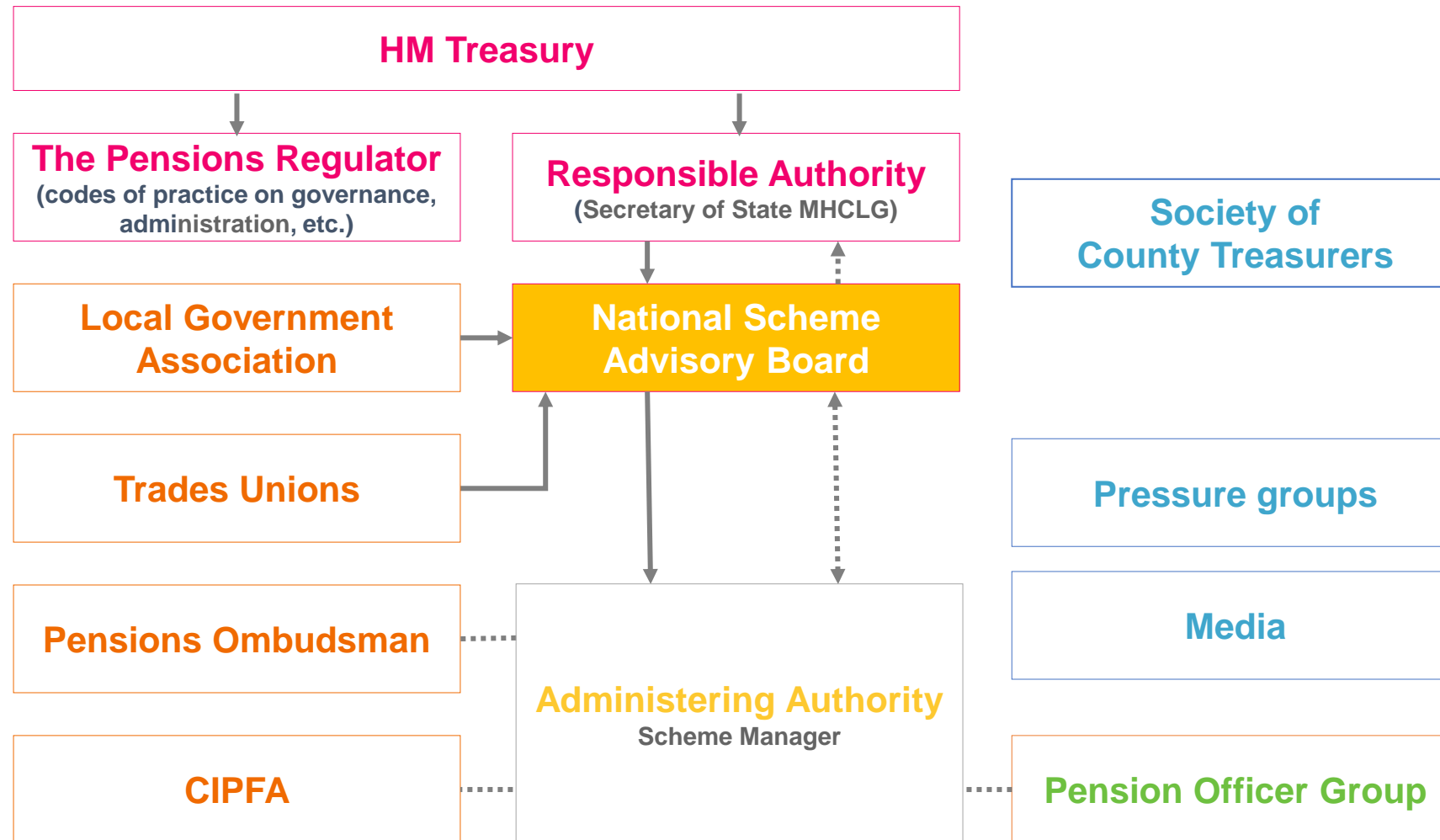
Who's who at national level



The Pensions Regulator

- Public service role significantly enhanced by the Public Service Pensions Act 2013
- General Code of Practice
- Only regulates administration and governance – not investment
- Can issue improvement notices, fines, appoint a pension board member – generally works on an engagement first approach
- Publishes Public Sector Toolkit

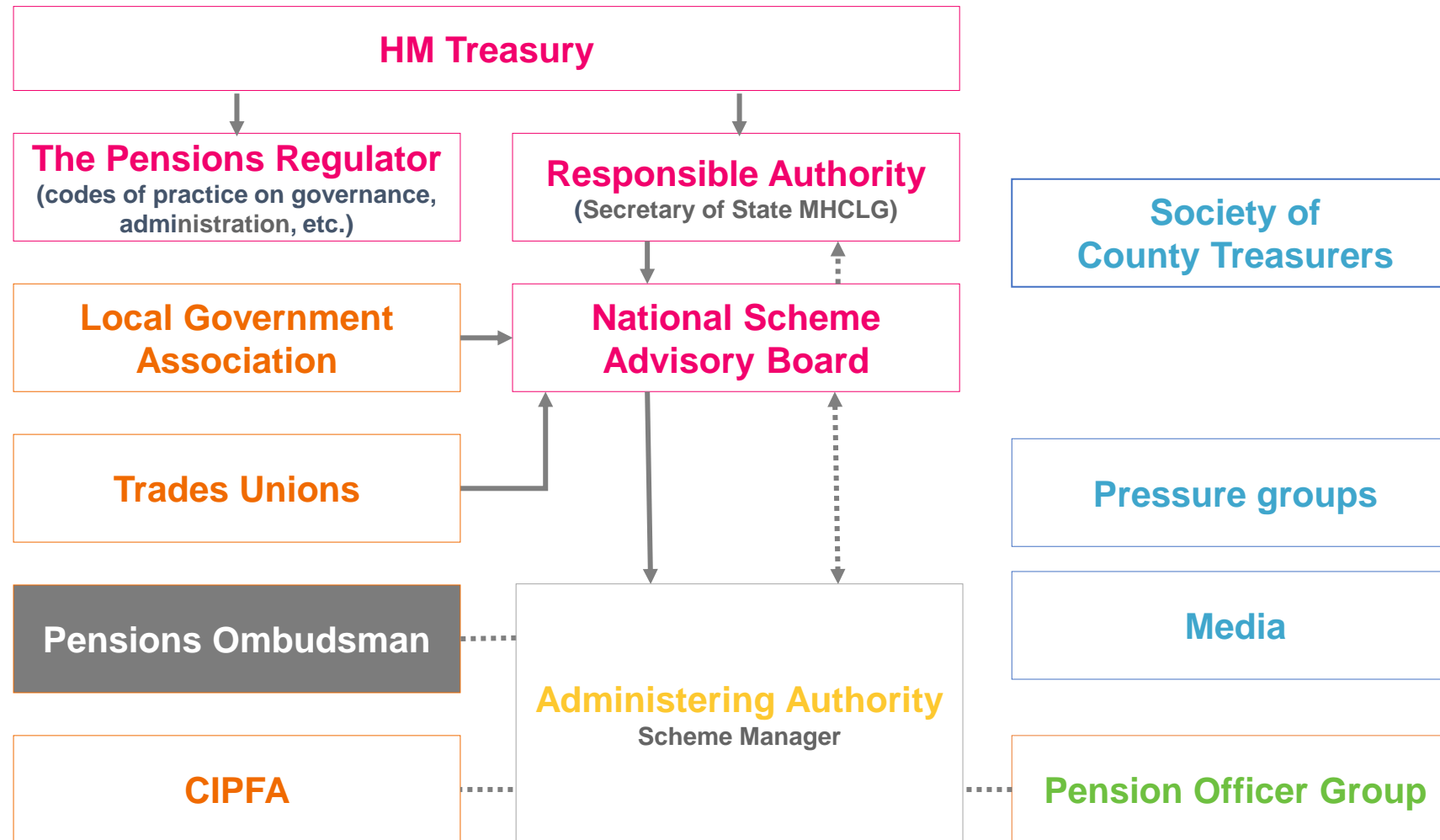
Who's who at national level



Scheme Advisory Board

- Set up under the Public Service Pensions Act 2015
- 7 employer reps, 6 scheme member reps, 3 observers plus advisors
- Advises SoS on improvements to the Scheme
- Provides guidance and advice to administering authorities
- Commissions legal guidance, reports and analysis – eg Good Governance Review

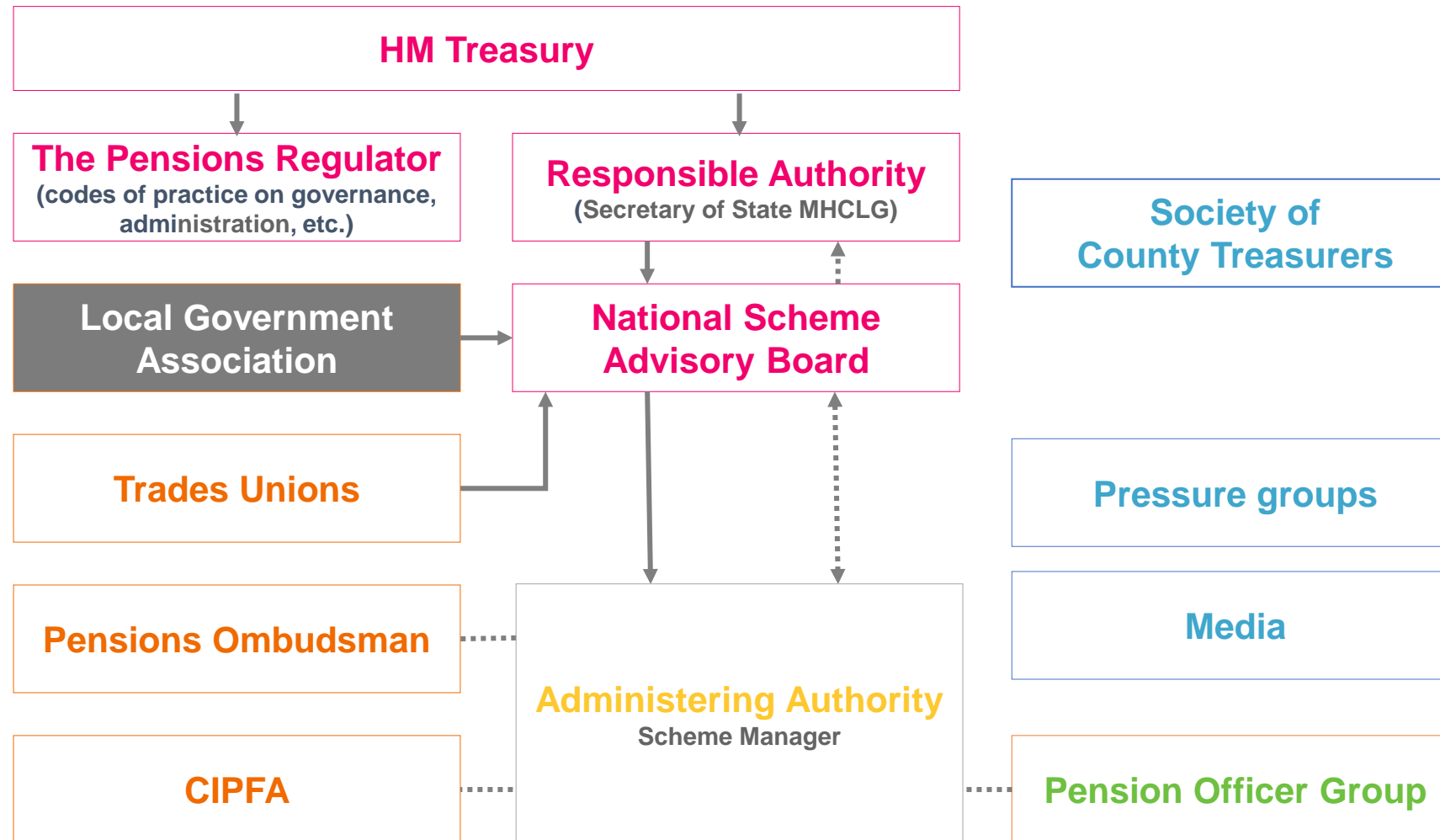
Who's who at national level



The Pensions Ombudsman

- Powers under the Pension Schemes Act 1993
- Resolves disputes for occupational and personal pension schemes
- LGPS has a 2 stage Internal Dispute Resolution Procedure
- TPO role can be Early Resolution Service or formal adjudication
- Typical LGPS IDRPs include Ill-health, death grants and scam transfers
- Current Ombudsman is Dominic Harris

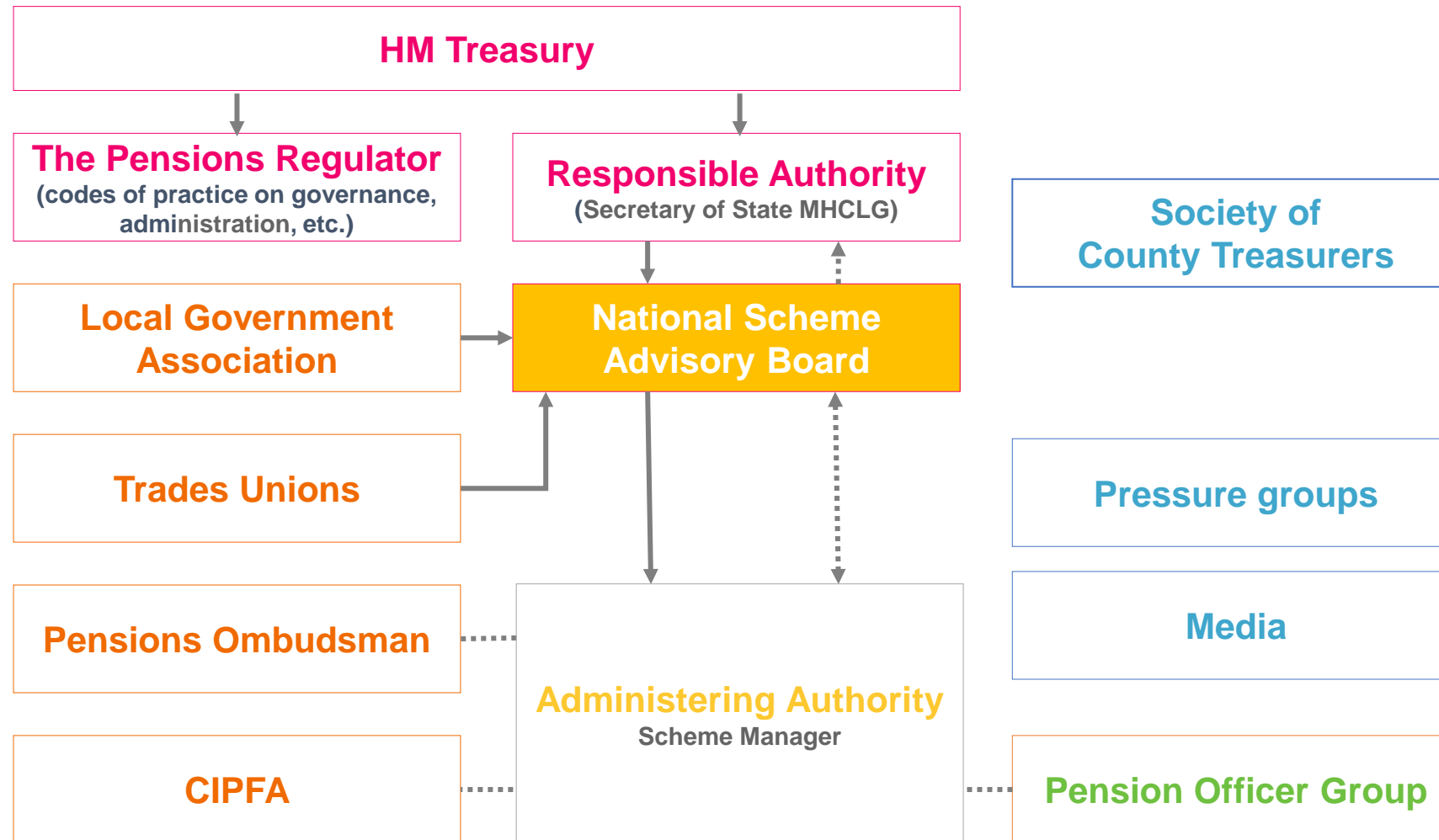
Who's who at national level



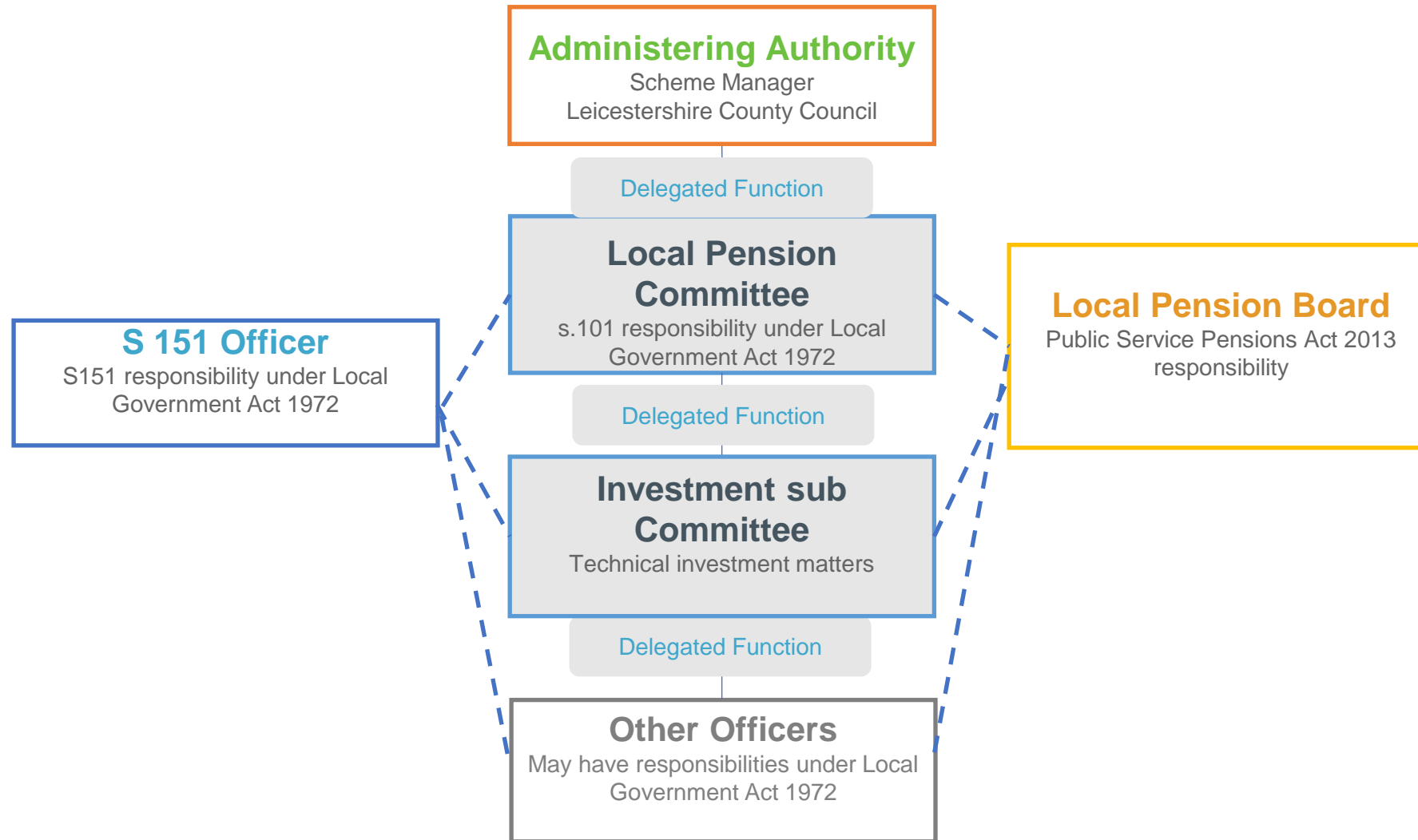
Local Government Association

- Local Government Pension Committee – councillors from LGA, Welsh LGA and COSLA
- Matches political balance of LGA
- Represents the interests of LAs to government
- LGA officers provide technical support to funds;
 - Bulletins and updates
 - Technical guides
 - Member communications

Who's who at national level – who else



Who's who at a local level



Fund Governance



Pension Committee

The responsibility for the management of the Leicestershire Pension Fund is delegated to the Pension Committee and members act as 'quasi trustees'. The Pension Committee decides the overall policy objectives, strategy and operation of the Fund in accordance with the relevant legislation. It also decides the strategy for the investment of pension fund money and monitors and reviews investment arrangements.

Pension Board

The Public Service Pensions Act 2013 set out the requirement to have a Pension Board and the membership requirements are outlined in the LGPS 2014 regulations. The Board's role is to oversee the Fund's operation and ensure that it meets its legal and administrative requirements.

LGPS Central Joint Committee

Oversees delivery of the pensions scheme central investment pool.

Fund Governance

Pension Committee - decision-making body

Membership:

Leicestershire County Council – 5 members

Leicester City Council – 2 members

Leicestershire district councils – 2 members

Loughborough & De Montfort universities – 1 member

Scheme member representatives – 3 (non-voting)



Only persons/organisations with the necessary skills can take decisions affecting the Fund - all Pension Committee members receive training to enable them to critically evaluate any advice they receive.

Duties: The Committee must safeguard, above all else, the financial interests of the Fund's beneficiaries. Decisions affecting the Fund's investment strategy are taken with appropriate advice from the Fund's advisers.

Investment Subcommittee - has responsibility for appointing fund managers and monitoring performance.

Pension Board

Membership: Made up of equal scheme member and employer representatives.

Duties: Assists the Pension Committee. Sits in an advisory role to the Fund supporting the good governance of the scheme.



Administering Authority

The County Council is the Administering Authority and has delegated responsibility for the Pensions Fund to the Pension Committee (LPC), including the investment policy and the ongoing implementation of the Fund.

Support from Officers and Fund Advisers

- The County Council's Chief Financial Officer provides financial advice to the Committee, including financial management advice, issues of compliance with internal regulations and controls, budgeting, and accounting.
- Support is also provided from other LCC officers (Director of Law and Governance, Assistant Director of Strategic Finance and Property, Head of Pensions, Head of Law and senior finance and legal officers) as well as by an external Investment Advisor, Hymans Robertson.

Fiduciary Duty

- Members of a Local Pension Committee have both fiduciary and public law duties to act in the best interest of both the Fund beneficiaries (100,000) and participating Employers (200) and follow LGPS legislation. Members have a duty to achieve what is the best for the financial position of the Fund.
- The appetite of the Fund for taking risk when making investment decisions is ultimately for local consideration and determination by the Local Pensions Committee, subject to the aim and purpose of the Fund.
- The Committee would not be acting lawfully if it approved investment decisions where it has been advised that such decisions would:
 - Risk conflict with their fiduciary duty to the fund
 - Risk lower investment returns



100



Fiduciary Duty – statutory guidance

- In administering a LGPS fund, an administering authority must comply with statute, regulations & case law and take proper advice
- Power of investment must be exercised with care, skill, prudence and diligence – predominant focus should be what is best for the financial position of the fund (balancing risk and return)
- As long as this remains true, choice of investment may be influenced by wider social, ethical or environmental considerations **so long as this does not significantly risk material financial detriment to the fund** (& where views on investment would be widely shared by scheme employers and members)



Conflict of Interest Policy



Leicestershire Pension Fund Conflict of Interest Policy

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The Public Service Pensions Act 2013 defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions. Therefore, a conflict of interest may arise when an individual has a responsibility or duty in relation to the management of, or advice for, the Fund, and at the same time has:

- A separate personal interest (financial or otherwise) which relates to or is likely to affect
 - their wellbeing or financial position, any body of which they are a member or in a position of general control or management which may impact decisions made in the best interest of the Fund.
- Another responsibility in relation to that matter eg.
 - a council's own financial investments
 - contribution setting for employers
 - investment decisions about local infrastructure, how the Fund responds to council decisions, or policies on global issues such as climate change.

Conflict of Interest Policy

It is the responsibility of each individual covered by this Policy to ensure all obligations are met.

Step 1

- **Initial Identification and Registration**
- All Members are required to complete a Declaration of Interest

Step 2

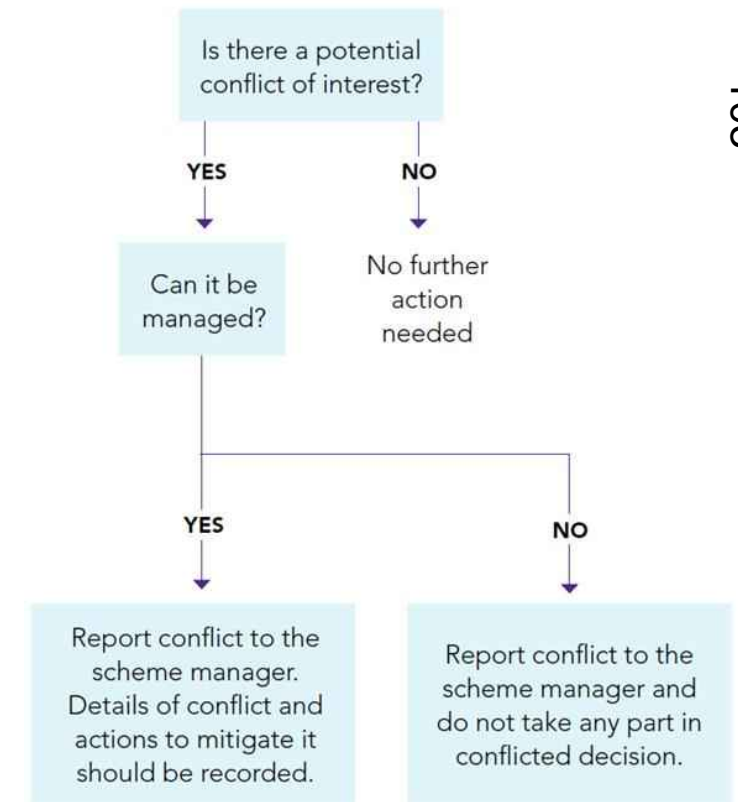
- **Declaration at and participation in Meetings**
- Any member who considers they may have a conflict must advise the Chairman and Monitoring Officer prior to the meeting where possible and declare it at the meeting. There are a number of ways to manage potential conflict of interest as set out in the policy.

Step 3

- **Ongoing notification and management of potential or actual conflicts of interest**
- Members must update their Declaration of Interest as soon as possible if they identify a conflict outside of a meeting.

Step 4

- **Periodic Review of potential and actual conflicts**
- Every 12 months Democratic Services will require Members to review and update their declaration of interest.



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Investment and Asset Class Glossary (2025)

Active or active management

Active management is the use of a human element, such as investment managers to actively manage a fund's portfolio.

Active managers rely on research, forecasts, and their own judgment and experience in making investment decisions on what securities to buy, hold and sell. It is the exact opposite of passive management or indexing. An example from the LCC Fund of active management is the Ruffer investment within Targeted Return .

Authorised Contractual Scheme (ACS)

A collective investment scheme used by LGPS Central. An ACS is a form of investment fund that enables a number of investors to 'pool' their assets and invest in a professionally managed portfolio of investments. Regulated by the financial Conduct Authority. It is "tax transparent" making it particularly useful for pooling pension assets.

Equity or Equities

A broad term to describe shares in a company. When the Fund buys, say a passive investment in a FTSE100 equity fund it is buying shares (equity) in the 100 companies that make up the FTSE100 index of companies. The equity being bought for our passive holdings includes for example, AstraZeneca, HSBC, Glaxo Smith Kline, and Diageo.

Passive, Passives, or passive management

Passive management is a style of management where a fund's portfolio mirrors a market index. Passive management is the opposite of active management. Passive management is also referred to as "passive strategy," "passive investing," "trackers" or "index investing." Within our Fund our LGIM UK and global holdings are "passive," the investment is said to hug the benchmark allocation to an investment as close as possible. In theory the investor should be able to attain the benchmark return less

management fees and tracking error. Passive investments will employ automatic adjustments to portfolios to ensure they are as close to the benchmark as possible. Passive investment managers are usually far cheaper in terms of management fees compared to active investment managers.

Climate tilt

The Fund has a number of investments (such as the Climate Multi Factor Global Equity Fund, and the Low Carbon Transition Global Equity Fund) that invest in more climate-friendly assets while having a lower exposure to companies less well positioned to adapt. This can include investments that seek to buy the equities or bonds of companies that are aligned or aligning with the goals of the Paris Agreement or are targeting specific carbon emissions reductions.

Private Equity or PE

Private equity describes an investment class which consists of capital that is not listed on a public exchange, e.g. the London stock exchange or New York Stock exchange. Private equity is composed of funds that directly invest in private companies, or that engage in buyouts of public companies, resulting in the delisting of the company from a public exchange. Returns from private equity should be higher over a medium to long timeframe compared to listed equity investing due to the premium derived from several sources e.g. investment being less liquid and buying of companies whilst in growth phase.

Investment management costs are higher than a passive or active equity investment. Performance fees for meeting a target investment return percentage per annum is commonplace.

Index linked bonds

An index-linked bond is a bond in which payment of interest income on the amount invested (principal) is related to a specific price index, for example the retail price index (RPI) or the Consumer Price Index (CPI). As a result, the bond's cash flows are adjusted to ensure that the holder of the bond receives a known real rate of return. An index-linked bond is also known as a Treasury Inflation-Protected Securities (TIPS) in the U.S., and a linker in the U.K. The Fund has held index linked bonds within the Aegon index linked mandate and Ruffer are known to have held these bonds as part of their strategy.

Infrastructure

This is a wide and diverse asset class that invests in infrastructure projects where target returns are estimated at the outset in many cases due to the contractual nature of the projects they can deliver. Most are closed ended, in that they aim to collect commitments and return capital (including income) within a defined time period. Many infrastructure funds are illiquid.

For example, renewable infrastructure funds may invest in building of onshore and offshore wind farms, solar farms and hydroelectric projects with the resulting energy being sold to multinational companies before the contract commences for a fixed term for example and thereby guaranteeing revenue that ensures the viability of the project.

Timberland

The Fund has invested with a timberland manager which invests in large global timber funds who in turn own timber farms generating sustainable lumber for sale. Investors typically view timberland as part of a defensive allocation within their property and / or infrastructure allocation. The holdings should be viewed as a long-term investment and have shown in the past to have lower correlations to equities and bonds. Studies have shown that 65 - 75% of the total return is generated from biological growth which is independent of economic cycles. Log pricing makes up the second biggest contribution to return. The holdings are spread worldwide.

In 2022 the Fund invested in a further timberland fund specifically targeted at carbon offsets and sustainable timberland. Alongside returns from sustainable timber it will generate verified carbon offsets (a reduction in GHG emissions that is used to compensate for emissions elsewhere) that the Fund is able to either use to offset its own emissions or sell for investment returns. These credits are sold through voluntary carbon markets in line with verified carbon standards.

Property

Similar to infrastructure in that this class can be an illiquid investment. The Fund however has a variety of holdings, both indirect (properties we hold with other investors who have invested with a fund manager) and directly owned property.

The indirect holdings the Fund is invested in have a combination closed and open-ended funds. Open ended funds allow investors to take money out (or put money in) with investment managers maintaining liquidity to pay out from cash reserves or selling property. This structure can create a problem when investors worry about property prospects. A sudden exodus by investors may mean an open-ended fund manager cannot sell properties quick enough to give them back their money. Twice in the past 15 years, once after the 2008 financial crisis and again after the 2016 EU referendum, trading in open-ended property funds had to be suspended because of this crunch. More recently the coronavirus outbreak had prompted many open-ended managers to suspend withdrawals. Most recently the sharp decrease in property valuation post the interest hikes in 2022 also forced some managers to suspend withdrawals as a rush of redemptions were requested.

Closed ended funds have a fixed pool of capital that is not affected by investors either buying or selling. This makes them more robust in a crash when the funds can stay fully invested and investors can get their money by selling their shares, although at a sharply lower price and probably at a loss.

Depending on the type of indirect assets, number of investors within the fund and prevailing sentiment there may be an opportunity to sell before the end of the investment holding period.

Targeted Return, absolute return or targeted absolute return funds

As the name suggests these funds that aim to make positive, albeit usually modest, returns regardless of stock market conditions. By using sophisticated investment techniques such as shorting (profiting when prices fall) they look to make modest yet consistent gains with smoother performance than traditional funds. They are also designed to be more resilient during market turmoil. Targeted Return funds offer a source of return that is less predicated on the direction of markets. Some funds in the sector have little correlation to the main asset classes, so they can provide useful diversification.

In early 2023 the Fund reviewed its Targeted Return portfolio and now looks to hold investments with two managers (Fulcrum and Ruffer).

Many define the universe of targeted return into directional and non-directional categories, where directional strategies usually demonstrate a reasonable degree of correlation with equity and bond markets over an economic cycle, whereas a non-directional strategy will aim to provide diversification and provide returns and risk that are less correlated with traditional markets. This is because the sources of exposure may be different, for example, use of different asset classes or more use of derivatives allowing

for both long and short positions to be taken to benefit from mispricing of assets. Being both long and short limits the directional risk to a strategy.

Emerging Market (EM) Debt

Emerging Market debt or bonds is the fixed income debt that is issued by countries with developing economies as well as by corporations within those countries. Their attraction has been attributed to the bonds rising credit quality and their higher yields, relative to developed market bonds, such as those issued by the UK, US or Japanese government or large corporations. However, higher returns can come with an increased level of risk, and emerging market issues tend to carry higher risks than domestic debt instruments. Many developing nation governments have defaulted (missed an interest or principal payment) in the past, however funds can, if mandates allow protect against such occurrences with the purchase of insurance (credit default swaps), at a cost of course which can mitigate some losses if they ever arise.

Emerging markets debt can be issued in local currency (eg Turkish Lira, Thai Bhat etc) or in many cases developing countries can issue debt in US dollars which they repay in US dollars. Both local currency and US dollars carry translation risk for UK Pension funds who need to pay pensions in Sterling. As such many funds offer a hedged option for fund buyers. In addition, the Fund employs a manager to hedge a portion of our foreign currency exposure so we do not fully experience gains or losses from translation risk and thus removes the volatility experienced from our Fund's global exposure to investment markets.

Investment Grade (IG) credit or debt

Investment grade is a rating that signifies a bond presents a relatively low risk of default. Bond rating firms like Standard & Poor's (S&P) and Moody's use different designations, consisting of the upper- and lower-case letters "A" and "B," to identify a bond's credit quality rating.

"AAA" and "AA" (high credit quality) and "A" and "BBB" (medium credit quality) are considered investment grade. Credit ratings for bonds below these designations ("BB," "B," "CCC," etc.) are considered low credit quality, and are commonly referred to as "junk bonds" or "sub investment grade".

Government bonds, also known as Treasuries in the US and gilts in the UK. The countries that issue these bonds are rated by the various ratings agencies. As at May 2023 S&P's rating for the UK was AA stable and had removed its 'negative' label. The UK had previously been given the negative label after budgetary measures proposed in September 2022's fiscal outlook.

The credit rating is used to gauge the credit worthiness of the UK, thus having an impact on the country's borrowing costs. The theoretical impact of a downgrade, for example, would mean borrowing costs for the UK would increase when it wants to issue bonds.

Multi asset credit (MAC)

MAC is an investment that combines asset classes and as such can be difficult to define. Investment managers have a wide universe of 'products' available to them and their approach to their use within each mandate can be wide ranging.

Assets classes such as cash, fixed and floating (variable) rate credit (debt) instruments are common. These instruments can be global or defined to specific regions or classes eg Europe or US and Developed or emerging markets and can cover both commercial and sovereign debt.

The inclusion of commercial (company) debt opens up a vast pool of options such as high yield bonds (junk bonds), asset backed loans (loans with asset securing) and more opaque instruments such as CLO's (collateralised loan obligations)¹. In addition, the mandates can limit the use of the above by weighting limits and further stipulate the use or limit the quality of debt used as rated by the major ratings agencies.

The mandates are usually measured against cash (SONIA, Sterling overnight index average) plus a percentage, with cash being the base to outperform over by the risk inherently targeted by the allowing of more risky credit within the mandate parameters.

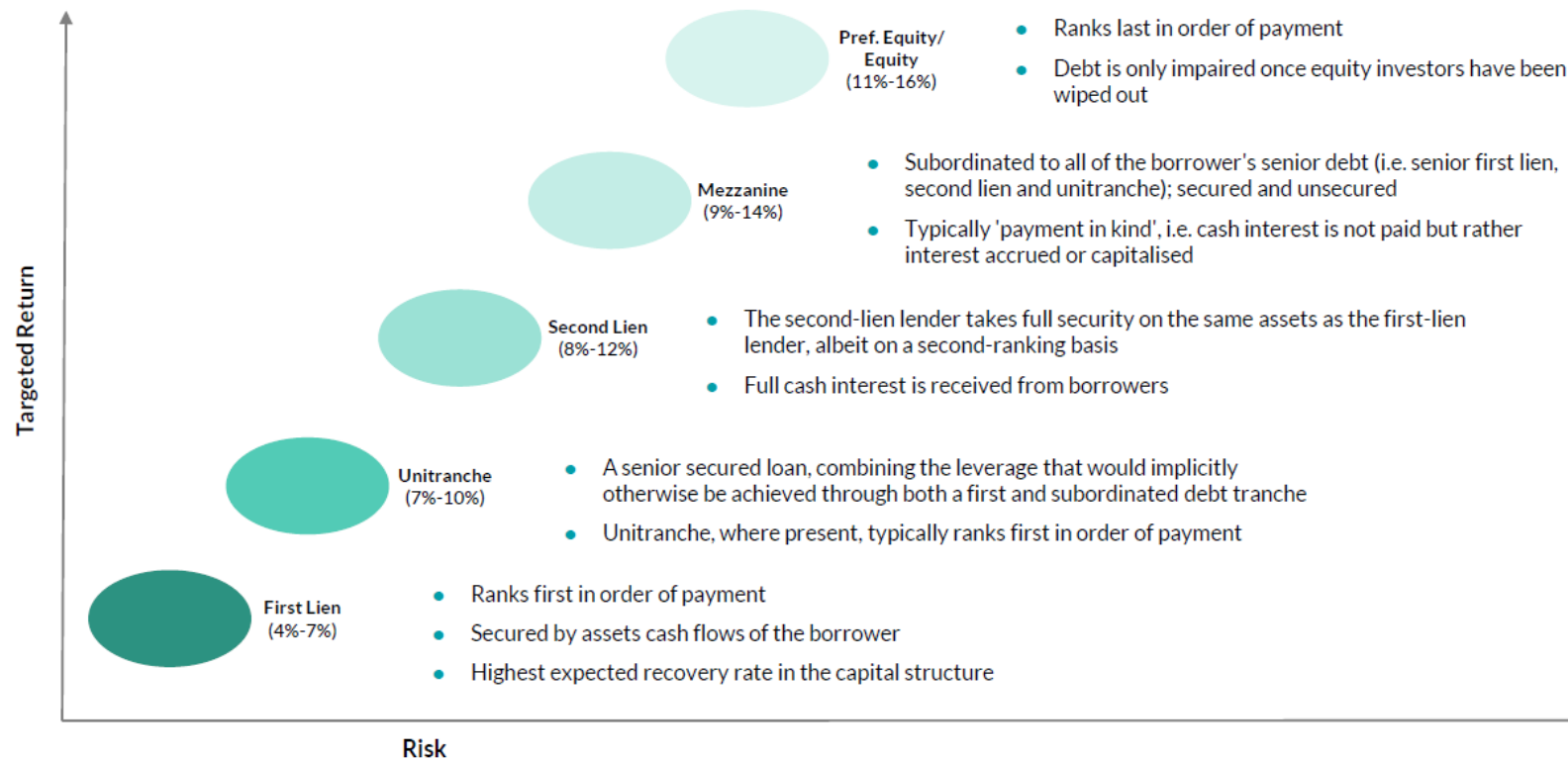
¹ Loans that are ranked below investment grade are initially sold to a CLO manager who bundles multiple loans together. The CLO manager sells stakes in the CLO to outside investors in a structure called tranches. Each tranche is a piece of the CLO, and it dictates who will be paid out first when the underlying loan payments are made. It also dictates the risk associated with the investment since investors who are paid last have a higher risk of default from the underlying loans. Investors who are paid out first have lower overall risk, but they receive smaller interest payments, as a result. Investors who are in later tranches may be paid last, but the interest payments are higher to compensate for the risk.

Private Debt or Private Credit

This is an asset class similar to private equity where money is loaned to companies that has not originated from a bank. The loan (or debt /credit) that the investment manager extends to the company is ranked higher than equity in the capital structure so in the event of liquidation, all things being equal, debt holders are paid before equity holders.

The companies who take on the debt agree in advance the terms of the loan including the interest rate, (fixed or floating) the term of the loan, security provided in the event of a defined default by the company. The investment manager may partake in a variety of loans or tranches that have differing risk and return characteristics, these rank from 'first lien', the safest, to preferred equity and equity which are the riskier end of the risk return curve. Generally, there will be a limit on the amount of the riskiest type, equity, allowable in a particular investment product.

The illustration below best describes the risk versus return and various terms used. Please note that the stated returns for each 'tranche' of debt was the expected return available in the market as at Q1 2019.



The Fund has participated in a number of Private Debt investments, at the time of writing each of the investments to date has more than 60% invested in first lien loans.

The Fund also has investments through bank risk sharing. This is where banks look to ensure they have adequate “buffers” for their regulatory capital against losses under a range of scenarios. If a bank wishes to increase its lending activity it has to hold more regulatory capital and this capital can be expensive. By arranging a mechanism for transferring the risk of loans made, banks can receive approval from the regulators to hold less regulatory capital against existing loans. This releases capital to support other activity. As capital is expensive for banks, they can afford to pay a healthy premium to the counterparty that the risk is being

transferred to. Returns to investors come from the insurance premium paid by the bank which will be distributed quarterly to investors, less management fees.

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LGPS CENTRAL LIMITED

ACTIVE EQUITIES

NEWSLETTER



JUNE 2019



LGPS Central Limited

Foreword

The LGPS Central Limited active equity team aim to provide a monthly newsletter to Partner Funds, with the intention of highlighting our insights and research into areas of the global market that are of key interest and debate. The topics will range each month from new growth industries, sector reviews and stock specific research which form part of our current investment process.

Market Data 30 June 2019 (Local Currency Capital Return Only)

Index		MTD %	YTD %	12 months %
All Country World (MSCI)		5.9	14.3	3.1
MSCI World Developed		5.9	15.0	3.7
MSCI World Emerging		5.7	9.2	-1.4
S&P500		6.3	16.7	7.6
Russell 2000		5.5	14.7	-5.9
Stoxx 600		3.7	13.4	0.8
FTSE All-Share		3.3	10.3	-3.6
Nikkei		3.3	6.3	-4.6
China Shanghai 300		5.4	27.1	9.0
Commodity	Price	MTD %	YTD %	12 months %
Oil Price Brent Crude	\$67	3.2	23.8	-16.2
Gold Ounce	\$1,412	8.2	10.2	12.8
Copper Pound	\$5,977	2.9	0.5	-9.8

Thematic	MTD %	YTD %	12 months %
Dow Jones Sustainability DJSI	6.2	13.7	5.3
FTSE4 Good Global Index	6.1	14.5	4.3
S&P Global Clean Energy	6.3	27.5	20.8
S&P Global Water	6.0	17.7	11.2
S&P Global Infrastructure	4.3	16.4	6.7
Fundamental Factor (S&P Pure Factor Returns)	MTD %	YTD %	12 months %
Value	0.2	-3.2	-7.0
Size	0.6	1.3	3.0
Momentum	-0.6	-1.7	-1.8
Growth	-0.2	1.0	1.6
Dividends	0.2	-1.6	0.4
Others			
VIX Index	15.82		

Multi-Manager Monitoring

Harinder Sandhu, Senior Portfolio Manager, LGPS Central Limited

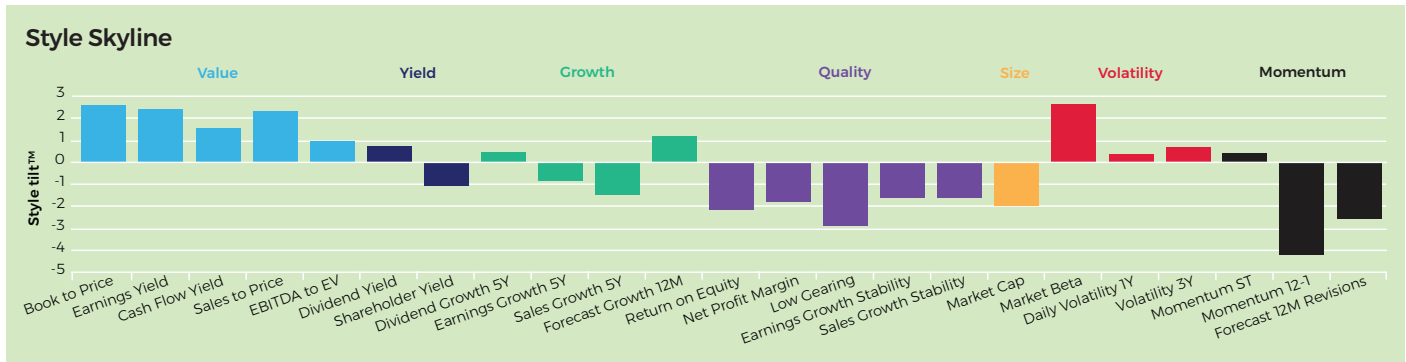
In June the Active Equity Team started to deploy a new factor-based risk system called Style Analytics to help monitor and analyse the portfolio construction and style biases within individual portfolios and sub-funds. Style Analytics reports provide a wide range of objective and institutional-strength style, structure, risk and performance information and analysis. These reports are used widely by investment professionals world-wide. With recent headlines regarding the Woodford Equity income fund, the Active Equity Team thought it would be a great place to show how we use the tool to monitor managers, using the Woodford fund as a real-life example!!!!

Prior to the use of Style Analytics, similar assessments were available within Bloomberg, but the flexibility and overall feel of the outputs for LGPS Funds were not of such a high standard. Style Analytics is, we feel, a significant step forward in LGPS Central Limited's ability to analyse and present a suite of measures that will ensure that manager monitoring can be carried out both more quickly and to a higher standard.

Quick System Teach-In

The Style Research Portfolio Style Skyline™ shows how a portfolio is positioned or tilted relative to a benchmark with respect to key themes or styles. In addition to revealing differences in exposures to fundamental investment factors, these Style Tilts™ are also designed to capture how significant or "deliberate" these differences are and to facilitate direct comparisons of benchmark-relative style orientation between portfolios.

Figure 1: Example Harris Associates Global Equity Fund



Source: All charts. Style Analytics. FTSE All-Share benchmark

In the default Style Skyline™, the first five bars from the left are Value factors (shown as blue in the output). The next key bars are the Growth factors (green bars) and include four current/historic measures as well as two forward-looking Growth factors (incorporating IBES consensus earnings estimates and earnings forecast revisions). The remaining bars on the right cover Size, Beta, Momentum, Gearing/ Leverage and Foreign Sales, Quality Factors, Macro Factors and ESG Factors.

The default Style Skyline™ includes 18 distinct style factors selected from a range of 60, which can be selected by the user. The example given overleaf (Figure 1) shows positive and significant tilts towards value factors and negative tilts towards most growth factors, identifying a traditional value portfolio. The portfolio is also tilted towards Smaller Cap stocks and negative momentum on both short and medium-term measures.

A positive/negative style tilt indicates that the portfolio factor is higher/lower than the benchmark; i.e. a positive blue bar on Book/Price ("Value") would mean that the portfolio has a positive bias to value, while a negative blue bar indicates "expensive" on that value measure.

As a general rule of thumb, for any individual style tilt (whether "Standard" or Country/Sector Adjusted):

- Style tilts between -0.5 and +0.5 are probably not significant.
- Style tilts between -0.5 and -1 or between +0.5 and +1 indicate a tilt exists but may not be significant.
- Style tilts less than -1 or more than +1 are significant.
- Style Tilts less than -2 or more than +2 are very significant.

There is a further interpretation when we compare across similar factors such as the value factors (blue bars in the Style Skyline) or the growth factors (green bars). If most of the value factors are positive and, say, between 0.4 to 0.6, this suggests that there is a significant value tilt even though no individual tilt is itself particularly significant; i.e. multiple tilts in a similar direction within value or within growth can reinforce the significance of a style orientation.

It is possible that more extreme tilts can be produced when portfolios and benchmarks are themselves narrowly defined against the market; e.g., it is not unusual for Small Cap portfolios to show tilts of 3, 4 or even much larger in magnitude against a Small Cap benchmark. In these cases, the significance of the size of the tilts should not be overemphasized. In the future we hope to formulate our own factors and create an LGPS Central ESG factor that fits with what partner funds may require.

Manager-Monitoring Example

In any due-diligence process (preferably in the Investment Manager's offices) you must firstly ascertain the investment philosophy and process of a fund manager. Then it is not only a case of monitoring how a manager performs against their benchmark, but it is also important to observe closely if they are sticking their stated style and process of investment.

In most cases, investment managers generally stick to a certain style (unless they have a stated aim of switching over a market cycle) of investing, so significant deviation should be a worrying signal for investors.

It's mindful to mention at this point that despite Neil Woodford's recent issues he has demonstrated excellent long-term performance numbers over many years. During his tenure at Invesco Perpetual managing their High Income Fund he turned a £10,000 investment in 1988 into over £232,000, with income reinvested. This is equivalent to a compound return of 13.2% per year. This compares with £98,000 for the FTSE All Share.

Style Analytics analysed Woodford's Equity Income Fund through the Style Analytics system. By looking at holdings-based factor exposures during fund selection and ongoing monitoring, the system offers an easy-to-understand insight into the type of risks being taken.

The data used in this analysis is limited to only listed equities. The FCA requires a 10% limit on fund invested in unquoted holdings. Woodford Fund Analysis is based firstly on the outlined objectives of the fund, found in the key Investor Information document:

"The fund is to provide a level of income with capital growth. The fund has the discretion to invest without the need to adhere to a particular benchmark."

The first warning sign here was "no benchmark". **Red flag no.1!** What are we supposed to use to measure risk and performance? This objective without the need to adhere to benchmark gives the manager significant scope to deviate, but this was what investors signed up for.

Observing both the Yield and Growth factors would seem most relevant. Chart 1 indicates a positive tilt towards Growth, however, shows a slight tilt away from Dividend Yield relative to the benchmark: strange for a fund promising income.

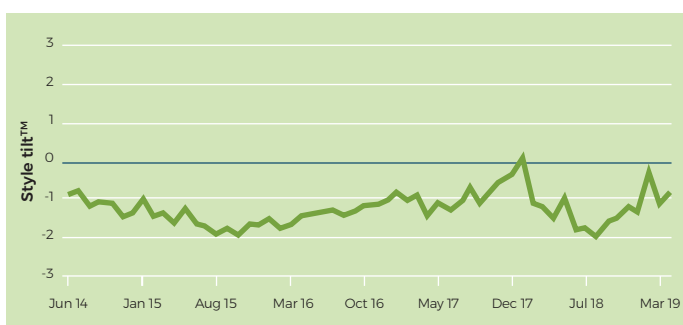
Figure 2: Example Woodford Equity Income Fund



Source: All charts. Style Analytics. FTSE All-Share benchmark

Here we can see that the fund never actually had a dividend yield tilt greater than the market since inception, but this is not a red flag as the level of income was never stated and it just promised some income.

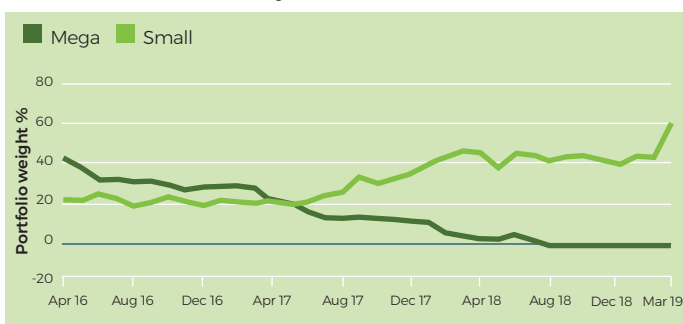
Dividend Yield



Source: Style Analytics Woodford

The fund was highly biased to smaller capitalisation stocks, Woodford is a stock picker and his stock choices are within the parameters of his stated philosophy. However, what may not be apparent to investors is the risk of moving to a small cap-biased fund, and the significant shift that occurred in a short period of time and associated liquidity risk that came with that move. By the time clients tried to liquidate it was too late!!!!

Size Distribution History



Source: Style Analytics Woodford

We can clearly observe from the size distribution history chart above that there is a distinct diversion away from holding mega caps (top 40% of the market), coupled with an increase in holding small capitalisation stocks (bottom 10% of the market) from April 2017, a distinct change in style. **Red flag no.2!**

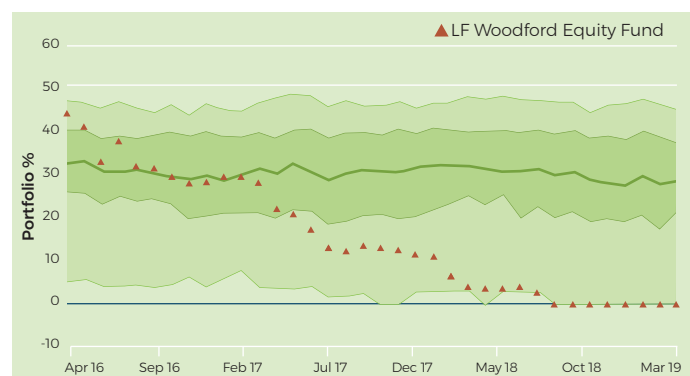
We now examine the fund using Style Analytics Peer Insights over the past three years to identify if this fund moved in line with its peer group or if this fund was an outlier, something we do with the LGPS Central Limited

Global Equity Mandate based on historical data prior to launch.

The analysis helps to monitor funds using regular holdings-based portfolio analysis. It gives a quantitative insight into how portfolios are changing through time based on the actual underlying holdings and not just the qualitative insight based on marketing material and manager commentary. Asset owners such as pension funds are aware of their fiduciary responsibility to monitor changes in a fund such as style, sector or risk drift. Although these changes may be perfectly legitimate for a fund manager and within the thresholds of the fund's stated objective, significant changes can sometimes provide early warning signals of a change in process that might concern investors.

The chart below shows that the weight of the Woodford Fund in mega cap stocks (defined as the top 40% of the UK market) fell from 44% of the fund down to zero over the three-year period. Anyone monitoring this fund should have been questioning this change from mid-2017. The shaded region represents the 5th to 95th percentile of the peer group of 56 funds, with the darker central section showing the middle 50% of funds. The typical UK income fund held around 31% in mega cap stocks over the period.

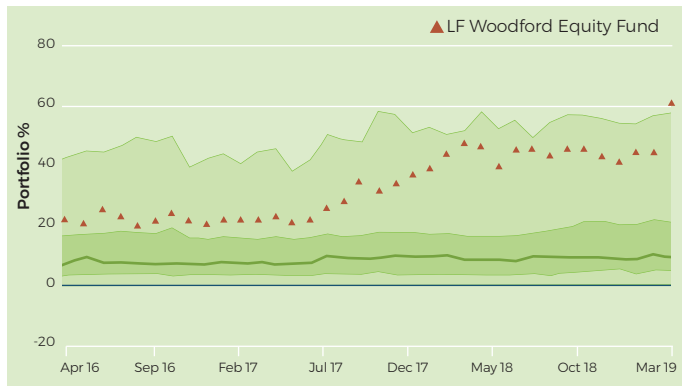
Chart 1: Mega Cap Weight - UK Income Funds.
Three years to the end of match 2019



Source: Style Analytics

During the same period, Chart 2 below shows that the Woodford Fund increased its weight dramatically in Small Caps (defined as the bottom 10% of the market but excluding microcaps in the bottom 1%) from 22% to 61% in March 2019. Only three funds out of the 56 funds analysed held heavier weights in Small Caps at that point: LF Gresham House UK Multi Cap Income Fund, Unicorn UK Ethical Income, and the MI Chelverton UK Equity Income Fund.

**Chart 2: Small Cap Weight – UK Income Funds.
Three years to end of March 2019**

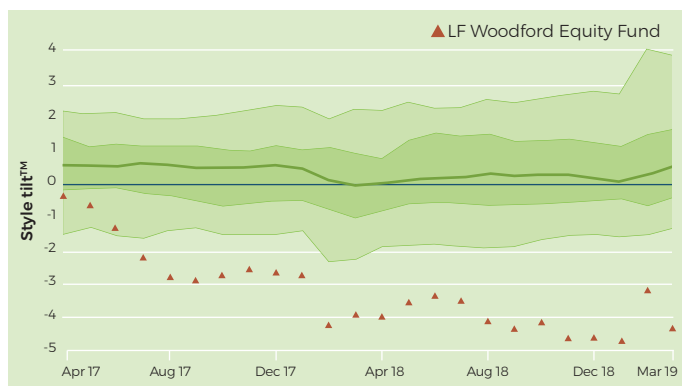


Source: Style Analytics

Size is only one of the main factor categories that are important for equity fund construction and subsequent fund analysis. Other categories include Value, Yield, Growth, Quality, Volatility, and Momentum. Given investors' concerns regarding a drop in the quality of names in the portfolio in this fund, we go on to examine one of the most classic and well-known quality measures; Return on Equity (ROE). When measured against the FTSE All Share, for all funds in the UK Income peer group over the past two years, the Woodford Fund showed the largest deterioration in ROE tilt across all 56 funds indicating a low-quality bias, **Red flag no.3!!!**

Chart 3 below shows that as far back as July 2017, Woodford entered the bottom 5th percentile of all funds and has remained there since, with a continued deterioration in the ROE tilt. As at March 2019, only one fund has a lower ROE tilt, the Investors UK Equity Income II Fund, which should be no surprise as most investors know that the fund is also managed by Neil Woodford.

**Chart 3: Return on Equity (ROE) Style Tilt (Quality) vs
FTSE All Share – UK Income Funds.
Two years to end of March 2019**

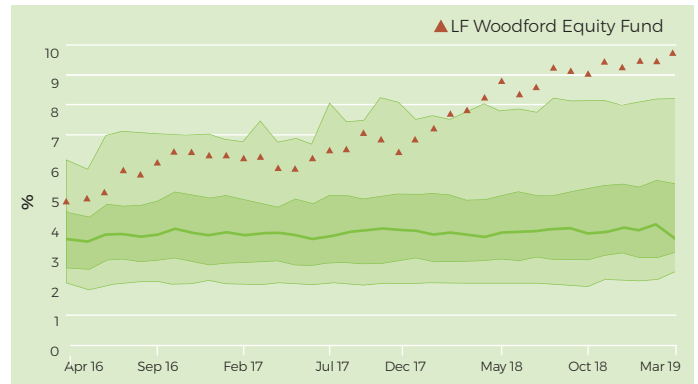


Source: Style Analytics

There are many other factors that could and should be examined by investors for proper due diligence on funds. One other overall metric that summarises all the differences in a fund versus a fund benchmark, and which uses every stock position in the fund and the benchmark, is the predicted tracking error or “active risk” estimate. This is arguably a better measure than active share alone as it includes correlations between stocks, sectors, and styles.

In recent years, many investors have clamoured for high “active share” funds. If your fund manager is investing in securities off benchmark or in un-quoted stocks you get high active share!!! But are the investments what you expected and are they realisable?

**Chart 4: Predicted Tracking Error (Active Risk) vs
FTSE All Share – UK Income Funds.
Three years to end of March 2019.**



Source: Style Analytics

Chart 4 above shows that the Woodford Fund has been more dissimilar to the FTSE All Share than 75% of competitor funds. Since February 2018, the fund has had an active risk versus the All Share that's higher than 95% of competing funds. The predicted tracking error increased by 87% to almost 10% over the three years. This should not be surprising given the seismic changes to the fund's market cap but the delta from early 2017 is alarming **Red flag no.4!**

The Courtiers UK Equity Income Fund is the only other fund with a top quartile tracking error as at end March 2019 that has shown a similar percentage increase over the same period.

Conclusion

When monitoring managers, investors should include factor-based analysis and liquidity analysis to ensure a thorough due diligence process exists to uncover early warning signals from both factor and risk perspectives. Using a holdings-based portfolio analysis tool that compares funds using objective and transparent factor perspectives can provide some real-world context on just how different, and important, these fund changes really are.

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LGPS Central Limited

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All information is prepared as of **1/07/2019**

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Total fund summary

Fund performance ending 31 December 2024

Investment by
Asset Group,
Class, Manager
and Vintage.

PF= Pension Fund performance
BM = Benchmark performance
ER = Excess Return, how much the Fund achieved above that of the Benchmark

	Current benchmark	Incep Date	Market Value £m	Weight %	QTR			Year To Date			1 Year			3 Year			5 Year			Since Inception		
					PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER
Total Growth Assets	LCC - Total Growth Assets	Mar-16	3,554.2	53.8	3.5	5.4	-1.9	6.2	9.6	-3.5	13.6	18.2	-4.6	6.5	8.6	-2.1	9.5	10.0	-0.5	10.4	10.8	-0.4
Total Equity Fund ex Hedge	Client Weighted Index	Mar-16	2,840.6	43.0	4.8	5.6	-0.8	8.0	9.5	-1.5	17.6	18.5	-0.9	7.2	7.8	-0.7	9.4	10.0	-0.6	11.1	11.5	-0.5
L&G Total Passive Equity Fund	Client Weighted Index	Mar-16	1,161.2	17.6	5.3	5.1	0.2	9.2	9.4	-0.2	18.2	18.4	-0.1	7.9	8.3	-0.4	9.2	9.5	-0.3	11.0	11.1	-0.1
L&G UK Equity Fund	FTSE All Share Index	Dec-13	136.2	2.1	-0.3	-0.4	0.0	5.6	5.7	0.0	9.5	9.5	0.0	5.5	5.8	-0.3	5.1	4.8	0.3	5.9	5.7	0.2
L&G All World Equity Fund	FTSE All World Net (UKPN)	Nov-23	767.4	11.6	6.0	5.9	0.0	9.4	9.7	-0.4	19.3	19.8	-0.4							21.8	22.2	-0.4
L&G Low Carbon Transition Global Equity Fund	L&G Low Carbon Transition Global Equity Index	Nov-23	256.9	3.9	6.6	6.5	0.0	10.8	10.6	0.2	20.5	20.2	0.3							23.0	22.7	0.3
LGPSC Global Eq Active Multi Mgr Fund	FTSE All World Index	Feb-19	809.3	12.2	4.9	5.9	-1.1	7.4	9.8	-2.4	19.0	19.8	-0.8	9.2	8.7	0.5	12.6	11.7	0.8	12.3	12.2	0.1
LGPSC AW Eq Climate Multi Factor Fund	FTSE All World Net	Dec-20	870.1	13.2	4.2	5.9	-1.7	7.1	9.4	-2.4	17.2	19.3	-2.1	7.2	8.2	-1.0				11.0	10.7	0.3
Total Targeted Return Fund	SONIA3 Month + 4%	Mar-16	323.9	4.9	-0.7	2.1	-2.9	1.4	6.8	-5.4	4.1	9.2	-5.1	6.1	8.0	-1.8	6.8	6.4	0.4	5.4	5.6	-0.1
Ruffer Fund	SONIA3 Month + 4%	Dec-13	193.5	2.9	-2.5	2.1	-4.7	0.2	6.8	-6.5	-0.1	9.2	-9.3	-0.3	8.0	-8.3	4.4	6.4	-2.0	4.7	5.3	-0.6
Fulcrum Diversified Core Abs Ret Fund	SONIA3 Month + 4%	Oct-23	130.4	2.0	2.1	2.1	0.0	3.3	6.8	-3.5	9.1	9.2	-0.1							9.6	9.1	0.5
Total Private Equity Fund	FTSE All World Index +3%	Mar-16	389.7	5.9	-2.0	6.6	-8.6	-2.4	12.0	-14.4	-3.5	22.9	-26.5	0.7	11.9	-11.2	12.7	15.0	-2.3	14.0	16.4	-2.4
UK Private Equity Fund - Catapult (L)	FTSE All World Index +3%	Mar-16	0.9	0.0	0.0	5.9	-6.0	21.6	9.8	11.8	21.7	19.8	1.9	17.0	8.7	8.3	15.1	11.7	3.4	25.8	13.1	12.7
Oseas Private Equity Fund - Adams Street (L)	FTSE All World Index +3%	Mar-16	347.0	5.2	-2.8	6.6	-9.4	-2.9	12.0	-14.9	-4.3	22.9	-27.2	-0.1	11.9	-12.1	12.1	15.0	-2.9	13.6	16.4	-2.8
LGPSC Private Equity Fund 2018 (L)	FTSE All World Index +3%	May-19	9.1	0.1	-0.4	6.6	-7.0	2.4	12.0	-9.6	3.0	22.9	-19.9	6.0	11.9	-5.9				10.4	13.9	-3.6
LGPSC Private Equity Fund 2021 (L)	FTSE All World Index +3%	Oct-22	7.8	0.1	-0.5	6.6	-7.1	6.7	12.0	-5.3	4.3	22.9	-18.6									
LGPSC Private Equity Fund 2023 (L)	FTSE All World Index +3%	Apr-24	2.8	0.0	-7.7	6.6	-14.3													-16.7	8.4	-25.0
Patria Capital Partners SOF III Feeder LP	FTSE All World Index +3%	Sep-19	22.2	0.3	10.3	6.6	3.7	1.9	12.0	-10.1	4.1	22.9	-18.8	10.2	11.9	-1.7	17.7	15.0	2.7	18.3	14.8	3.6
Total Income Assets	Client Weighted Index	Mar-16	2,048.4	31.0	0.4	2.1	-1.8	3.5	6.1	-2.6	4.1	7.9	-3.8	3.3	4.8	-1.5	4.0	4.9	-0.9	5.8		
Total Infrastructure Fund	SONIA3 Month + 4%	Mar-16	680.3	10.3	0.0	2.1	-2.2	2.1	6.8	-4.7	1.7	9.2	-7.4	9.4	8.0	1.4	8.0	6.4	1.7	9.0	5.6	3.4
JPMorgan Infrastructure Fund (L)	Absolute Return +8%	Jun-16	160.2	2.4	-1.5	1.9	-3.4	2.6	5.9	-3.4	3.8	8.0	-4.2	8.7	8.0	0.7	8.9	8.0	0.9	7.5	8.0	-0.5
IFM Global Infrastructure Fund	Absolute Return +8%	Dec-13	167.7	2.5	6.7	1.9	4.8	4.8	5.9	-1.2	4.8	8.0	-3.2	10.4	8.0	2.4	9.8	8.0	1.8	12.8	8.0	4.8
KKR Global Infrastructure Fund	SONIA3 Month + 4%	Mar-16	43.2	0.7	7.6	2.1	5.5	7.1	6.8	0.4	12.1	9.2	2.9	17.9	8.0	10.0	16.9	6.4	10.5	18.2	5.6	12.6
KKR Global Infrastructure Fund II	SONIA3 Month + 4%	Jan-20	8.7	0.1	5.6	2.1	3.5	9.9	6.8	3.1	14.0	9.2	4.8	16.5	8.0	8.5	20.7	6.4	14.3	20.7	6.4	14.3
KKR Global Infrastructure Fund III	SONIA3 Month + 4%	Jan-20	34.5	0.5	8.3	2.1	6.2	7.1	6.8	0.4	12.3	9.2	3.2	18.9	8.0	11.0	13.7	6.4	7.4	13.7	6.4	7.4
Stafford Timberland Fund (L)	Absolute Return +8%	Mar-16	124.4	1.9	-4.4	1.9	-6.4	-5.6	5.9	-11.5	-6.3	8.0	-14.3	8.1	8.0	0.1	5.3	8.0	-2.7	4.8	8.0	-3.2
Stafford Timberland Fund - SIT VI (L)	Absolute Return +8%	Jan-20	33.7	0.5	-5.7	1.9	-7.6	-5.8	5.9	-11.8	-1.2	8.0	-9.2	12.1	8.0	4.1	7.0	8.0	-1.0	7.0	8.0	-1.0
Stafford Timberland Fund - SIT VII (L)	Absolute Return +8%	Jan-20	19.6	0.3	-3.7	1.9	-5.7	-9.3	5.9	-15.3	-11.6	8.0	-19.6	3.7	8.0	-4.3	2.8	8.0	-5.2	2.8	8.0	-5.2
Stafford Timberland Fund - SIT VIII (L)	Absolute Return +8%	Jan-20	62.8	0.9	-3.1	1.9	-5.0	-2.4	5.9	-8.3	-5.3	8.0	-13.3	7.8	8.0	-0.2	5.8	8.0	-2.2	5.8	8.0	-2.2
Stafford Timberland Fund - SCOOF (L)	Absolute Return +8%	Jun-24	8.2	0.1	-13.3	1.9	-15.3													-21.7	2.1	-23.8
Infracapital Infrastructure Fund	Absolute Return +7.5%	Nov-17	26.5	0.4	-11.7	1.8	-13.5	-19.3	5.6	-24.8	-22.6	7.5	-30.1	-4.8	7.5	-12.3	-2.6	7.5	-10.1	1.3	7.5	-6.2
LGPSC Infra Core/Core+ (L)	CPI +3.5%	Dec-21	101.4	1.5	0.2	2.0	-1.9	8.8	5.3	3.5	8.4	7.0	1.4	5.6	8.5	-2.8				5.6	8.3	-2.8
LGPSC Value Add Infrastructure	CPI +5%	Oct-24	1.9	0.0																-	-	-
Quinbrook Net Zero Power Fund (L)	13% IRR	Dec-22	31.4	0.5	-5.8	3.1	-8.9	12.9	9.6	3.3	6.0	13.0	-7.0							0.4	13.3	-12.9
Quinbrook Net Zero Power Fund Co-Inv (L)	13% IRR	Dec-22	23.7	0.4	-4.0	3.1	-7.1	14.9	9.6	5.3	7.5	13.0	-5.5							4.2	13.4	-9.2

The standard used to compare the performance of the Fund.

Total fund summary

For period ending 31 December 2024

	Current benchmark	Incep Date	Market Value £m	Weight %	QTR			Year To Date			1 Year			3 Year			5 Year			Since Inception		
					PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER	PF	BM	ER
Total Property Fund	Property Weighted Index	Mar-16	484.2	7.3	2.1	2.3	-0.3	4.6	4.9	-0.3	4.9	5.1	-0.3	-2.3	-2.2	-0.1	1.7	1.8	-0.1	4.1		
Colliers Direct Property Fund	Matching fund return	Mar-16	94.4	1.4	2.3	2.3	0.0	4.4	4.9	-0.5	5.2	5.1	0.1	-2.0	-2.2	0.2	2.7	1.8	0.9	5.0		
La Salle Property Fund	MSCI All Balanced Open Ended Quarterly Property Fund Index	Dec-13	272.4	4.1	2.0	2.4	-0.4	5.0	5.0	0.0	5.0	5.2	-0.3	-1.9	-2.1	0.3	2.7	1.8	0.9	7.0		
Kames Capital Property Fund	MSCI All Balanced Open Ended Quarterly Property Fund Index	Mar-15	13.7	0.2	2.1	2.4	-0.3	1.0	5.0	-4.0	1.6	5.2	-3.7	-1.6	-2.1	0.5	0.4	1.8	-1.4	3.6		
Kames Capital II Property Fund	MSCI All Balanced Open Ended Quarterly Property Fund Index	Nov-16	36.0	0.5	3.4	2.4	1.0	7.3	5.0	2.3	7.1	5.2	1.9	-3.1	-2.1	-0.9	0.2	1.8	-1.6	2.5		
LGPSC UK Direct Property Fund	MSCI UK Quarterly Property Index	Nov-23	67.7	1.0	0.9	1.9	-1.0	2.6	4.5	-1.8	3.9	4.7	-0.8									
Total Global Credit Private Debt	Client Weighted Index	Mar-16	463.5	7.0	0.0	1.9	-1.9	3.7	6.0	-2.3	5.4	8.0	-2.7	4.8	7.6	-2.8	4.7	6.3	-1.6	5.8	5.7	0.1
Christofferson Robb & Company Fund - CRF3 (1 month L)	Absolute Return +9%	Dec-17	4.4	0.1	4.2	2.2	2.0	14.0	6.7	7.3	17.6	9.0	8.6	18.6	9.0	9.6	14.1	9.0	5.1	14.0	9.0	5.0
Christofferson Robb & Company Fund - CRF5 (1 month L)	Absolute Return +9%	Mar-22	51.3	0.8	3.1	2.2	1.0	12.6	6.7	5.9	15.7	9.0	6.6							13.0	8.8	4.1
M&G DOF Fund	SONIA 3 Month + 4%	Mar-16	41.9	0.6	-0.3	2.1	-2.4	-7.0	6.8	-13.8	-6.6	9.2	-15.8	-9.8	8.0	-17.8	-6.8	6.4	-13.2	-0.6	5.6	-6.2
M&G DOF II	SONIA 3 Month + 4%	Jan-20	0.4	0.0	-1.4	2.1	-3.5	-31.6	6.8	-38.4	-35.5	9.2	-44.7	-14.8	8.0	-22.8	-10.5	6.4	-16.9	-10.5	6.4	-16.9
M&G DOF III	SONIA 3 Month + 4%	Jan-20	9.8	0.1	-2.4	2.1	-4.6	-18.9	6.8	-25.7	-20.3	9.2	-29.4	-15.6	8.0	-23.6	-11.1	6.4	-17.5	-11.1	6.4	-17.5
M&G DOF IV	SONIA 3 Month + 4%	Jan-20	31.6	0.5	0.4	2.1	-1.7	-1.8	6.8	-8.6	-0.2	9.2	-9.3	-8.0	8.0	-16.0	-3.9	6.4	-10.3	-3.9	6.4	-10.3
Partners Group Private Debt Fund	SONIA 3 Month + 4%	Mar-16	129.8	2.0	0.8	2.1	-1.4	4.7	6.8	-2.0	7.2	9.2	-2.0	5.9	8.0	-2.1	5.3	6.4	-1.1	4.9	5.6	-0.6
Partners Group Private Debt Fund - MAC 2014	SONIA 3 Month + 4%	Jan-20	5.2	0.1	-16.4	2.1	-18.6	-10.0	6.8	-16.8	-6.8	9.2	-16.0	-1.9	8.0	-9.9	2.8	6.4	-3.6	2.8	6.4	-3.6
Partners Group Private Debt Fund - MAC 2016	SONIA 3 Month + 4%	Jan-20	2.1	0.0	-25.2	2.1	-27.3	-24.3	6.8	-31.1	-24.5	9.2	-33.7	-13.1	8.0	-21.1	-8.1	6.4	-14.4	-8.0	6.4	-14.4
Partners Group Private Debt Fund - MAC 2017	SONIA 3 Month + 4%	Jan-20	14.1	0.2	6.4	2.1	4.2	10.6	6.8	3.9	14.0	9.2	4.9	8.2	8.0	0.2	6.5	6.4	0.1	6.5	6.4	0.1
Partners Group Private Debt Fund - MAC V SICAV-RAIF	SONIA 3 Month + 4%	Jan-20	51.6	0.8	2.3	2.1	0.2	5.9	6.8	-0.9	8.3	9.2	-0.9	7.1	8.0	-0.9	6.3	6.4	-0.1	6.3	6.4	-0.1
Partners Group Private Debt Fund - MAC VI SICAV-RAIF	SONIA 3 Month + 4%	Sep-21	42.9	0.6	1.5	2.1	-0.7	5.2	6.8	-1.6	7.4	9.2	-1.8	7.4	8.0	-0.6				7.3	7.6	-0.3
Partners Group Private Debt Fund - MAC VII SICAV-RAIF	SONIA 3 Month + 4%	Oct-23	13.9	0.2	2.4	2.1	0.2	7.3	6.8	0.5	11.2	9.2	2.0							9.1	9.6	-0.5
LGPSC PD Low Return 2021 (L)	7% IRR	Oct-21	146.8	2.2	0.1	1.7	-1.6	5.4	5.2	0.2	6.7	7.0	-0.3	9.3	6.9	2.5				8.7	6.4	2.3
LGPSC PD High Return 2021 (L)	13% IRR	Dec-21	32.7	0.5	-2.3	3.1	-5.4	3.2	9.6	-6.4	1.9	13.0	-11.1	9.9	12.1	-2.2				9.7	11.9	-2.1
LGPSC PD Real Assets (L)	SONIA 3 Month +3%	Dec-22	56.6	0.9	-3.7	1.9	-5.6	-3.6	6.0	-9.6	-2.9	8.2	-11.0							9.4	8.3	1.1
LGPSC Global Active MAC Fund	SONIA 3 Month + 4%	Apr-21	420.4	6.4	-0.5	2.1	-2.6	4.4	6.8	-2.4	5.0	9.2	-4.2	0.7	8.0	-7.3				0.9	7.2	-6.3
Total Protection Assets	Client Weighted Index	Jan-14	446.6	6.8	-3.3	-3.2	-0.1	-1.7	-1.8	0.0	-2.3	-2.6	0.3	-8.2	-9.3	1.1	-2.5	-3.0	0.6	4.6	4.2	0.5
Aegon (formally Kames) Index-Linked Fund	FTSE All Stocks Index Linked Index	Dec-13	218.7	3.3	-6.1	-6.0	-0.2	-6.9	-6.6	-0.3	-8.7	-8.3	-0.4	-14.9	-15.0	0.1	-6.5	-6.6	0.1	2.6	2.4	0.2
Aegon Global Short Dated Climate Transition Fund	SONIA 3 Month +1.25% (GBP)	Mar-21	63.0	1.0	0.4	1.5	-1.1	4.4	4.8	-0.3	5.1	6.4	-1.3	2.7	5.2	-2.5				2.2	4.4	-2.2
LGPSC Investment Grade Credit Fund	LGPSC Corp Benchmark	Mar-20	165.0	2.5	-0.8	-1.0	0.2	3.6	2.7	1.0	4.6	2.8	1.8	-2.3	-2.5	0.2				0.3	0.7	-0.4
Cash Fund	SONIA 3 Month	Mar-16	517.2	7.8	1.0	1.2	-0.2	3.6	3.8	-0.2	4.8	5.2	-0.4	3.2	4.0	-0.7	2.0	2.4	-0.4	1.7	1.6	0.0
Aegon (formally Kames) Currency Hedge Fund	SONIA 3 Month	Mar-16	46.0	0.7	-49.0	1.2	-50.2	-10.4	3.8	-14.2	-4.5	5.2	-9.7	-38.0	4.0	-42.0	-166.3	2.4	-168.7	-183.7	1.6	-185.3
Leicestershire CC Pension Fund ex Hedge (Net)	Client Weighted Index	Mar-16	6,566.4	99.3	1.8	3.4	-1.6	4.6	7.3	-2.8	8.6	12.2	-3.5	4.1	5.6	-1.5	6.6	7.0	-0.4	8.1		
Leicestershire County Council Pension Fund (Net)	Client Weighted Index	Mar-16	6,612.4	100.0	1.1	2.6	-1.5	4.4	7.5	-3.0	8.5	12.4	-3.8	3.8			6.4			8.1		

Total Fund Value, and combined performance across asset classes

PF = Portfolio Return BM = Benchmark Return ER = Excess Return

Returns greater than 1 year are annualised

Total fund benchmark

Notes

Q4 2024:

Investment into LGPSC Value Add Infrastructure Fund 23.10.24. As per client request, we are using the call amount as the valuation, and therefore not reporting on performance until next quarter.

Ongoing work to update the benchmarks shown for the property funds. The underlying property fund and total property fund benchmarks updated from 01.10.24 to the following:

- La Salle Property Fund, Kames Capital Property Fund I and Kames Capital Property Fund II benchmarks updated to MSCI All Balanced Open Ended Quarterly Property Fund Index.
- LGPSC UK Direct Property Fund benchmark updated to MSCI UK Quarterly Property Index
- Colliers Direct Property Fund benchmark to match the Colliers Direct Property fund return
- Total Property Fund Index updated to a weighted composite of the underlying

Q3 2024:

- Investment into Stafford Timberland Carbon Offset Opportunity Fund on 24.06.24, lagged by one quarter.
- Investment into the LGPSC Private Equity 2023 Fund on 23.04.2024, lagged by one quarter.
- Disinvestment from LGPSC Emerging Market Equity Active Multi Manager Fund on 17.07.24.
- Christofferson Robb & Company CRF3 & CRF5 benchmarks both updated to Absolute Return +9% back to inception.
- LGPSC PD Real Assets benchmark updated to SONIA 3 Month +3% back to inception.
- Global Private Debt Benchmark weights and composition updated back to 01.01.22.
- Total Fund inc Hedge benchmark impact is calculated via data provided by Aegon. Please note that this is an estimated impact. The historical benchmark returns for the Total Fund inc Hedge are calculated outside of the tooling provided by PEL, therefore due to the historical benchmark changes, we are not able to show returns over one year.
- The property benchmark is set to the same as the total property fund return back to April 2016.

Please note that the Q1 2024 notes (page 7) regarding the inception of the benchmark change for the LGPSC Climate Fund has been updated from 2020 to 2021 (and highlighted in bold). This brings the data forwards so that we can present the longest track record possible under the new benchmark, going back further than this is limited due to the granularity of data available.

All historic data before Q3 2023 has been sourced from PEL.

Total fund **ex hedge** benchmark
(effective from 1 October 2024):

- 2.02%** FTSE All Share Index
- 3.53%** L&G Low Carbon Transition Global Equity Fund Client Specific Index
- 8.06%** FTSE All World Net (UKPN)
- 12.09%** FTSE All World
- 12.09%** FTSE All World Net
- 26.70%** SONIA 3 Month + 4%
- 7.56%** FTSE All World +3%
- 10.08%** Total Property Fund Return
 - 70% MSCI UK All Balanced Open Ended Quarterly Property Fund Index
 - 15% MSCI UK Quarterly Property Index
 - 15% Matching Collier's Direct Property Returns
- 10.58%** Global Credit Private Debt Benchmark
 - 15.0% SONIA 3 Month +4%
 - 20.0% SONIA 3 Month +3%
 - 50.0% Absolute Return +7%
 - 10.0% Absolute Return +9%
 - 5.0% Absolute Return +13%
- 3.53%** FTSE All Stocks Index Linked Index
- 0.50%** SONIA 3 Month + 1.25%
- 3.27%** LGPSC Corp Benchmark (50% ICE BofAML Sterling Non-Gilt (ex-EMM issues) & 50% ICE BofAML Global Corporate Index (ex-GBP and emerging market issues) hedged to GBP)

Historical comments

Q2 2024:

We have used the data provided by LGPSC to measure the performance for the LGPSC Direct Property Fund. This does not reflect the returns that the underlying manager, DTZ, are reporting, and we have raised this with the team to help reconcile these differences. We are only reporting benchmark on the total fund ex hedge and exploring options to re-calculate the hedge following the recent changes. Kames Capital Index Linked Fund reported on as net from 01.04.24. Prior to this, gross returns have been calculated.

- Total fund benchmark weights updated from 01.04.24.
- Invested in LGPSC Private Equity 2023 with the first capital call on 23.04.24. This data will be lagged and therefore included in the Q3 2024 report.
- Invested in Stafford Carbon Offset Opportunity Fund with the first capital call on 24.06.24. This data will be lagged and therefore included in the Q3 2024 report.
- Disinvested from LGPSC Emerging Market Bond Fund on 12.06.24.
- Colliers Pooled Property Fund taken over management by La Salle on 01.04.24 and is reported on within the La Salle Property Fund.

Q1 2024:

- Disinvested from Aspect on 18.01.24 and Pictet on 16.01.24.
- The property benchmark has been set to the same as the total property fund return back to April 2016 and this has been included within the total income and total fund ex hedge benchmark back to April 2016 and has been included in the total fund inc hedge benchmark back to July 2023.
- LGPSC Climate fund benchmark changed from FTSE AW Climate Bal Com Factor Net to FTSE All World Net.
 - The history for the individual mandate has been updated back to since inception (December 2020).
 - The history for total equity, total growth and total fund ex hedge has been updated back to January 2021.
 - Total fund inc hedge benchmark has been updated back to July 2023.
- Adams Street Private Equity, LGPSC Private Equity 2018, LGPSC Private Equity 2021 and Abrdn Standard Private Equity benchmarks have been updated to FTSE AW +3%. Please find more notes for this on the Q1 2024 report.
 - The benchmark history for the individual mandates and total private equity have been updated back to their respective inception dates.
 - Total growth benchmark has been updated back to January 2020 (prior to this, returns were calculated outside of the tooling onboarded from PEL).
 - Total fund ex hedge benchmark has been updated back to January 2020.
 - Total fund inc hedge benchmark has been updated back to July 2023.
- JP Morgan Infrastructure, Stafford Timberland Infrastructure (inc all underlying funds) and IFM Infrastructure Fund benchmarks have been updated to Absolute return +8% back to their respective inception dates. No updates to the total infrastructure, and therefore total fund benchmarks.
- Removed total fund gross lines on the manager summary page.

Annual Report and Financial Statements



For the year ended 31 March 2024



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- 1) Lyme Hall, Cheshire
- 2) Hardwick Hall, Derbyshire
- 3) Leicester Cathedral, Leicestershire
- 4) Newark Castle, Nottinghamshire
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- 6) Shugborough, Staffordshire
- 7) Chamberlain Square, Birmingham, West Midlands
- 8) Dunstall Castle, Worcestershire






Strategic Report

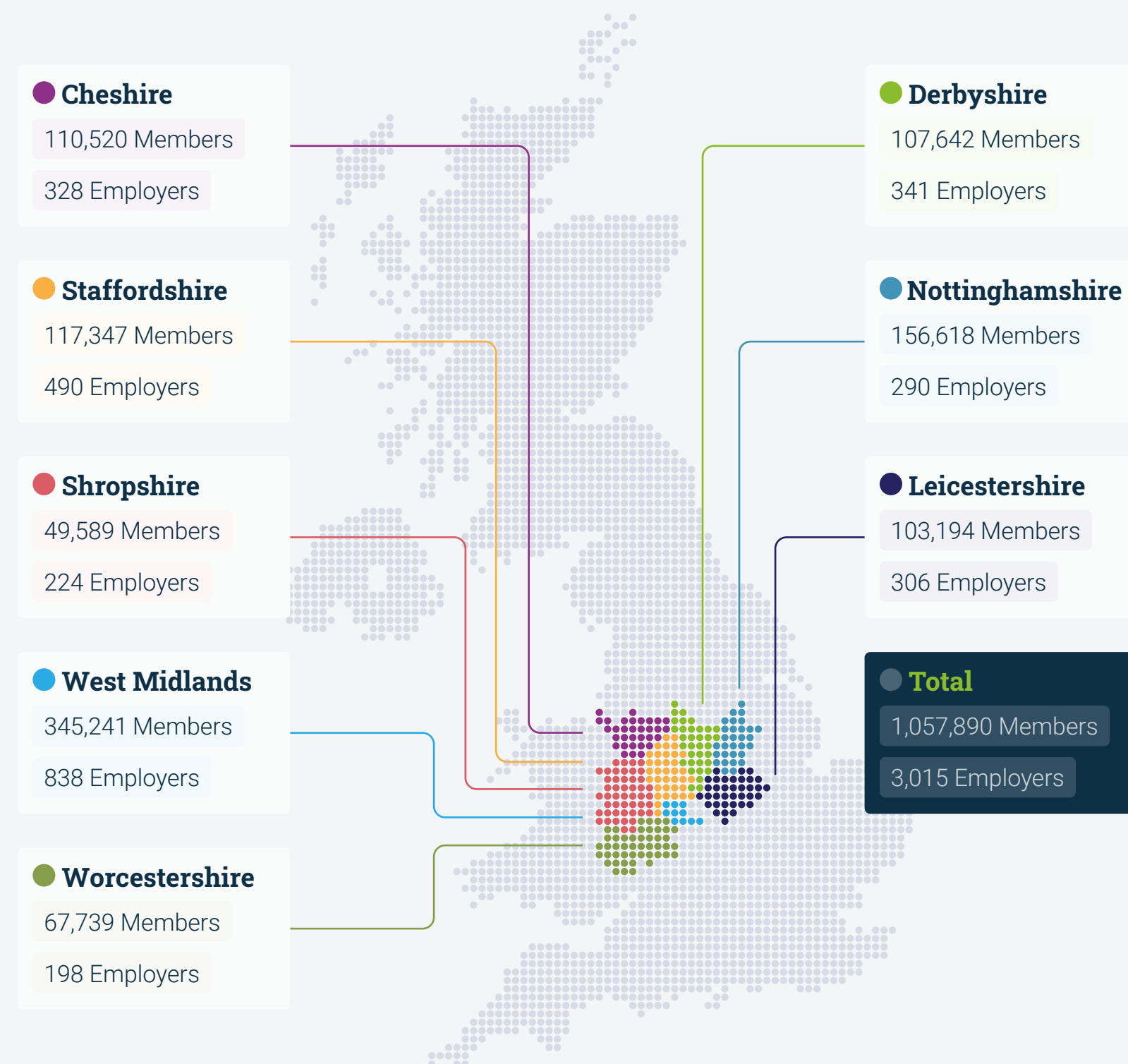
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About LGPS Central Limited

LGPS Central Limited (the Company) has been established to manage the pooled investment assets of eight Local Government Pension Scheme (LGPS) funds across the Midlands (our Partner Funds).

 The combined assets of our Partner Funds are approximately £61 billion (2023: £56 billion), managed on behalf of over one million LGPS members and over 3,000 participating employers. The Company is jointly owned on an equal-shares basis by eight administering local authorities.



Why Pooling?

Pooling assets helps reduce costs, improve investment returns, strengthen governance and widen the range of available asset classes for investment, all for the benefit of our Partner Funds and their pension scheme members and beneficiaries.

The Company creates the investment vehicles our Partner Funds require. Through professional investment management and external fund manager selection, we deliver the investment returns Partner Funds need to secure pension payments to their scheme members and dependents for the long-term.

At the heart of our work is a commitment to responsible investment. We believe that the integration of responsible investment factors supports long-term risk-adjusted returns and we have made responsible investment a core part of our investment process in every asset class and in every investment mandate we hold. The scale of combined assets in the Pool helps to make our responsible investment practices and interventions more effective.

The Company is authorised and regulated by the Financial Conduct Authority (the FCA) to operate as an Alternative Investment Fund Manager (AIFM). In this capacity, the Company acts as the operator of a collective investment vehicle called an ACS. We also manage other collective investment vehicles and provide discretionary and advisory services under our Markets in Financial Instruments Directive (MiFID) II authorisation.

Funds are managed through a combination of our in-house management team (for passive equities) and delegated managers. We are responsible for the selection and ongoing oversight of the delegated managers.

We are supported by our external partners for the provision of administration services: for the ACSs, Northern Trust provide depositary, administration and middle-office services (the latter for LGPS Central ACS only). Northern Trust is also the depositary for the limited partnerships, for which State Street provide administration services.

Highlights of the Year

LGPS Central Update



£29.9bn

Assets under our stewardship
at 31 March 2024

49.0%

Pooled assets
as at 31 March 2024

£15.5m

Net Savings Generated
to 31 March 2024

£339.1m

Projected Gross Savings
by 2033/34



26 Funds

At 31 March 2024

5 of 8

Actively-managed ACS sub-funds
outperforming benchmark

4.9 basis points

Operating costs relative to AUM

80

Employees



100%

Responsible Investment
Integrated Status

70.8%

We supported 114 out of 161
resolutions focussed on
climate-related matters

775

Companies engaged with on
ESG matters

Net Zero

Commitment on our assets
under stewardship 2050



UK
Stewardship
Code 2020

Signatory

3,431

Votes at meetings
(Jan to Dec 2023)

41,754

Resolutions voted upon
(Jan to Dec 2023)

45%

Colleagues with a non-white
ethnic background

Source: LGPS Central, data as at 31 March 2024



Highlights of the Year (continued)



Highlights



The launch of our
**UK Direct
Property Fund**



The launch of the
**Private Equity
2023 Vintage**



The launch of the
**UK Residential
Property
Partnership**



The issue of our
**Net Zero
Strategy**

Source: LGPS Central, data as at 31 March 2024

Chair's Statement

I am pleased to present the Annual Report and Financial Statements for LGPS Central Limited covering the year ended 31 March 2024.

Looking back on the past financial year, I'd summarise it as being a year of change, challenge and continuous progress.

Change

Change has come in the shape of our people. During the year, we appointed Richard Law-Deeks as our new Chief Executive Officer (CEO), who started with the Company just after the end of the financial year. Richard brings extensive experience of pensions and investment, and also of the Local Government Pension Scheme (LGPS), having started his career working for the London Borough of Hackney's fund. From the Midlands, he has a strong local connection and affinity with the Pool. Joining Richard in our Executive Team (ExCo) is Anouska Ramsay as Chief People Officer and Trevor Castledine as Chief Commercial Officer. We were also pleased to welcome Belinda Moore to our Board as a fifth Non-Executive Director (NED). Belinda brings experience in communications, governance and customer relations to our Board to further strengthen our skill set.

Challenge

During the year, the political focus on pooling intensified, with the then-Government's response to its consultation *Local Government Pension Scheme: Next Steps on Investments*, which set out the direction for pooling, with an emphasis on accelerating the pace of pooling. Additionally, as part of its Mansion House reforms, the government indicated its wish to harness the power of pension funds to invest in illiquid investments. This agenda has been continued by the new Government.

Continuous progress

Our sole purpose is to support our Partner Funds, our owners and clients, by delivering long-term investment returns and cost savings through the careful stewardship of Partner Funds' assets in order that they can pay pensions over the long term. We are acutely aware that a million or more workers and their beneficiaries rely on our work for their future retirement security.

We've made good progress in support of that purpose over the financial year.

By the end of the financial year 2023/24, we were responsible for the management of £29.9 billion of our Partner Funds' assets (2023: £26.4 billion), including £22.2 billion in 26 pooled vehicles (2023: £21.4 billion in 24 pooled vehicles) and a further £7.7 billion in advisory and discretionary mandates (2023: £5.0 billion). The depth and breadth of our product range reflects the skills of the LGPS Central teams.

We launched our first property fund – the LGPS Central UK Direct Property Authorised Contractual Scheme (ACS) – in April 2023. This has already attracted commitments of £130 million from two Partner Funds and had invested in its first three properties by 31 March 2024. We launched our third private equity vintage, with commitments of £210 million from five partner funds, while our first indirect property fund (property investments held indirectly through funds managed by third-party managers) was launched in March 2024, with commitments of £80 million. In addition to these new pooled vehicles, we worked with three Partner

Funds to launch four new discretionary mandates, with a total of £2.7 billion of assets at the year end.

Subscriptions to our existing ACS funds reached £1 billion during the year, along with new commitments to existing private markets partnerships of £510 million. Redemptions from the ACS were £3.3 billion, with those redemptions mostly reinvested in other ACS sub-funds or discretionary mandates, and therefore remaining within the Company's management.

This takes to around 49% the volume of assets transitioned from Partner Funds to their pool company.

At the heart of our investment approach, across private and public markets, is – and will remain – our strong commitment to responsible investment. Our Net Zero strategy was launched in October 2023 and sets out an ambitious but practical path to Net Zero by 2050 – both for our assets under management but also for the Company's operations – we are clear we must be a 'do as we do' company, not a 'do as we say' company.

To further support our focus on investment for the benefit of our Partner Funds, in April 2024 we established a Board-level Investment Oversight Committee. The purpose of this committee is to provide strategic planning, oversight and guidance on the Company's investment activities. The Committee will focus on investment strategy and philosophies, risk and performance, with the ultimate aim of ensuring that our investment activity makes an

effective contribution to achieving the goals of our Partner Funds.

As reported later in this Annual Report, we have kept a close watch on delivering value for money over the financial year, hitting a major milestone by reaching 'break even' on investment cost savings for Partner Funds, with cumulative net savings at the end of the year standing at £15.5 million and forecast to rise at a rate of £13.5 million a year going forward. Forecast gross savings between 2018 and 2034 are £339.1 million, with net savings projected to be £150.6 million.



Chair's Statement (continued)



Leicestershire

We know that the cost savings trajectory will accelerate as the volume of assets transitioned accelerates. And that is something we must consider together with Partner Funds. We will therefore continue to work with Partner Funds to build the products they require and focus on delivering performance to support the continued transition of assets and, in turn, accelerate the value delivered to Partner Funds.

Other key highlights included:

- The launch of our new people strategy
- Winning the LAPF Diversity and Inclusion award
- A five-star rating from the PRI for our responsible investment practices
- Our UK stewardship signatory status was reconfirmed by the Financial Reporting Council

The fourth 'C' in a year of looking back is collaboration. All our work is done for the benefit of our Partner Funds. And our achievements have been secured by working collaboratively. I would like to thank our Partner Funds for their continued support, partnership and collaboration.

I would also like to extend my thanks to my fellow Board members and colleagues for their hard work and dedication throughout the year. I am very grateful for their support. In particular, on behalf of the NEDs, I would especially like to thank John Burns who stepped up to the role of Interim CEO, ensuring that the Company continued to operate effectively, and that colleagues and Partner Funds were supported.

Finally, I would like to take an opportunity to remember and pay tribute to our colleague Mike Gillespie who passed away in March 2024. Mike played a pivotal role in building the Pool's private markets products but beyond that, his legacy will be the way he taught and nurtured our colleagues. He will be greatly missed and always remembered.



Joanne Segars OBE
Chair

"I would also like to extend my thanks to my fellow Board members and colleagues for their hard work and dedication throughout the year."



Report from the Deputy Chief Executive Officer

I have taken great pride in performing the role of Interim Chief Executive Officer for most of 2023/24, in what has been a year of significant developments for LGPS pooling.

Whilst we have continued to grow pooled assets over the year, we also supported our Partner Funds with advice on assets that have not been transferred to our funds. We actively worked with them to support the management of these assets, which included transitioning into our funds, winding down of legacy illiquid assets and taking advantage of LGPS Central Limited's on-tap expertise and tools to support oversight. Over time, we expect the value of assets under advisory and discretionary mandates to reduce as they transition into the pooled funds.

We understand that achieving good investment performance is critical to supporting our Partner Funds in achieving their investment objectives, and we were pleased to note that five of our eight actively managed ACS sub-funds outperformed the benchmark for the year, with two of those outperforming their target as well. Since inception, four of these eight sub-funds are above benchmark and one of the eight above target. We remain confident that our investment philosophy and approach to the structuring of portfolios will generate long-term value for our Partner Funds. This will remain a key area of focus for us, and we will ensure that we continue to hold both our delegated managers and our own colleagues accountable for the achievement of investment objectives.

During 2023/24, we closed one of our ACS sub-funds for the first time, following strategic asset allocation changes on the Partner Fund side. This was a complex exercise conducted to very challenging deadlines, but once again I was pleased to see how our colleagues applied their combined skills, knowledge and experience, not to mention considerable team-working skills and a strong focus on serving clients, to achieve the desired outcome. We also successfully managed a number of subscriptions and redemptions as our Partner Funds made asset allocation changes, subjecting our processes to continuous scrutiny and review and making them as efficient as possible, all with the aim of ensuring that the support we provide to our Partner Funds is effective and facilitates the effective discharge of their responsibilities.

One of our key areas of focus during the year has been improving colleague engagement and retention through the development of a revised people strategy. This has included improvements to the office environment, strengthening internal communication channels and reviewing the performance development framework. Most notably, we introduced a new set of corporate values, which stand as guiding principles to our colleagues on how they should approach their work and interact with their colleagues and clients. I believe that observing these values will foster a culture in which our colleagues are able to realise their full potential, ultimately contributing to the achievement of overall organisational and pool-level objectives.

Another major development was the beginning of our relationship with State Street, who are now the provider of administration services to our private markets partnerships. This is a complex area, and one that is critically important for operational performance and resilience. The introduction of the State Street service was a major project which required the hard work and collaboration of a number of colleagues from across the business, and I was delighted to see how successful this proved to be. It also demonstrated once again that, although LGPS Central is a small organisation, we can achieve big things through making use of external collaborations such as this where it makes sense to do so.

We also enhanced the Company's enterprise risk management framework during the year, including performing a full review of the Company's risk appetite and tolerances, the evaluation of risks and the associated governance processes. This included a detailed reassessment of the strategic risks faced by the Company, further details of which can be found in Section 9.

Our climate risk reporting service stands as a testament to our dedication to providing our Partner Funds with more than just data: it is about offering insights that support effective decision-making at their end. I was particularly pleased to note the impressive scores that we achieved in the Principles for Responsible Investment (PRI) review (five stars for five of six categories and four stars for the sixth), providing yet more evidence of the depth of our expertise in, and commitment to, responsible





Report from the Deputy Chief Executive Officer (continued)



investment and engagement. We were also pleased that our UK Stewardship Code signatory status was renewed for a third year.

I have enjoyed leading the Company over the past year and draw great satisfaction from all that it has achieved during that time, and as I hand over the reins to Richard Law-Deeks, I am confident that he will lead the Company on to even bigger and better things in the years to come.

In conclusion, the past year has been one of gradually improving investment performance, responding to our Partner Funds' strategic asset allocations and improving operational resilience. We have maintained our commitment to excellence, both in our internal operations and in the service we provide to our Partner Funds. As we look ahead, we remain steadfast in our dedication to continuous improvement and to generating value for our Partner Funds and their scheme members.

John Burns
Deputy Chief Executive Officer

“In conclusion, the past year has been one of gradually improving investment performance, responding to our Partner Funds' strategic asset allocations and improving operational resilience. We have maintained our commitment to excellence, both in our internal operations and in the service we provide to our Partner Funds.”



Investments Report

Despite the ongoing challenging economic and market environments, we remain confident about the benefits of pooling: to provide superior returns and achieve significant cost savings.

To meet our Partner Funds' key investment objectives, we continued to work closely with them to design suitable investment solutions and provide associated services, particularly RI&E.

Market Commentary

In 2023/24, markets moved dramatically, driven by investor fears over idiosyncratic events, rising inflation and the direction of monetary policy. Major developed central banks, the US Federal Reserve, European Central Bank (ECB) and Bank of England (BoE), continued to increase key interest rates in the first half of the financial year. Global government bonds were sold off and yields rose as labour market data proved resilient, inflation persistent and economic activity frail.

In September 2023, the US Federal Reserve held interest rates unchanged while committing to data-dependent monetary policy, which failed to pardon markets, with disagreements over US funding policy and the threat of rising oil prices due to supply shortfall forecasts from OPEC (Organisation of the Petroleum Exporting Countries). Brent crude rose 16% to \$96.55 in one month, boosting concerns of a 'higher for longer' interest rates environment.

The ECB and BoE also held rates unchanged the following month, where core inflation was gradually coming down, but not at the pace anticipated by the market. Events in the Middle East sparked concerns of disruptions to supply chains and potential effects on inflation in neighbouring European countries.

Market participants' anticipation of the beginning of interest rate cuts drove stellar performance

across bond markets in the final months of 2023. US, UK and European inflation dropped below expected levels in November 2023; although labour markets remained tight and economic growth data disappointed, markets priced in rate cuts from the US Federal Reserve in the first quarter of 2024. This was exacerbated by its updated 'dot plot' (interest rate projections) in December, which forecast 75bps of interest rate cuts in 2024. Markets reversed somewhat towards the end of the financial year, again returning to higher yields but accompanied by less hawkish tones from central bank officials.

Delivering Investment Performance for Partner Funds

Against this volatile backdrop, returns across the active funds have been stronger, with five of the eight active funds delivering returns above benchmark for the period. All five passively managed sub-funds achieved their target tracking ranges.

Despite the relatively short lives of the private market funds and the fact that capital is still being invested in underlying assets, all funds are performing in line with expectations.

New Investment Opportunities to meet Partner Funds' Needs

During 2023/24, we launched a new open-ended ACS UK Direct Property sub-fund, managed in partnership with DTZ Investors, with commitments of £130 million from Leicestershire and Nottinghamshire. This sub-fund has already made three acquisitions, including a retail park and two

multi-let industrial estates. In addition, a Residential Indirect Property Fund was launched, with initial commitments of £80 million from Cheshire and Derbyshire. We also launched the third vintage of our successful private equity programme, attracting an initial £275 million of investment from Partner Funds.

Two of the actively managed ACS sub-funds, the Investment Grade Corporate Bond sub-fund and the Global Active Emerging Market Bond sub-fund, reached their three-year anniversaries, at which time their ongoing suitability was reviewed in depth. The results of these reviews are still being finalised, but one outcome was alterations in manager restrictions to support alpha generation. The Low Carbon Multi-Factor Equity Index Fund also reached its three-year anniversary during the year.

While most of the asset flows were into new or existing funds, there were also some redemptions, reflecting the Partner Funds' adjustments to strategic asset allocations, generally reflecting a reduction in risk appetites. This included redemptions of £3.3 billion, principally from the Passive Equity and Emerging Markets Equity sub-funds as well as the closure of the Dividend Growth Factor sub-fund, with monies mainly remaining within the Company's management.

Four new segregated mandates were launched, in conventional and index-linked gilts, with a combined value at 31 March 2024 of £2.7 billion. The mandates are a mixture of active and passive portfolios, all managed by our in-house teams, and their introduction led to the value of

AUM under internal management crossing the £10 billion threshold.

Working closely with our Partner Funds, we will continue to develop and launch new funds during 2024/25, including a Sterling Buy and Maintain Corporate Bond ACS sub-fund and a segregated gilt mandate. We have initiated a rotation of one of the Emerging Markets Equity sub-fund delegated managers to adapt to the changing outlook for the sub-fund.

Strengthening the relationships with our Partner Funds, maintaining our focus on investment performance and developing new funds that meet the Partner Funds' needs will remain at the forefront of our efforts for the next year and into the future.

Mark Davies

Head of Public Markets

Nadeem Hussain

Head of Private Markets

Investments Report (continued)

LGPS Central Funds

LGPS Central Authorised Contractual Scheme (ACS)

Sub-Fund	AUM 31 March 2024 £m	AUM 31 March 2023 £m
LGPS Central All World Equity Climate Multi Factor Fund	5,031	4,275
LGPS Central Global Equity Active Multi Manager Fund	3,699	3,026
LGPS Central Global Ex UK Passive Equity Fund	2,209	2,815
LGPS Central Global Active Investment Grade Corporate Bond Multi Manager Fund	2,031	1,637
LGPS Central Global Active Multi-Asset Credit Multi Manager Fund	1,020	740
LGPS Central Global Sustainable Equity Active Targeted Fund	664	514
LGPS Central Global Sustainable Equity Active Broad Fund	588	381
LGPS Central Global Active Emerging Market Bond Multi Manager Fund	579	570
LGPS Central Emerging Markets Equity Active Multi Manager Fund	493	792
LGPS Central UK Equity Passive Fund	368	1,246
LGPS Central Global Low Carbon Multi Factor Equity Index Fund	333	248
LGPS Central Global Sustainable Equity Active Thematic Fund	264	221
LGPS Central Global Equity Dividend Growth Factor Fund	-	627
Total	17,279	17,092

LGPS Central Property Authorised Contractual Scheme (ACS)

Sub-Fund	AUM 31 March 2024 £m	AUM 31 March 2023 £m
LGPS Central UK Direct Property Fund	128	-

Private Markets Partnerships

Partnership	Commitment 31 March 2024 £m	Commitment 31 March 2023 £m
LGPS Central Credit Partnership II LP	1,165	1,165
LGPS Central Core/Core Plus Infrastructure Partnership LP	829	724
LGPS Central Credit Partnership IV LP	587	587
LGPS Central Credit Partnership III LP	440	440
LGPS Central PE Primary Partnership 2021 LP	365	365
LGPS Central Credit Partnership I LP	305	305
LGPS Central PE Primary Partnership 2023 LP	275	-
LGPS Central Infrastructure Single Asset Partnership LP	205	120
LGPS Central Value Add/Opportunistic Infrastructure Partnership LP	197	167
LGPS Central PE Primary Partnership 2018 LP	150	150
LGPS Central PE Co-Investments Partnership 2021 LP	140	140
LGPS Central PE Co-Investments Partnership 2018 LP	107	107
LGPS Central Residential Indirect Property Partnership LP	80	-
Total	4,845	4,270

Responsible Investment and Engagement

Our, and our Partner Funds', commitment to RI&E remains as strong as ever, and stems from the belief that responsible investment is critical to the delivery of our fiduciary responsibility.



We believe that Environmental, Social and Governance (ESG) factors present both risks and opportunities for investment returns, and that both ESG integration and stewardship are fundamental to the protection of value and the identification of investment opportunities across all the asset classes in which we invest.

Our stewardship activities are a recognition of our role as responsible owners of the companies in which we invest: as long-term investors, it is essential that we take an interest in the long-term performance of companies and the integrity of investment markets.

Following extensive consultation with Partner Funds, we reviewed the Company's stewardship priorities, particularly as regards our approach to systemic risks. Our engagement themes for the next three years will be:

Climate Change

The transition to a low carbon economy is becoming increasingly urgent. The risks posed to supply chains and physical assets is material, and the transition itself poses risks and opportunities for corporations.

Natural Capital (Biodiversity)

Sustained biodiversity loss and deforestation are rapidly degrading the quality of ecosystem services on which companies depend, reducing the ability of companies to generate long-term value for shareholders.

Human Rights

Businesses have a responsibility to respect human rights and if they are mismanaged, this can have a detrimental impact on a company's value.

In addition, a new engagement tracker has been developed to better track and monitor objectives, rationale, contributions and next steps for each engagement.

We continued to deliver climate risk analysis and training to our Partner Funds via our Climate Risk Monitoring Service (CRMS). This assists them with the identification and assessment of climate emissions across their portfolios. We made a number of enhancements to the report during the year, including a proprietary Paris alignment metric (based on third-party data), scope 3 emissions, sovereign ratings and normalised financed emissions. We will continue to develop this service to take advantage of improvements in data and analytical capabilities to improve our service.

Responsible Investment and Engagement (continued)

We published our third Taskforce on Climate-Related Financial Disclosures (TCFD) report and assisted Partner Funds with the production of their reports. We were pleased that all eight Partner Funds chose to report in line with the TCFD recommendations which was an illustration of the pool-wide commitment to responsible investment.

The Company maintained its status as a signatory to the UK Stewardship Code. This success reflects our deep conviction that stewardship is fundamental to fulfilling our fiduciary responsibilities. A further reflection of our commitment to active ownership came via the Principles for Responsible Investment (PRI), which conducts an assessment every year to measure the progress made by its signatories in implementing and improving their responsible investment practices. We were awarded a five-star rating (the highest possible score) in five out of six categories, with a four-star rating in the sixth. We are currently working on determining how to improve this four-star rating.

During the 2023 voting season, we continued to ensure that climate considerations were factored into our voting decisions, using them as an important engagement escalation tool.

2023 Voting Statistics

Voted at
3,431
meetings
(2022: 3,337).

Voted on
41,754
resolutions
(2022: 40,981).



Co-filed a shareholder proposal at
Barclays
along with ShareAction

asking the company to cease the funding of new oil and gas fields.

The proposal was withdrawn as a result of the company's commitment to stop financing new upstream oil and gas expansion.

EOS

(Equity Ownership Services), our engagement partner, attended three AGMs:
Siemens Energy AG, BMW AG and The Bank of Nova Scotia.

Voted against management's recommendation on one or more resolutions at

65.8%
of meetings
(2022: 62.2%).

Examples of our Activity

Human Rights

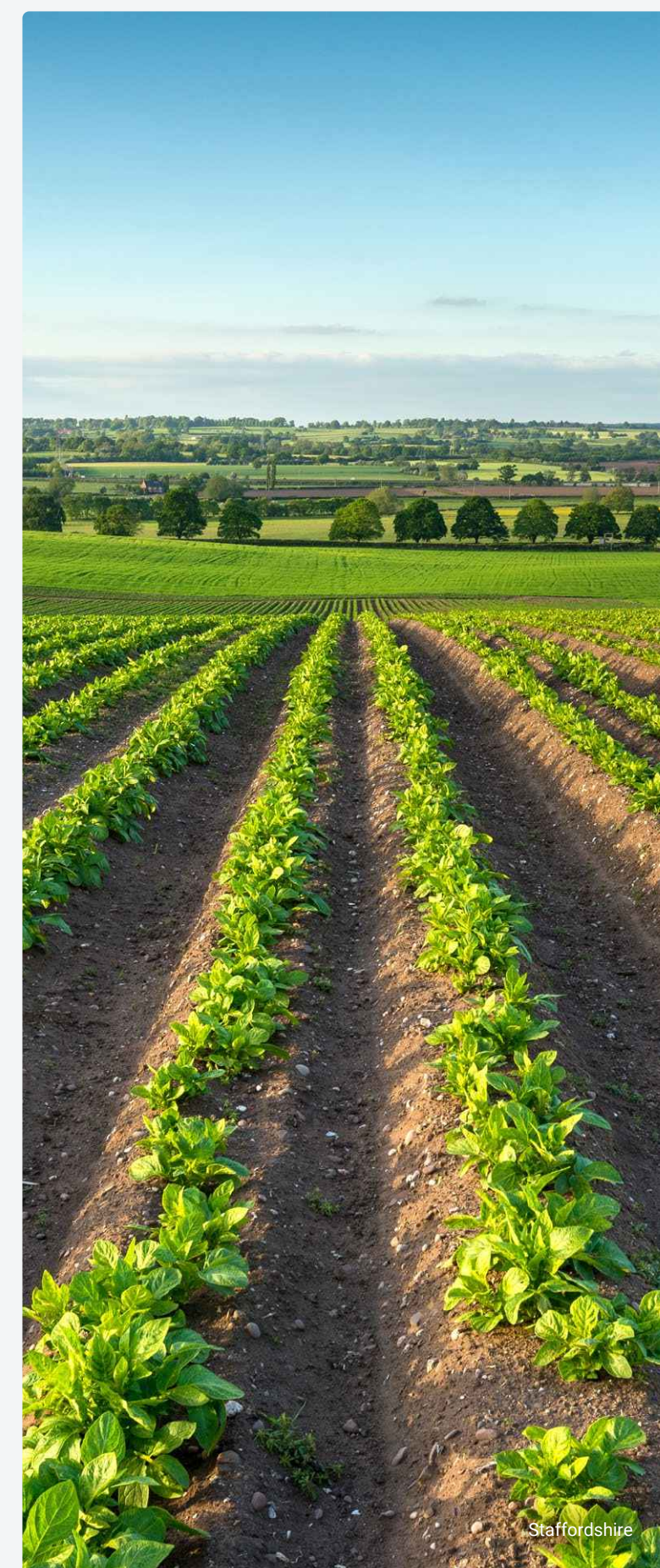
The Company is a member of the Votes Against Slavery initiative. The initiative's primary objective is to target FTSE 350 and AIM-listed companies whose modern slavery reporting fails to meet the requirements of section 54 of the Modern Slavery Act. Companies were informed about investor concerns about their lack of disclosure on modern slavery via a letter which included a request for engagement. In 2023, the initiative targeted 32 FTSE 350 companies and 126 AIM companies. 81% of FTSE 350 companies (which were part of the target list) are now either fully compliant with the disclosure or committed to make changes to their reporting; 61% of AIM listed companies are also either fully compliant with the disclosure or have committed to improving their reporting.

Climate Change

In December 2023, we co-filed a shareholder resolution at the annual general meeting of Barclays requesting that the company disclose information on its exposure to the risk of asset stranding resulting from their continued financing of fossil fuels. Following a series of positive engagements, Barclays updated its oil and gas financing policy, including a commitment to stop financing new oil and gas fields and a commitment to restrict lending to energy companies that are expanding fossil fuel production.

Patrick O'Hara

Director of Responsible Investment and Engagement



Staffordshire



Our Colleagues

We remain committed to developing highly skilled and highly motivated colleagues, and promoting a culture in which they can thrive.

Throughout the last financial year, we focussed on our people strategy, recognising the competitive employment market and the changing needs and expectations of both colleagues and candidates, with the aim of ensuring that LGPS Central continues to be a rewarding career choice for our colleagues and a place where they feel inspired to achieve their full potential.

Culture and Values

The values adopted at the Company's launch have played an important part in its success to date, but at our five-year anniversary, we took the opportunity to review them, asking ourselves challenging questions about the kind of organisation we needed to be in order to achieve on behalf of our Partner Funds. This led to us developing our new values, which we are now working hard to embed in the way that we work and lead.



This work on culture led to a renewed focus on the simplification and efficiency of the Company's operating model and internal processes: as a result, we initiated a continuous improvement

programme, led by a newly formed cross-functional delivery group.

Recruitment and Retention

We are proud of our talented and diverse team of professionals, and were delighted to welcome 15 new colleagues during the year (2023: 20), maintaining our team at 80 at 31 March 2024 (2023: 80). Our commitment to developing the leaders of the future continues, with four graduate trainees taking part in our rigorous but rewarding 24-month graduate rotation programme, carefully designed to enable them to make the best possible start to their careers.

Engagement and Wellbeing

Colleague engagement is a big area of focus for us: we firmly believe that it is the key to enabling our colleagues to achieve their full potential. Communication is frequent and takes many forms, including formal and informal colleague events, company-wide briefings, team meetings and a weekly staff newsletter. Most notably, in April 2023, we all came together to celebrate the fifth anniversary of LGPS Central.

Our Colleague Voice Group makes an invaluable contribution to engagement, being a crucial source of feedback and ideas, and the driving force behind many of our cultural celebrations and social events for colleagues.

Learning and Development

We have a comprehensive training programme in place for our colleagues, including a mix of corporate training, support for formal qualifications,

personal and professional development and one-off items of training. The learning and development framework also supports those colleagues who are required to observe continuous professional development requirements for the professional institutes of which they are members. We were pleased to be awarded ACCA 'platinum' approved employer status during the year, reflecting the support that the Company provides to its ACCA trainees.

As an FCA-regulated entity, we performed regular assessment and certification of all colleagues under the FCA's "Fit and Proper" regime, ensuring that colleagues remained competent and capable to perform their roles.

Equality, Diversity and Inclusion

We are proud to be a diverse and inclusive company, where all our colleagues have the opportunity to excel and find fulfilment in their work. We monitor, and wherever possible, implement best practices identified through networks such as the Diversity Project and the Investment Association. We are signatories to the Asset Owner Diversity Charter, indicating our commitment to equality, diversity and inclusion and the role that we play in promoting it in the investment sector.

Our workforce is diverse, with representation from 16 nationalities, giving rise to a broad mix of experiences and cultures. 45% of our colleagues are from minority ethnic non-white backgrounds, while 37% are female (2023: 46%; 40%). Additionally, 50% (33% in March 2023) of our Board members are female, reflecting our aspiration for increased

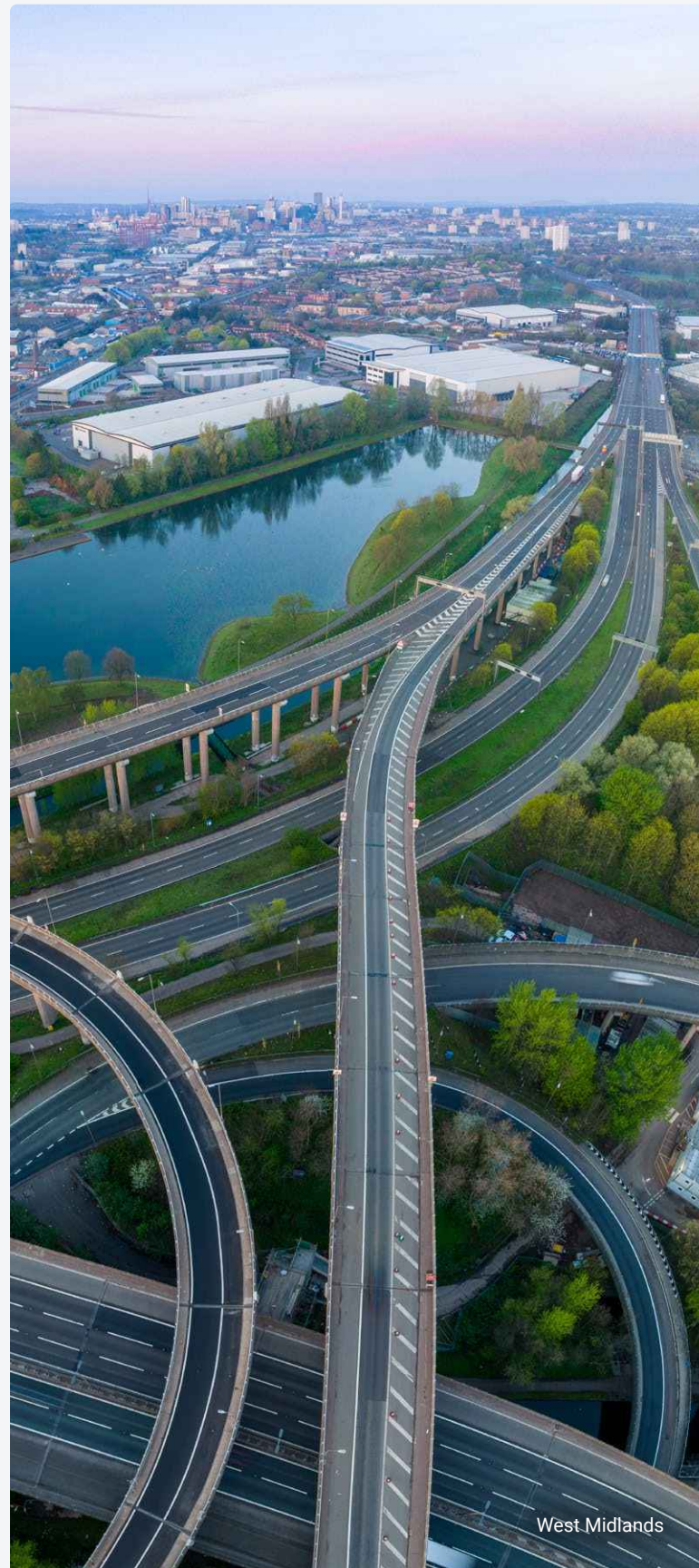
gender diversity at leadership levels, in line with the expectations of the Hampton Alexander and Davies Reviews.

Although not legally obliged to report on gender and ethnicity pay gaps, we believe that it is important to do so in the interests of transparency and promoting best practice.

At March 2024, our median gender pay gap was 24.4% (2023: 21.0%), and our mean gender pay gap was 22.6% (2023: 34.6%), largely due to higher male representation in middle and top management positions. The median ethnicity pay gap stood at 42.3% (2023: 41.1%), while the mean ethnicity pay gap was 39.9% (2023: 45.2%). All these metrics are kept under regular review, and we are mindful of them when reviewing our policies and practices across the colleagues arena, including recruitment, promotion, remuneration, learning and development and retention. We will seek to address the gender and ethnicity pay gaps by focussing on career development strategies for women and colleagues of non-white ethnic backgrounds, drawing on the experience of role models at leadership level, embedding flexibility in our working practices and participating in networking groups in order to stay abreast of developments and best practice.

Financial Review

We continue to make progress in delivering for our Partner Funds.



As at 31 March 2024, total assets under Stewardship amounted to £29.9 billion (March 2023: £26.4 billion), including pooled assets under management of £22.2 billion (March 2023: £21.4 billion). The Company operates on a cost-recovery basis. Total expenditure for the year amounted to £14.7 million (2022/23: £14.2 million) and the amount payable by the Partner Funds was £15.7 million (2022/23: £14.1 million). These numbers are broadly consistent with our Business Plan for 2023/24.

The Company's financial performance for the year was a net profit before tax of £855,000 (2022/23: net loss of £405,000). Net assets at the year-end stood at £11.8 million, up from £10.7 million as at 31 March 2023.

Tax

Corporation Tax payable for the financial year 2023/24 was £244,000 (2022/23: £89,000), with deferred tax expenses amounting to a credit of £12,000 (2022/23: charge of £22,000).

Capital

The Company is authorised by the Financial Conduct Authority (FCA) as a Collective Portfolio Management Investment Firm that conducts MIFID business and is classed as a MIFIDPRU Investment Firm. It is therefore subject to the requirements of the General Prudential Sourcebook, the Prudential Sourcebook for MIFID Investment Firms (MIFIDPRU) and the Interim Prudential Sourcebook for Investment Businesses (Chapter 11) for capital requirement purposes.

Every FCA-authorised firm must meet threshold conditions, requiring it to maintain financial and non-financial resources appropriate to the risks associated with the regulated activities it carries on. The Overall Financial Adequacy Rule ("OFAR"), set out in MIFIDPRU 7.4.7R, is the standard the FCA will apply to determine whether a MIFIDPRU investment firm has adequate financial resources.

The Company has an obligation to ensure that, at all times, there are adequate own funds and liquid assets to:

- ensure that the Company remains viable throughout the economic cycle, with the ability to address any potential harm from its ongoing activities, and
- allow its business to wind down in an orderly manner, minimising harm to consumers or to other market participants, and without threatening the integrity of the wider UK financial system.

Each year, therefore, the Company undertakes a formal process to assess the regulatory capital position through the Internal Capital Adequacy and Risk Assessment (ICARA) process. The Company's regulatory capital position continues to be satisfactory.

Liquidity

As well as it being good business practice, the FCA requires the Company to have sufficient liquidity to meet its financial obligations as they fall due. Surplus liquidity is invested in AAA-rated money market funds. The balance of these at 31 March 2024 was £13.9 million (31 March 2023:

£13.2 million) with short-term working capital held in a current account being £208,512 (31 March 2023: £28,516).

Projected investment cost savings

We remain on track to deliver significant cost savings on funds that are live or near to launch. Total gross cost savings achieved to date by the Company amount to £89.0 million at 31 March 2024, up from £64.0 million at 31 March 2023. The total projected gross saving by the Company over the 16-year period to 2033/34 is £339.1 million. This compares to a projection of £326.4 million as at 31 March 2023. During the year, the Company achieved a major milestone by reaching 'break even' on investment cost savings for Partner Funds, with cumulative net savings at the end of the year standing at £15.5 million and forecast to rise at a rate of £13.5 million a year.

Outlook for 2024/25

The Board approved the budgeted expenditure for the next financial year at £16.5 million (2023/24: £15.2 million). The increase reflects the key priorities for the coming year, being not just the effective management of partner fund assets, but also transitioning new assets into the Pool, Responsible Investment and Engagement, growing Partner Fund relationships, improving operational resilience and recruitment and retention.

Compliance and Risk Management

We continue to be dedicated to ensuring strong investment and operational resilience across our business to support our Partner Funds.



Overview

During the 2023/24 financial year we have:

- enhanced our approach to investment risk;
- further developed our enterprise risk management framework;
- introduced a new compliance monitoring programme;
- engaged a new supplier to support our ongoing AIFMD reporting requirements;
- strengthened our teams through the addition of analyst-level resource; and
- established a dedicated governance and company secretarial function.

Enterprise Risk Management

Our enterprise risk management framework ensures that key risks are escalated and analysed to inform board and management’s strategic decisions, so that our Partner Funds’ assets continue to be managed within appropriate risk tolerances. We identify and manage risks across thirteen categories, with the principal risks for this year being summarised below. We also have a dedicated investment risk function which is embedded within the investment team looking across market, credit, counterparty, liquidity and other investment risks.

We operate a three lines of defence risk management model whereby Business Management, Risk and Compliance oversight and Assurance roles are functions independent of one another.

Category	Risk	Mitigating the Risk
Client Offering	The risk that our products do not efficiently accommodate our Partner Funds’ developing asset allocation requirements or are not delivered in an appropriate timeframe.	We have established product development processes, involving close engagement with our Partner Funds. We continue to develop our management information in this area to support analysis of our product pipeline and have enhanced Board oversight through the establishment of an Investment Oversight Committee.
Environmental and Social	The risk that we fail to track and recognise broader changes in societal dynamics that can affect our business environment and operating model. The current focus is on avoiding any adverse impact on our culture, the relevance of our colleague offering, pace of technological/ systems adaptation, and related controls efficiency and the emissions associated with our business operations.	We have a strong focus on our people offering, and we also keep a close eye on technological developments to regularly review the efficiency of our systems, controls and operating procedures and seek ways to reduce our carbon footprint.
Financial	The risk that we fail to maintain sufficient capital to meet our business and/or regulatory capital requirements, adversely impacting our ability to maintain service delivery and operational resilience.	We closely monitor our budget and ongoing spending, as well as our risk exposure and regulatory capital position, on an ongoing basis. The Company is appropriately capitalised, operates a cost sharing agreement with our Partner Funds and also has appropriate levels of insurance in place.

Compliance and Risk Management (continued)

Category	Risk	Mitigating the Risk
Governance	The risk that our governance does not meet best practice standards in the asset management sector to reinforce strategic implementation and operational effectiveness.	We review our governance effectiveness annually and an external review is carried out on a triennial basis. The external review took place this year and concluded that our governance was operating effectively with some helpful recommendations to enhance practice in tandem with the ongoing development of our business.
Investment	The risk that our funds and services do not deliver good performance for our Partner Funds in line with our agreed objectives. That includes our responsible investment and engagement priorities.	We undertake close oversight of our investment portfolios with the active support of our embedded investment risk monitoring, accompanied by effective engagement and reporting arrangements with our Partner Funds. That is reinforced by the second line risk and compliance functions. This year we have enhanced our manager selection and oversight process to maximise agility throughout the lifecycle of our funds, launched our Net Zero Strategy and developed an integrated climate dashboard.
IT and Information Security	The risk that the stability, resilience and capacity of the IT systems utilised by the company is compromised or that we are subject to a cyber-attack which materially impacts our ability to operate the company and safeguard the funds.	Our IT and security standards are aligned to ISO 27001 and we ensure effective oversight of the provider of our IT infrastructure. We also have effective business continuity and back-up arrangements and protocols in place.

Category	Risk	Mitigating the Risk
Operational	The risk that our operational infrastructure does not keep pace with the development of our business and that we fail to continually assess and adapt our systems, staffing and processes across our business so that our Partner Funds’ assets are managed effectively.	As a relatively young organisation, we have an emphasis on our organisational design on an ongoing basis. This year, we have reviewed our use of and reliance on investment research, order management and risk systems to support the next phase of our development. We have also reviewed our existing outsourcing arrangements and adjusted those to accommodate the growth in our business and development of our services, onboarding State Street (private market fund administration) and PwC (AIFMD reporting).
People	The risk that we are not able to effectively recruit or retain colleagues to deliver our strategic goals and manage the company within expected market/ regulatory standards.	A substantial project was undertaken during the year to review and revise the Company’s people strategy and culture. We encourage colleagues to ‘live’ our values to embed a strong culture within the business and our performance management process involves regular ‘conversations’ throughout the year to support ongoing people development. We carry out external salary benchmarking and are focussed on succession planning as part of our organisational development.
Political	The risk that a change in central government policy or approach to the LGPS investment pools could change Partner Funds’ investment needs and impact the Company’s strategy and organisational stability.	We engage with central government and other stakeholders on a range of topics in the sector, including the future of pooling, responsible investment and climate change reporting, to contribute to the ongoing development of consistent and long-term policy aligned to best investment practice. We also closely communicate with Partner Funds and our colleagues to support them with developments.

Compliance and Risk Management (continued)

Category	Risk	Mitigating the Risk
Regulatory	The risk that a failure of our business activities, policies or procedures leads to a breach of the regulations applicable to us.	We ensure our first-line colleagues are suitably expert and trained to operate within the regulatory parameters for our business and have second line compliance and risk teams to check and oversee this. The compliance function has been strengthened through ongoing support from an external compliance consulting arrangement. We constantly scan the regulatory horizon to ensure we are prepared for regulatory change and continue to focus on how we can learn from any regulatory risk incidents that occur.
Reputational	The risk that we undermine Partner Funds’ and third party confidence in the delivery of our services through failing to meet the expectations of our stakeholders or manage events in a way that might have a negative impact on the good standing of our overall business success.	We manage the business to the high standards expected across the asset management sector, with a low tolerance for errors, breaches and any other performance issues. We also highly value our industry partners and service providers, placing a premium on ensuring effective ongoing working relationships and oversight. Our colleagues at all levels engage in industry events and bodies to contribute to wider thinking in the sector.

Category	Risk	Mitigating the Risk
Strategic Direction	The risk that our strategy does not adequately address the needs of all our Partner Funds, potentially leading to misaligned product and service delivery, operational inefficiencies and the company not delivering on its core purpose.	We work closely with our Partner Funds on their requirements and longer-term vision for how our company can support them best. This year, we have had an emphasis on the medium to longer term positioning and development of our products and services.
Third Party Reliance	The risk that breaks in service, errors or poor engagement lead to significant operational disruption, adverse performance, monetary loss, regulatory breach or adverse reputational impact.	We have established, policies, procedures and controls to provide effective oversight of and engagement with our third-party suppliers. We also look to deploy <i>ad hoc</i> consultancy in support of our supplier and systems reliance.



Compliance and Risk Management (continued)

Internal audit and other assurance

This year our rolling internal audit programme has focussed on our front office controls, onboarding of a new private markets administrator, compliance with the FCA's Senior Managers and Certification Regime (SMCR) and our Task Force on Climate-Related Financial Disclosures (TCFD) reporting.

We also remain committed to the AAF 01/20 process, which involves external review by Deloitte LLP of the key controls within investment management, private markets and related information technology. This is an important additional assurance exercise around the robustness of our control environment. This financial year we have been looking to carry out a refresh of our control mapping and coverage, now six years into the company's development and into the fourth cycle of AAF reporting. We have also sought to realign the reporting period to that of our Partner Funds to ensure the output continues to be as current as possible. In support of that, and also given delays in the prior year's reporting, we will be issuing a report as at 31 March 2024 this year, with a view to re-extending our reporting throughout the whole year for the 2024/25 period. With the launch of our direct and indirect property funds, we will also be including coverage of our property management controls in the 2024/25 year.

Compliance

During the year, we carried out an annual Compliance Monitoring Programme (CMP), which reviewed key elements of our ongoing compliance obligations. We have now introduced a new approach to the CMP which is run by the internal team and supported by a system hosted by BDO LLP.

We also embedded a new learning management system and policy hub, and an external whistleblowing and case management hotline.

We continue to monitor the regulatory landscape and implement any necessary measures in response to regulatory change. There was a particular focus towards the end of the 2023/24 financial year on the impact of the FCA's incoming Sustainability Disclosure Requirements (SDR), including the Anti-Greenwashing rule, the Classification and Labelling regime and the proposed regulation around naming, marketing, product and entity-level disclosures. Work in respect of these latter areas is ongoing.



Nottinghamshire



Governance Report

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Governance Structure

Strong governance is key to the effective operation and success of the Company and in turn stewardship of the Partner Funds' assets.

A governance structure has been in place since the Company's inception which ensures oversight of its activities, strategic agility, the embedding of cultural values and ongoing regulatory compliance. That structure is required to take account of the Financial Conduct Authority (FCA) and Companies Act 2006 requirements, as well as appropriate levels of shareholder oversight. An overview of the current governance structure is set out in Figure 1.





Governance Initiatives

The Board has continued to promote the success of the Company and its subsidiaries by collectively directing and supervising its affairs, whilst meeting the appropriate interests of its Shareholders.

It is committed to maintaining high standards of corporate governance to ensure accountability and efficient and effective decision making.

It is also committed to reviewing governance effectiveness on an ongoing basis and over the financial year, a number of new initiatives were implemented, including establishing an Investment Oversight Committee of the Board to ensure that there is a greater focus on investment strategy and performance. The Board also reviewed NED tenure and staging to ensure better Board resilience.



Staffordshire

Stakeholder Engagement

The governance structure of the Central Pool and the relationship between the Company and Partner Funds is illustrated in Figure 1.

Frequent and regular dialogue and engagement takes place between the Board and the Company's clients and Shareholder representatives through Company and Partner Fund forums covering specific aspects of the Company's development and progress.

Company General Meetings

The Company's annual general meeting was held on 26 September 2023. The key business discussed at that meeting included the non-executive director succession plan, Board continuity and the annual governance report to Shareholders. There were also routine updates from the Chair of the Board and the chair of each underlying sub-committee. Shareholders had an opportunity to question the Board and vote on resolutions, including the re-election of directors and the adoption of the Company's annual report and financial statements.

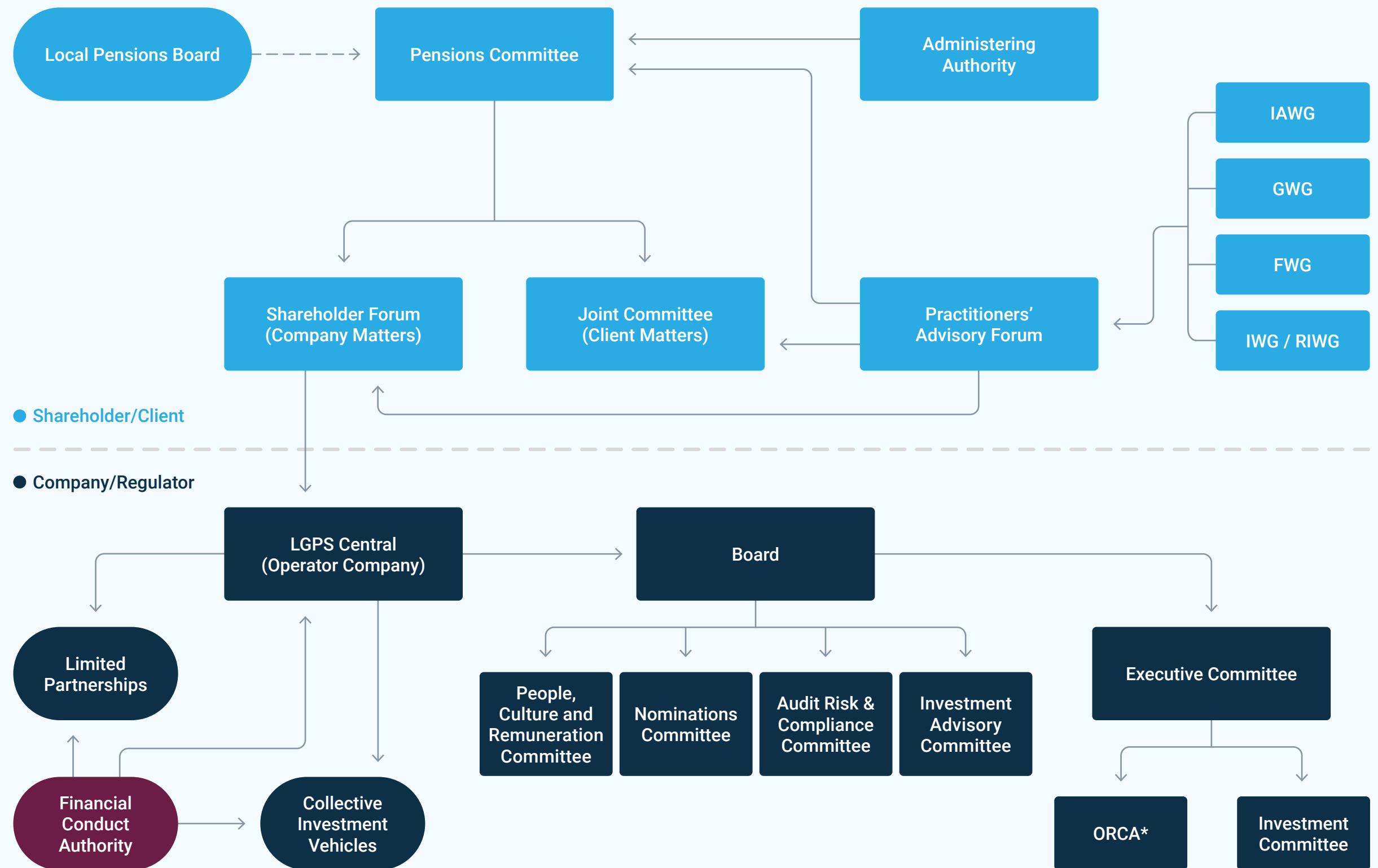
Shareholder Forum

The Shareholder Forum comprises a representative of each of the Administering Authorities and its primary role is to oversee the operation and performance of the Company and to ensure that the ownership rights and interests of the Administering Authorities are represented. It is a forum for discussing shareholder matters, including reserved matters under the Shareholders' Agreement.

Joint Committee

The Joint Committee is a public forum for the Administering Authorities to perform oversight of client matters and is made up of one elected member per authority. The Joint Committee meets twice a year, and its role is to support and provide

Figure 1: Governance Structure of the LGPS Central Pool



* ORCA is the Operations, Risk, Compliance and Administration Committee.

Stakeholder Engagement (continued)

assistance, guidance and recommendations to the individual Administering Authorities in connection with Company-related investment issues. The Company provided updates to the Joint Committee on investment performance, manager oversight, responsible investment and engagement, and its key operational performance indicators.

PAF (Practitioners Advisory Forum)

PAF comprises officers of the Administering Authorities, and its over-riding objectives are to collectively ensure that the pool meets the statutory requirements for investment pooling and to agree a programme of products that meet the needs of all Partner Funds. The Company provides PAF with updates on key strategic and business items. Discussions during the year have included an update on key elements of the Company’s business plan, people strategy, operational resilience, programme of assurance and controls reporting.

GWG (Governance Working Group)

This working group includes representatives from some of the eight Partner Funds and, from time to time, colleagues of the Company are invited to attend. The Group meets as required and focusses on governance and compliance issues from a pool perspective.

FWG (Finance Working Group)

This working group includes representatives from some of the eight Partner Funds and is sometimes attended by colleagues of the Company. The group meets when required to provide input into and to scrutinise the annual business plan and budget, cost sharing model and other financial matters.

IWG (Investment Working Group)

The IWG comprises representatives from each of the eight Partner Funds. The Company provides monthly updates relating to investment fund development and performance. The IWG is the principal mechanism through which collective Partner Fund views are sought on the development and evolution of the Company’s investment funds. Discussions have included the development of new funds and progress updates on fund implementation, due diligence and manager selection protocols, RI&E Stewardship updates, market outlook, fund factsheets and other reporting.

IAWG (Internal Audit Working Group)

The IAWG meets twice a year to oversee and manage thematic audits of the Company carried out by Partner Fund internal audit teams. This supports reporting to the Joint Committee on the assurance in place for the wider pool. The audits focus on various aspects of the funds and the governance supporting them. The IAWG also undertakes an independent review of the Company’s annual AAF 01/20 report and provides feedback to PAF, the Company and Partner Funds. During the year, the IAWG discussed AAF 01/20 controls reporting and wider partner fund assurance audits.

RIWG (Responsible Investment Working Group)

The RIWG includes representatives from some of the eight Partner Funds and the Company’s RI&E team, and meets regularly throughout the year. The Company provided updates and worked with the group on topics such as climate change, the use of plastics, voting and engagement issues, consultations and climate risk reporting.

Forum / Committee / Meeting	Number of meetings in 2023/24
Shareholder Forum	5
Practitioners Advisory Forum (PAF)	11
Investment Working Group (IWG)	8
Responsible Investment Working Group (RIWG)	4
Finance Working Group (FWG)	1
Governance Working Group (GWG)	1
Joint Committee (JC)	2
Company General Meeting	1



Stakeholder Engagement (continued)

How LGPS Central Limited Engages and Fosters Strong Relationships with Stakeholders

Stakeholders	How LGPS Central Limited Engages its Stakeholders
Shareholders	<p>The Board and management engage directly with Shareholders through our AGM and usually a further Company General Meeting, where we provide key updates and answer questions. We produce our annual report and financial statements and quarterly financial updates. During 2023/24 the Board held additional ad-hoc meetings with representatives of Partner Funds and Shareholders to consider wider strategic and collaborative initiatives.</p> <p>Management also engages with Shareholders on an ongoing basis and through the relevant governance groups set out above. In particular, the NEDs meet with Shareholders on an ad hoc basis.</p>
Clients	<p>Listening to our clients is important to us, and we regularly engage with all eight Partner Funds on a one-to-one basis as part of our ongoing service delivery, as well as collectively through various forums and working groups. We also host Partner Funds at themed events, such as those focusing on responsible investment and engagement. We also attend and present at Partner Fund Committee meetings and sometimes on request support with investment training.</p>
Colleagues	<p>We have established a forum, the Colleague Voice Group, to hear suggestions and feedback from colleagues, which we also do via regular pulse surveys. We have a strong focus on the career development of our colleagues and we keep them informed of Company business with weekly updates and a range of internal communications. We are a champion of diversity and inclusion, being a proud member of the Employers Network for Equality and Inclusion, Diversity Project and 30% Club.</p> <p>The Board looks to engage with colleagues through the Company’s meeting cycle, separate ‘buddy’ sessions and informal lunches. There is also a ‘Workforce NED’ who liaises with colleagues across various fora throughout the year.</p>

Stakeholders	How LGPS Central Limited Engages its Stakeholders
Government	<p>Regular engagements take place between the Company and the Department for Levelling Up, Housing and Communities (DLUHC) to discuss the delivery of Government priorities for pooling. Those include cost savings, transparency, reporting and tackling climate change. We also report specific data to DLUHC annually.</p> <p>We provide responses to key consultation papers, such as ‘Local Government Pension Scheme (England and Wales): Next Steps on Investment’, ensuring that our voice is heard within the industry.</p>
Regulators	<p>We are a Financial Conduct Authority (FCA) regulated business, giving our Partner Funds assurance that we are managing their assets to the requisite standards. We complete all applicable regulatory returns to the FCA and are in regular dialogue with them prior to seeking formal approval for new fund launches.</p>
Industry Peer Group	<p>Chairs of the eight LGPS pension pooling arrangements meet regularly to discuss shared challenges and opportunities. The CEO, DCEO, HR, Legal, Finance and Communications teams from the eight pools also meet throughout the year in sub-groups to discuss developments in their specific areas of expertise.</p>
Local Communities	<p>All colleagues are granted two days of paid leave to spend on activities that support charitable and other good causes. The time dedicated to such activities is recorded on a centralised system for monitoring and reporting purposes.</p>

The Board

Throughout the financial year 2023/24, the Board of the Company remained committed to maintaining a robust governance framework.

During 2023/24, the Board comprised a Non-Executive Chair and four additional Non-Executive Directors (NEDs), along with the Interim Chief Executive Officer who served as an Executive Director.

Board Attendance for the Period 1 April 2023 to 31 March 2024

Name	Board <i>(inc. 3 Specials)</i>	People, Culture and Remuneration Committee	Audit, Risk and Compliance Committee <i>(inc. 2 Specials)</i>	Nominations Committee
Joanne Segars OBE *	10/10	3/3	n/a	3/3
Ian Armfield **	10/10	n/a	6/6	1/3
Ciarán Barr ***	8/10	4/4	5/6	3/3
John Burns ****	10/10	n/a	n/a	n/a
Susan Martin	10/10	4/4	6/6	n/a
Belinda Moore ***** <i>(Joined 26 Jun 2023)</i>	7/10	1/1	n/a	2/3

* Joanne Segars left the People, Culture and Remuneration Committee on 5 February 2024.

** Ian Armfield left the Nominations Committee on 27 June 2023.

*** Ciarán Barr left the Nominations Committee on 5 February 2024.

**** John Burns attended the People, Culture and Remuneration Committee, Audit Risk and Compliance Committee and Nominations Committee in his capacity as Interim CEO, although not a voting member of those committees.

***** Belinda Moore joined the People, Culture and Remuneration Committee on 5 February 2024.

n/a indicates that the Director is not a member of the Committee. Board Sub-Committees comprise Non-Executive Directors only.

Board Biographies



Joanne Segars OBE

Chair and Non-Executive Director and Chair of the Nominations Committee, member of the Investment Oversight Committee

Joanne has over 30 years in the pensions and investment sector and is an experienced chair and non-executive director. She was appointed as the first Chair of LGPS Central Limited in May 2017. She became the chair of NOW: Pensions in 2019, having been appointed to its Board in 2017. Joanne is also the Chair of the Independent Governance Committee at Legal and General and is a member of the Pension Fund Governing Board at CERN. She has been chair of the Joint Expert Panel on the USS and a pensions expert to the review of TfL's pension arrangements. She was the Chief Executive of the Pensions and Lifetime Savings Association (PLSA) until June 2017, having been its first Policy Director. She joined the organisation from the Association of British Insurers where she was Head of Pensions and Savings and held the pensions brief at the Trades Union Congress for 13 years, having started her career as a pensions researcher and journalist at Incomes Data Services. She was Chair of the Environment Agency Pension Fund (EAPF) from 2017 – 2019. Joanne was a Board member of Pensions Europe, the EU trade association for pensions, from 2010 – 2017 and its Chair from 2012 – 2015. She was a founding governor of the Pensions Policy Institute. Joanne has a degree in economics from John Moores University and an MA in Industrial Relations from the University of Warwick. She was awarded an OBE for services to pensions in the 2003 Queen's Birthday Honours.



Susan Martin

Non-Executive Director, Senior Independent Director, Chair of the People, Culture and Remuneration Committee, member of the Audit, Risk and Compliance Committee and member of the Nominations Committee

Susan is on the Board of Town and Country Housing where she chairs its Customer Services Committee and an executive coach. She is the former CEO of fellow UK local authority pensions pool, Local Pensions Partnership Ltd. Prior to this, she held multiple senior roles at the London Pension Fund Authority, including more than two years as CEO. She has also held director roles at Greenstone Consulting, Queen Victoria Hospital NHS Foundation Trust and Cancer Research UK. She has experience in strategic partnership working, start-ups, acquisitions, mergers, business change and organisational development in several industries. Additionally, she was Pensions Lead and Board Member at the Public Services People Managers Association for three years and a member of the defined benefit council and LGPS committee at the Pensions and Lifetime Savings Association.



Ian Armfield

Non-Executive Director, Whistleblowing Champion, Chair of the Audit, Risk and Compliance Committee, member of the Investment Oversight Committee

Ian has over 40 years of experience in financial services, with his executive career as an audit and risk assurance partner at PwC, particularly focussed on the asset management and pension funds sectors. He brings a deep and extensive knowledge of auditing, risk management and internal controls. Ian is a Non-Executive Director and Chair of the Audit Committee at Keystone Positive Change Investment Trust PLC and at Managed Pension Funds, a regulated insurance company providing pooled investment management services to pension schemes. He is also the independent Audit and Risk Committee Chair for Pearson Pension Plan and was previously a board member at NEST.



Ciarán Barr

Non-Executive Director, Chair of the Investment Oversight Committee, member of the Audit, Risk and Compliance Committee and member of the People, Culture and Remuneration Committee

Ciarán has over 30 years of experience in financial markets spanning economic strategy, pension funds and asset management. In his most recent executive role at a leading UK pension fund, he focussed on improving member outcomes and long-term returns through restructuring and managing the investment architecture, including governance arrangements and multi-asset pooling. Ciarán is dedicated to collaborating with shareholders to deliver positive returns and ensure good value for money for investors. Ciarán is also a Board member at The People's Partnership and chairs the investment subsidiary Board, as well as being a Trustee/Director of two charities: Railway Benefit Fund and Studio Wayne McGregor.



Board Biographies (continued)



Belinda Moore

Non-Executive Director, Workforce Champion, member of the Nominations Committee and member of the People, Culture and Remuneration Committee

Belinda is an experienced non-executive director with a background in FMCG, consumer service and healthcare across FTSE 100 and multi-site plc backed businesses. With over 30 years' experience in the UK and overseas, her expertise encompasses development and execution of successful digital engagement strategies to drive growth and profitability.

Adept at managing complex relationships and effectively engaging key internal and external stakeholders. Belinda has had notable success in improving the customer experience using data, technology, and customer insights to drive change programmes across marketing, commercial and operational teams. Her strategic, commercial, and digital acumen is complemented by a solid understanding of talent, diversity, financial oversight, and risk management within regulated environments. Belinda also holds non-executive roles at Benenden Healthcare, Tipton & Coseley Building Society and Moat Housing.



John Burns

Executive Director, Deputy Chief Executive Officer

John joined the Board of LGPS Central Limited in September 2017 where he is responsible for the oversight of the infrastructure functions and for the financial management of the Company. John was previously Group Chief Operating Officer with Baring Asset Management, a London based global asset manager. He has extensive international COO experience in developed, emerging and frontier markets across both institutional and wholesale sectors. Prior to this John had various COO, finance and risk management positions with Schroders, Fidelity and Visor Capital in London and in Asia. His previous experience as an Executive Management Committee member encompasses leadership, strategic business development and oversight of many aspects of asset management, together with practical knowledge of global regulatory and governance regimes.



Derbyshire

Audit, Risk and Compliance Committee

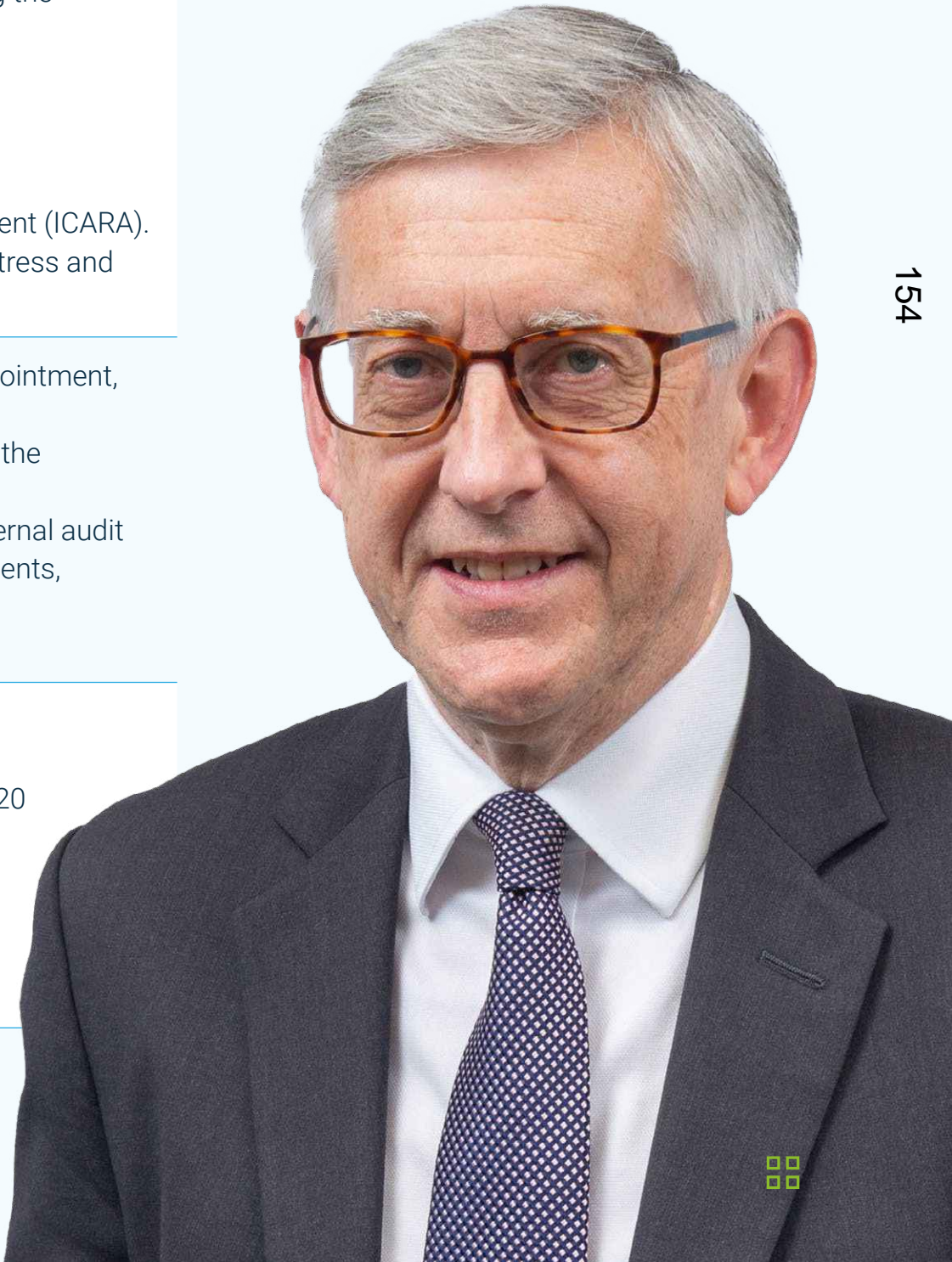
Report from the Chair of the Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee supports the Board in scrutinising the Company’s financial reporting, risk management and internal control systems, and the independence and effectiveness of both the internal and external auditors.

The Committee is chaired by Ian Armfield and includes Susan Martin and Ciarán Barr, all of whom are independent Non-Executive Directors. The members of the Committee consider that they have the requisite financial skills and experience to fulfil the responsibilities of the Committee.

The Committee’s authority and duties are clearly defined within its written terms of reference which, together with its effectiveness, are reviewed on an annual basis as part of the Board’s performance evaluation process. At least once a year, the Committee meets with each of the external auditors and internal auditors without the presence of executive officers.

Activities of the Committee	
The Committee met six times during the year and the external auditor, Deloitte LLP, attended two of those meetings. The Company’s internal auditor, KPMG LLP, attended on four occasions.	
The Committee was responsible for a range of matters including the following:	
Financial reporting	<ul style="list-style-type: none">Monitoring the integrity of the Company’s financial statements and reviewing key accounting policies, judgements and estimates.Reviewing the appropriateness of the going concern basis for preparing the financial statements.Considering the narrative elements of the annual report.Reviewing the annual and half-year ACS financial statements.Reviewing the private markets investments Limited Partnership financial statements.Reviewing the Company’s annual regulatory capital adequacy assessment (ICARA).Challenging the methodology, key assumptions and the results of the stress and scenario tests used in the ICARA.
External audit	<ul style="list-style-type: none">Overseeing the relationship with the external auditor including their appointment, performance and remuneration.Reviewing the objectivity and independence of the external auditor and the appropriateness of any non-audit services that are provided.Reviewing the scope, planning and matters arising from the annual external audit of the Company, the ACS and the Limited Partnerships financial statements, including any findings raised by the external auditor.Reviewing the effectiveness of the external audit process.
Internal control and risk management	<ul style="list-style-type: none">Reviewing the adequacy and effectiveness of the Company’s internal control processes.Reviewing the process and outcome of the Company’s annual AAF 01/20 controls assessment.Evaluating the outcome of the Company’s annual compliance monitoring programme.Overseeing the identification and consideration of the Company’s principal risks and mitigating controls.



Audit, Risk and Compliance Committee (continued)

	<ul style="list-style-type: none">Reviewing the implementation and operation of the Company’s enterprise risk management framework, including its risk appetite and tolerances, risk assessments and governance process.Reviewing the development of the risk management framework and monitoring its progress.
Internal audit	<ul style="list-style-type: none">Overseeing the relationship with the internal auditors, considering and approving their internal audit plan and providing oversight of its delivery.Reviewing internal audit reports and monitoring management responses to internal audit recommendations.Monitoring and evaluating the effectiveness of internal audit.

Financial Reporting

The Committee considers that the most significant issues likely to impact the Company’s financial statements are the completeness and accuracy of operating income receivable from Partner Funds (as calculated using the cost-sharing model), the valuation of the net pension liability and the associated pension reimbursement asset, the valuation of non-current assets, and accounting for leases recognised in accordance with IFRS 16.

The Committee recommended to the Board the appropriateness of the going concern basis in preparing the financial statements, as outlined in Note 2 to the Financial Statements.

External Auditor

The Company’s current external auditor, Deloitte LLP, was re-appointed following a public procurement process for a period of three years to 31 March 2025 (with a possible two-year extension). Chris Hunter has served as audit partner this year, being his second year as audit partner for the Company.

To assess the effectiveness of the external auditor and the external audit process, the Committee reviewed and considered the audit plan, the fulfilment of the agreed audit plan, a report from the external auditor on the conclusion of the audit, and the Audit Quality Inspection Report on Deloitte LLP issued by the FRC’s Audit Quality Review Team (AQRT).

To fulfil its responsibility regarding the independence and objectivity of the external auditor, the Committee considered Deloitte’s arrangements to manage independence and a report from them at the planning and the conclusion of the audit setting out why they remain independent.

Deloitte LLP has confirmed that it believes it is independent within the meaning of regulatory and professional requirements and that the objectivity of the audit partner and staff is not impaired. Having carried out the review described above, the Committee is satisfied that the external auditor remains independent and effective for the purposes of this year’s audit.

The Committee approved a formal policy on non-audit services during the year. In terms of such services, there are no inconsistencies between the FRC’s Ethical Standard and the Company’s policy for the supply of non-audit services or any apparent breach of that policy. Appropriate safeguards have been put in place by the external auditor, including the rotation of partners and professional staff and the involvement of additional partners and professional staff to carry out reviews of the work performed and to otherwise advise as necessary.

Assurance on Internal Controls

The Committee received assurance from Deloitte LLP in accordance with AAF 01/20, on the design and operating effectiveness of controls in place within the Company with respect to investment management and private markets services provided to Partner Funds and related information technology. Some control exceptions were identified, principally in relation to information technology and remedial action has been taken.

In view of the late issuance of this report, which related to the calendar year 2022, in November 2023, the Committee agreed that in order it ensure that future assurance was received on a more timely and relevant basis, the Company would change the scope of the next assurance report to a report on the design and implementation of controls only and as at 31 March 2024, the Company’s year end. Thereafter the Company would revert to assurance on the design, implementation and operating effectiveness of controls in place for future years ending 31 March, which is the same year end as Partner Funds.

Internal Audit

The Committee believes that the compliance and internal control systems and the internal audit function in place within the Company provide sufficient assurance that a sound system of internal control, which safeguards Shareholders’ investments and the Company’s assets, is maintained. The retention of an outsourced, specialist internal audit function continues to be a necessary part of the Company’s overall assurance framework and is closely managed to align to the Company’s organisational development.

Risk Management

The Company’s risk appetite, assessment, and the way in which significant risks are managed is a key area of focus for the Committee. The Committee has undertaken its annual assessment of the operation of the Company’s risk framework and those risks identified, evaluated and managed through that process. This included reviewing and challenging the risk appetite statements for each of the core strategic risk categories that underpin the enterprise risk management framework, together with a review of the quarterly risk report and dashboard metrics for key strategic risks.

Ian Armfield
Chair of the Audit, Risk and Compliance Committee

Nominations Committee

Report from the Chair of the Nominations Committee

The purpose of the Nominations Committee (NomCo) is to ensure that there is an appropriately skilled and experienced Board; to recruit Non-Executive Directors and Chief Officers; to oversee the performance of the Board (including that Directors are 'fit and proper persons'); to review senior succession planning to ensure the effective running of the Company; and to recommend to Shareholders the appointment/re-appointment of Directors.

The members of the Committee at the end of the year were Joanne Segars (Chair), Susan Martin and Belinda Moore, all of whom are Independent Non-Executive Directors. Two directors ceased to be members of the Committee during the year: Ian Armfield (June 2023) and Ciarán Barr (February 2024). The Committee's authority and duties are clearly defined within its written terms of reference which, together with the Committee's effectiveness, are reviewed on an annual basis as part of the Board's performance evaluation process. The Committee met three times during the year. The activities of the Committee during this time included:

Recruitment

The Company appointed Belinda Moore to our Board as a fifth Non-Executive Director (NED) during the year. Belinda brings experience in communications, governance and customer relations to our Board to further strengthen our skill set.

The bulk of the Committee's activity over the year was focussed on recruiting three Chief Officers: the Chief Executive Officer (CEO) and two new posts of Chief People Officer (CPO) and Chief Commercial Officer (CCO). In relation to the appointment of the CEO, the Committee conducted an extensive search and, to ensure that it could select from a diverse and experienced field of candidates, engaged the services of a specialist search firm. After a series of interviews and discussions comprising representatives of the Committee and the Senior Independent Director (SID) and a meeting with representatives of Shareholders, Richard Law-Deeks was appointed CEO. He joined the Company in June 2024.

To ensure that the Company has the right leadership and focus for the next stage of its development, the Committee took the opportunity presented by some colleague departures to create two new Chief Officer roles. Anouska Ramsay joined in March 2024 as Chief People Officer and Trevor Castledine joined the Company as Chief Commercial Officer in April 2024.

Succession Planning

The Committee reviewed the senior succession plan during the year to ensure there would be continuity of service and business operations if a key colleague was unavailable for a short period or left the business before a replacement could be appointed.

The Committee, minus the Chair (Joanne Segars), also discussed the Chair Succession Plan. Shareholders approved an extension to the Chair's term of office in September 2023, which will end in October 2025. The recruitment process for a replacement Chair will be led by the SID, Susan Martin.

Fit and Proper Review

The Company continues to confirm that those defined under the Senior Managers and Certification Regime (SMCR) as Senior Managers, Certified Persons and non-Senior Manager NEDs are certified as Fit and Proper. This includes an assessment against a range of criteria: honesty, integrity and reputation, competence and capability, financial soundness, and personal characteristics.

Senior Managers as defined by the FCA (the ICEO, the CLCRO and the Chair of the Board for the financial year 2023/24) were certified as Fit and Proper. Non-senior managers (including the remaining NEDs) self-declared, as required by the FCA, followed by an assessment by the individual's line manager.

Board Effectiveness Review

Each year since inception, the Board has undertaken a review of its performance. This covers individual Board member performance and of the Board and its committees as a whole. In line with best governance practice, every third year that review is conducted by an independent external third party and, in the intervening years, an internal Board evaluation exercise takes place. The review for the 2023/24 financial year was an external review.





Nominations Committee (continued)

The remit of the review was expanded to include a review of the effectiveness of the Executive Committee (ExCo) and its two sub-committees to ensure there is effective and joined-up governance throughout the Company's main decision-making bodies. The review included interviews with all Directors and a broad selection of management and advisers. It included a review of Board and committee papers and terms of reference.

The reviewer attended the main Board meeting and meetings of the Board and ExCo committees. The outcome of the review was that the Board continued to operate effectively. There were a number of recommendations made in terms of improving governance efficiency and these are currently being implemented, including the creation of an Investment Oversight Committee (IOC), which was approved by the Committee and Board in December 2023, and put in place from April 2024.

Board Sub-Committee Membership

Each year, the Committee reviews the composition of its sub-committees to ensure they have the right composition, taking account of skills, diversity and experience. A review was undertaken in February 2024 and, to accommodate the creation of the IOC, a number of adjustments to sub-committee memberships were made which took immediate effect. Membership is described in Section 10.4.

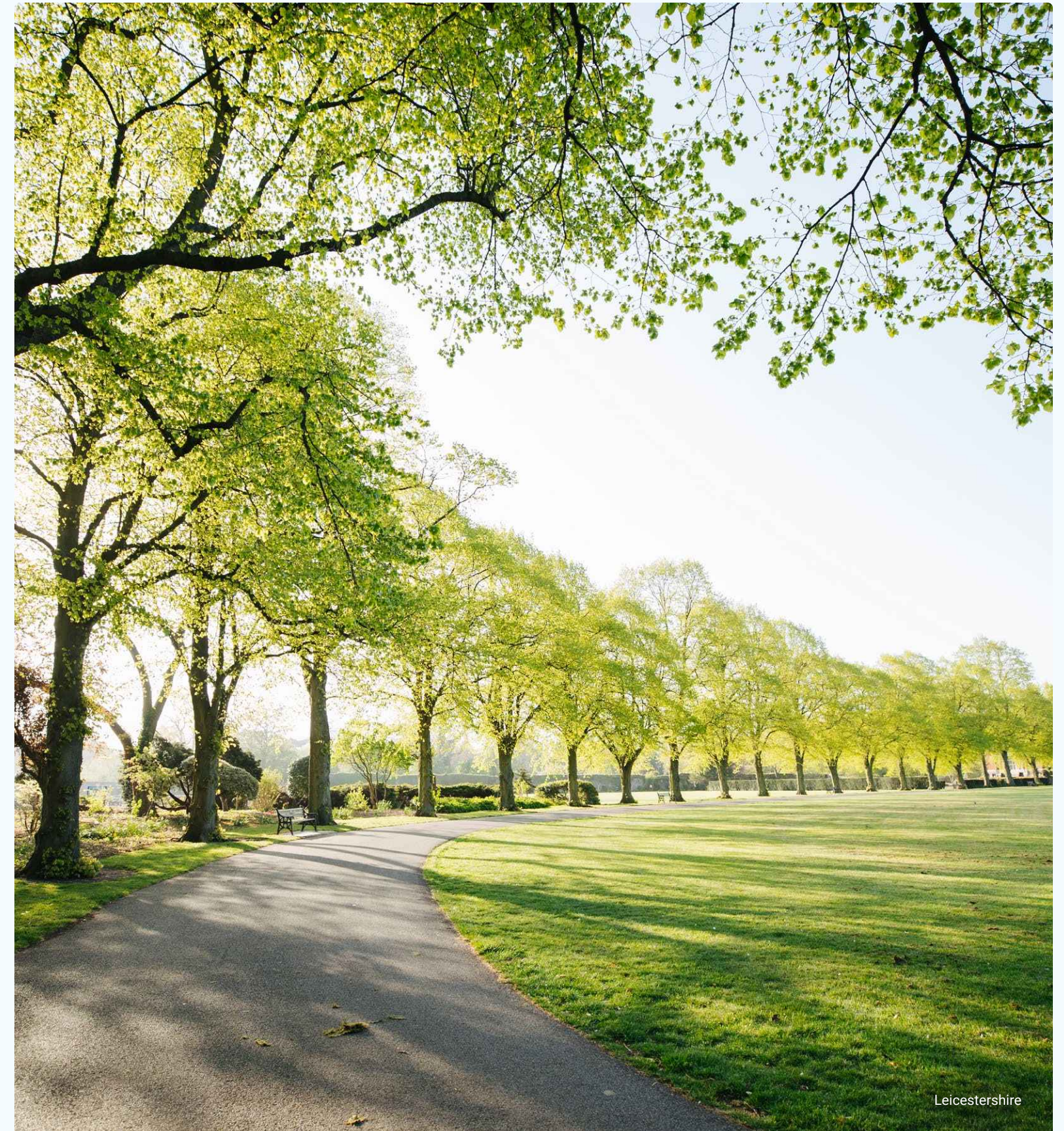
Performance of Executive Directors and Chief Officers

In December, the Committee discussed the performance ratings for the Executive Director and Chief Officers of the Company, following the annual appraisal process, and presented the agreed ratings to the Board for approval.

Joanne Segars OBE

Chair of the Nominations Committee

“The bulk of the Committee’s activity over the year was focussed on recruiting three Chief Officers: the Chief Executive Officer (CEO) and two new posts of Chief People Officer (CPO) and Chief Commercial Officer (CCO).”



Leicestershire

People, Culture and Remuneration Committee

Report from the Chair of the People, Culture and Remuneration Committee

The responsibilities of the People, Culture and Remuneration Committee are to consider the Company's culture and people strategy, to approve the Company's remuneration strategy and policy, to review pensions arrangements, pay and other benefits for colleagues and to assess performance against the objectives for Executive Directors. It also recommends pay and benefits for the executive directors and pay for the non-executive directors for Shareholder approval. The current members of the Committee are Susan Martin (Chair), Ciarán Barr and Belinda Moore, all of whom are independent Non-Executive Directors. One Committee member, Joanne Segars, left the Committee during the year (5 February 2024). The Committee's authority and duties are clearly defined within its written terms of reference which together with its effectiveness are reviewed on an annual basis as part of the Board's performance evaluation process. The Committee met four times during the year. The activities of the Committee during this time included:

Salary and Colleague Benefits

The Committee reviewed the pay and benefits available to colleagues in line with the agreed peer group. A market pay benchmarking exercise was conducted by an external reward consultant identifying job roles below market levels. The Committee worked with the People and Finance teams to develop and agree proposals for the annual pay award, in line with the agreed principles of the Remuneration Framework. This helped inform the pay budget recommendation to the Board and

subsequently to Shareholders. The proposals for colleague remuneration, Executive Director and Non-Executive Director remuneration were agreed by Shareholders in March 2024. An additional one-off payment was agreed for the Chair of the Board in recognition of the additional time that she had spent on Company matters during the year.

A range of benefits, including those supporting retention and requiring salary sacrifice, were also discussed and approved. Benefits included volunteering days and an electric vehicle scheme. The Committee also considered a number of options in relation to colleague pension provision. In March 2024, the Shareholders agreed a change to the employer contributions for Chief Officers, who are members of the Company's defined contribution scheme, from the minimum contributions under auto-enrolment legislation to 7.5% of pensionable pay.

Culture Framework and Engagement

Members discussed the Culture Framework and progress in relation to the Company Culture Plan. This specifically focussed on the results from the Best Companies Survey, regular pulse check, exit surveys and broader feedback from colleagues including the Employee Staff Voice Group. A substantial project was undertaken during the year to review and revise the Company's people strategy and culture. This included the adoption of new corporate values, a review of the performance and development framework and a renewed focus on simplification and efficiency in the Company's operating model (further details can be found in Section 7, 'Our Colleagues').

Performance Development

Members reviewed the analysis from the performance development review process, including insights from the senior management '360-degree' feedback process. A distribution of ratings for the pay award were approved within the proposed budget. Performance development reviews across the business are monitored for alignment with remuneration principles and assessment criteria as well as for any potential adverse impact on equality and diversity.

ICEO Objectives 2023/24

The Committee discussed the performance of the Interim Chief Executive Officer (ICEO) against his objectives and approved the assessments in line with the Company's Performance Development Review process and timelines. Members have ensured these also align with the assessment criteria set out in the Executive Director Remuneration and Benefits Policy. The Committee approved a one-off payment to the ICEO to reflect the additional responsibilities taken on during the year.

Review of the Gender Pay Gap and Ethnicity Pay Gap

The Gender Pay Gap and Ethnicity Pay Gap were reviewed and noted by the Committee. It was acknowledged that given the size of the workforce, small changes in

workforce have notable changes in the figures. This is kept under review, specifically following the pay award and promotions processes, to understand and to take action as required on any impact. The Company is building a more diverse pipeline for senior appointments and continues to seek a diverse range of applicants, while appointing on merit.





People, Culture and Remuneration Committee (continued)

Equality, Diversity and Inclusion (EDI) and Social Mobility

The Committee has been looking at the broader impact of socio-economic measures on the Company's colleague demographics as well as actions to embed EDI through various initiatives to support engagement and representation at the right levels. The Company has been considering systems and management information that will provide more insight on EDI at a strategic level.

Annual Review of Regulatory Remuneration Policy

The Regulatory Remuneration Policy was also reviewed in light of the new Remuneration and Benefit Framework. The Company is now subject to two Remuneration Codes, the Alternative Investment Fund Manager (AIFM) Remuneration Code and the Bank, Building Societies, and Investment Firms Prudential Sourcebook (BIPRU) Remuneration Code. Committee members had an in-depth discussion on the determination of Code Staff (senior management, material risk takers and leaders of control functions under the Senior Managers Certification Regime). The population of Code Staff was revised and updated accordingly in line with the determinations, ahead of the Fit and Proper assessments.

Annual Review of Expenses Policy

The Committee undertook the annual review of expenses claimed by Directors and reviewed the Company's Expenses Policy. Certain expenses are incurred by Directors and employees of the Company whilst conducting normal business activities. The Committee reviews the scope and level of expenses that the Company deems reasonable, and which will be reimbursed. The policy was reviewed with minor changes to ensure that it remained appropriate to the business and its activities.

Susan Martin

Chair of the People, Culture and Remuneration Committee

“The Company is building a more diverse pipeline for senior appointments and continues to seek a diverse range of applicants, while appointing on merit.”



Directors' Report

The Directors present their annual report on the affairs of LGPS Central Limited, together with the financial statements and auditor's report, for the year ended 31 March 2024.

Incorporation

LGPS Central Limited ('the Company') is incorporated in the United Kingdom and registered in England and Wales, registration number 10425159.

Principal activity

The principal activity of the Company is that of investment management, including acting as the alternative investment fund manager (AIFM) for the LGPS Central Authorised Contractual Schemes (ACSSs) and general partner to a number of limited partnerships to facilitate the Partner Funds' investment in alternative assets.

Future developments

Details of the strategic direction can be found in the Chair's Statement on pages 4 to 6.

Going concern

The annual report and financial statements have been prepared on the going concern basis. Details of the considerations that the Company has considered in determining that the Company should be accounted for on the going concern basis are set out in note 2 to the financial statements.

Events after the balance sheet date

Details of significant events since the balance sheet date are contained in the Report from the Deputy Chief Executive Officer on pages 7 to 8 and in note 19 to the financial statements, as well as the Chair's statement.

Existence of branches outside the UK

The Company has no branches, as defined in section 1046(3) of the Companies Act 2006, outside the UK.

Operational risk

The Risk Framework is operated on a three lines of defence model. The Company has taken out Legal and Professional Indemnity insurance including Directors and Officers Liability Insurance to mitigate the financial impact of any loss event.

Financial risk management objectives and policies

The nature of the shareholder structure and the client relationship mitigates much of the Company's financial risk exposure; specific risks are detailed below. The Company does not use derivative financial instruments.

Cash flow risk

The Company's activities expose it primarily to the financial risks of delayed or disputed trade receivables. However, this is mitigated by the joint and several obligations of Shareholders to bear the costs of the Company.

Credit risk

The Company's principal financial assets are bank balances, trade receivables, and other receivables.

The Company's credit risk against its trade receivables is minimal as at 31 March 2024, as the only trade receivables were income due

from Partner Funds, and therefore local government-backed.

The credit risk on liquid funds is limited because the counterparty at the year-end is a UK bank and a small number of Money Market Funds (MMFs) with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

To maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the Company uses a mixture of long-term capital and medium-term debt finance.

Further details regarding liquidity risk can be found under the going concern heading in note 2 to the financial statements.

Dividends

The Directors do not recommend a final dividend in relation to the year 2023/24 (2022/23: nil).

Directors

The Directors, who served throughout the year and up to the date of signing except as noted, were as follows:

	Position	Date of Appointment
Joanne Segars	Chair, Non-Executive Director	1 May 2017
Ian Armfield	Non-Executive Director	1 November 2022
Ciarán Barr	Non-Executive Director	1 November 2022
John Burns	Executive Director and Deputy Chief Executive Officer	21 September 2017
Richard Law-Deeks	Executive Director and Chief Executive Officer	2 July 2024
Susan Martin	Non-Executive Director	3 February 2020
Belinda Moore	Non-Executive Director	26 June 2023
Mike Weston *	Executive Director and Chief Executive Officer	7 March 2019

* Mike Weston resigned as a director on 9 May 2023.



Directors' Report (continued)

Political contributions

No political donations were made during the year (2022/23: nil).

Engagement with stakeholders

The Company's engagement during the year with customers, suppliers and other relevant parties is set out in Section 10.3 (Stakeholder Engagement).

Modern Slavery Act

In adherence to the Modern Slavery Act 2015, the Board approved a zero tolerance policy on slavery and human trafficking. This statement is made on behalf of the Company and was reviewed and approved by the Board on 28 June 2023 and is signed by our Chair. The statement is available on lgpscentral.co.uk.

Whistleblowing

The Board has ensured that a culture of ethical behaviour is encouraged with a whistleblowing policy, as well as internal compliance, independent monitoring and quality procedures supported by training. The Company has appointed the Chair of the Audit, Risk and Compliance Committee as the Whistleblowing Champion. This role has the responsibility for ensuring and overseeing the integrity, independence, and effectiveness of the Company's policies and procedures on whistleblowing.

The Company's Approach to Sustainability

The Board is responsible for approving and monitoring the Company's approach to Responsible Investment and Engagement (RI&E) as part of its oversight of our policies including the Responsible Investment and Engagement Framework (the Framework). The Framework is the overarching governing document for all responsible investment activities at the Company. The Board also reviews and approves the Company's Voting Principles, Annual Stewardship Report and Taskforce for Climate-Related Financial Disclosure Report.

The Company has established a Board-level KPI that 100% of relevant funds integrate responsible investment. This is done through an internal Responsible Investment Integrated Status (RIIS) certification. Regular updates on progress are provided to the Board.

Throughout the year, the RI&E team provided the Board with an overview of the Company's latest RI&E activities including stewardship and the Climate Risk Monitoring Service.

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- so far as the director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the director has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

John Burns
Deputy Chief Executive Officer
LGPS Central Limited

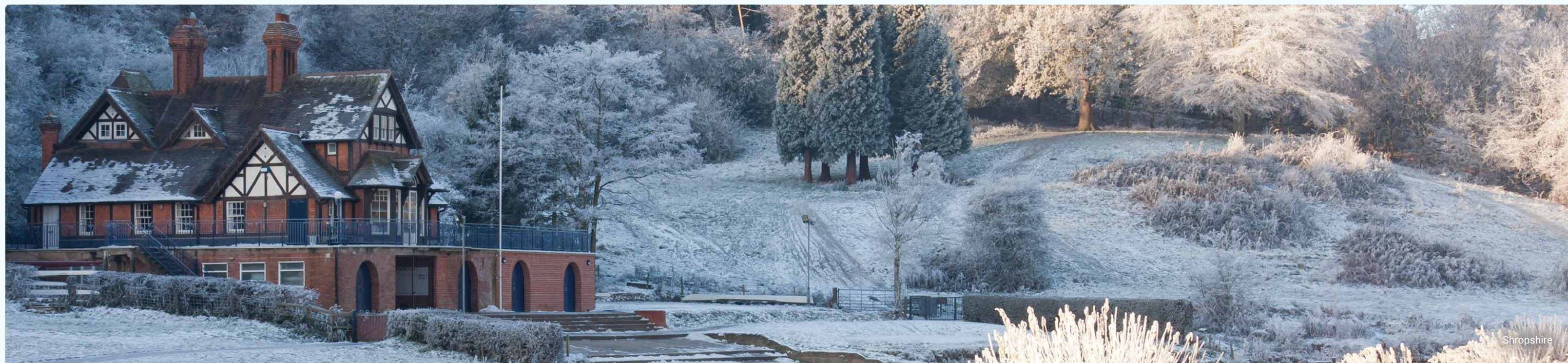
12 July 2024

First Floor
i9 Wolverhampton Interchange
Wolverhampton
WV1 1LD



Directors' Responsibilities Statement

Directors' Responsibilities with respect to the annual report and financial statements



The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, the Directors are required to prepare the financial statements in accordance with United Kingdom adopted international financial reporting standards (IFRS) in conformity with the requirements of the Companies Act 2006.

Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, International Accounting Standard 1 requires that Directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



Financial Report

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Independent auditor's report to the members of LGPS Central Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of LGPS Central Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 March 2024 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom adopted international accounting standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements which comprise:

- the statement of profit or loss and other comprehensive income;
- the statement of financial position;
- the statement of total changes in equity;
- the statement of cash flows; and
- the related notes 1 to 20.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom adopted international accounting standards.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's')

Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the

financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due

to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: [frc.org.uk/auditorsresponsibilities](https://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

Extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

We considered the nature of the Company's industry and its control environment, and reviewed the Company's documentation of their policies and procedures relating to fraud and compliance with laws and regulations. We also enquired of management about their own identification and assessment of the risks of irregularities, including those that are specific to the Company's business sector.

We obtained an understanding of the legal and

Independent auditor's report to the members of LGPS Central Limited

(continued)

regulatory frameworks that the Company operates in, and identified the key laws and regulations that:

- had a direct effect on the determination of material amounts and disclosures in the financial statements. These included UK Companies Act, pension legislation and tax legislation; and
- do not have a direct effect on the financial statements but compliance with which may be fundamental to the Company's ability to operate or to avoid a material penalty. These included the regulation set by the Financial Conduct Authority and regulatory capital requirements.

We discussed among the audit engagement team including relevant internal specialists such as pensions specialists regarding the opportunities and incentives that may exist within the organisation for fraud and how and where fraud might occur in the financial statements.

As a result of performing the above, we identified the greatest potential for fraud in the following areas:

- Revenue recognition and in particular the accuracy of investment management and monitoring fee revenue, focusing on any changes to existing or new agreements introduced during the year to ensure they had been implemented accurately. There is a fraud risk over the application of such changes to potentially inflate the amount of revenue recorded.
- Defined benefit pension scheme obligation and in particular the inaccurate valuation of the pension liability based on the materiality of the scheme, inherent complexity involved, and level of judgement required in determining key assumptions.

Our specific procedures performed to address the above risks are described below:

- Revenue recognition:
 - obtaining an understanding of the process around revenue recognition and the relevant controls in place;
 - testing investment management and monitoring fee revenue through developing an independent expectation of the revenue recorded;
 - independently verifying the assets under management by inspection of investment valuations statements and custodian reports;
 - agreeing the investment management and monitoring fee percentages to approved agreements; and
 - substantively testing investment management and monitoring fee revenue by agreeing details to source documentation on a sample basis and focusing on any changes to pricing schedules to ensure agreed management fee percentages had been updated for and applied accurately.
- Defined benefit pension scheme obligation:
 - obtaining an understanding of the process around the defined benefit pension scheme obligation and the relevant controls in place;
 - obtaining and inspecting the IAS 19 actuarial report prepared by Hymans Robertson LLP, and assessing their competence, capabilities and independence;
 - making inquiries of the actuary regarding the calculation of their liability;
 - utilising our actuarial specialists to assess the key valuation assumptions such as the discount rate, inflation assumptions (RPI/CPI)

and mortality assumptions to ensure they were within an acceptable range;

- recalculating the expected return on the pension scheme assets over the period to ensure this was consistent with market trends; and
- benchmarking the assumptions used by the scheme actuary with other Local Government entities for consistency.

In common with all audits under ISAs (UK), we are also required to perform specific procedures to respond to the risk of management override. In addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments; assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

In addition to the above, our procedures to respond to the risks identified included the following:

- reviewing financial statement disclosures by testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described as having a direct effect on the financial statements;
- performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud;
- enquiring of management concerning actual and potential litigation and claims, and instances of non-compliance with laws and regulations; and
- reading minutes of meetings of those charged with governance.



Cheshire

Independent auditor's report to the members of LGPS Central Limited

(continued)

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

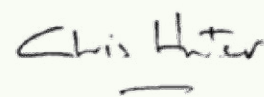
Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

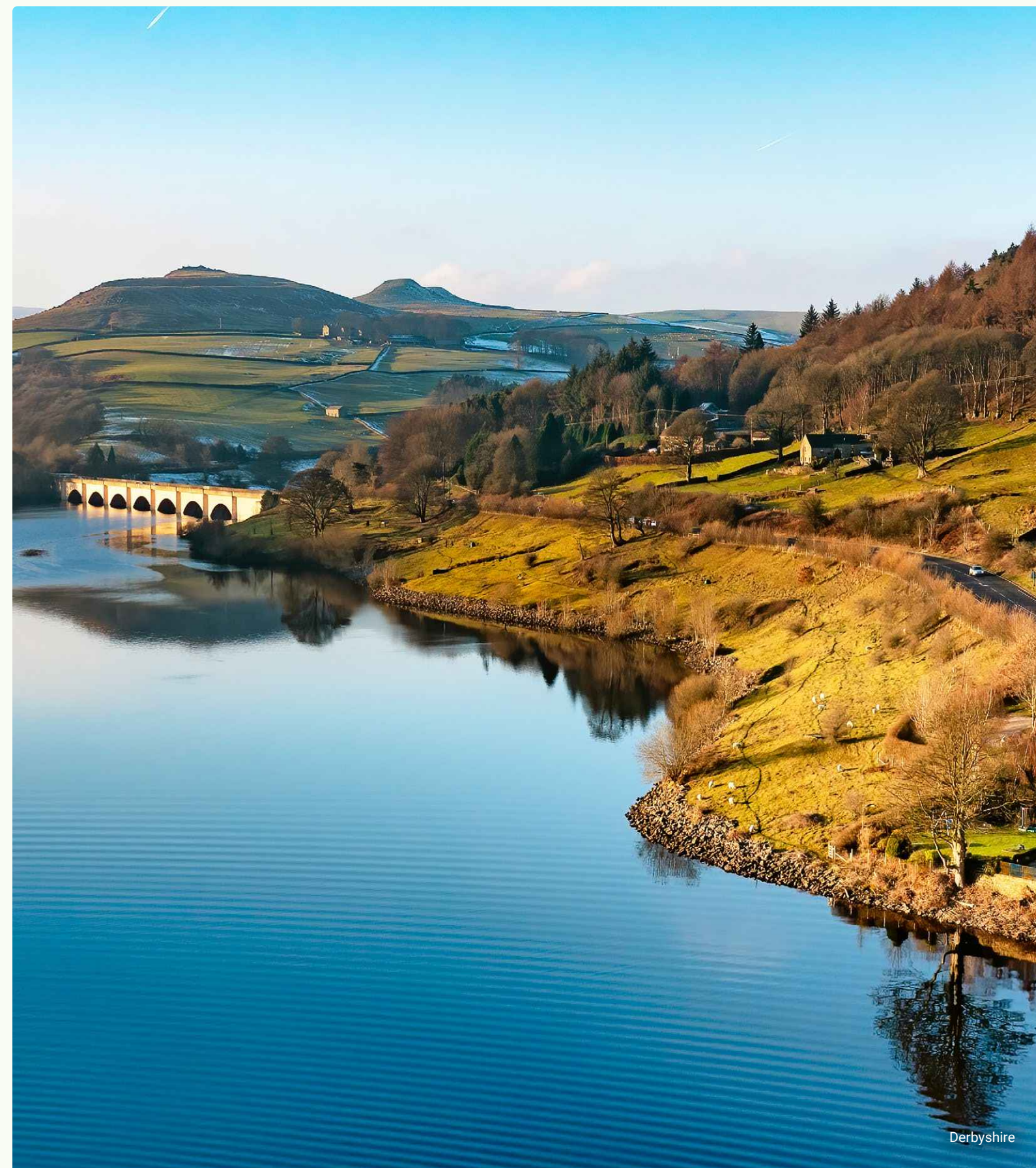
This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Chris Hunter CA
Senior statutory auditor

For and on behalf of Deloitte LLP
Statutory Auditor
Aberdeen, United Kingdom

12 July 2024



Derbyshire

Financial Statements

for the Year Ended 31 March 2024

Statement of Profit or Loss and Other Comprehensive Income for the Year Ended 31 March 2024

	Notes	2024 £000	2023 £000
Revenue	5		
Operating Income		15,685	14,113
Total Revenue		15,685	14,113
Expenses	6		
Staff Costs		(7,746)	(7,340)
Other Operating Expenses		(6,997)	(6,877)
Total Expenses		(14,743)	(14,217)
Operating Profit/(Loss)		942	(104)
Interest Receivable		518	252
Interest Payable	12, 13	(605)	(553)
Profit/(Loss) Before Taxation		855	(405)
Taxation	7	(232)	(111)
Profit/(Loss) for the Year		623	(516)
Other Comprehensive Income			
Net Actuarial Gain on Defined Benefit Schemes	15	664	3,593
Remeasurement of Pension Reimbursement Asset	15	(126)	(2,665)
Total Comprehensive Income for the Year		1,161	412

The net actuarial gain reported under other comprehensive income will not be reclassified to profit or loss in a future period. There is no tax relating to other comprehensive income.

The financial statements on pages 52 to 82 were approved by the Board of Directors and authorised for issue on 12 July 2024 and were signed on their behalf by:



John Burns
Director
Company Registration Number 10425159

Statement of Financial Position as at 31 March 2024

	Notes	31 March 2024 £000	31 March 2023 £000
Assets			
Non-Current Assets			
Right-of-Use Assets	8	1,023	1,088
Property and Equipment	8	202	353
Post-Employment Benefits	15	47	-
Pension Reimbursement Asset	15	536	665
Total Non-Current Assets		1,808	2,106
Current Assets			
Trade and other receivables	9	5,948	5,595
Cash and cash equivalents	10	13,962	13,256
Total Current Assets		19,910	18,851
Total Assets		21,718	20,957
Liabilities			
Current Liabilities			
Trade and other payables	11	(2,285)	(2,082)
Borrowing	12, 13	(614)	(466)
Other financial liabilities	16	(255)	(189)
Total Current Liabilities		(3,154)	(2,737)
Non-Current Liabilities			
Borrowing	12, 13	(6,051)	(6,191)
Other financial liabilities	16	(685)	(685)
Deferred tax liabilities	7	(10)	(22)
Post-employment benefits	15	-	(665)
Total Non-Current Liabilities		(6,746)	(7,563)
Total Liabilities		(9,900)	(10,300)
Net Assets		11,818	10,657
Capital and Reserves			
Called-up share capital	16	10,520	10,520
Pension Reimbursement Reserve	15	613	739
Retained Surpluses/(Losses)		685	(602)
Total Capital and Reserves		11,818	10,657

Financial Statements (continued)

for the Year Ended 31 March 2024

Statement of Total Changes in Equity for the Year Ended 31 March 2024

	Share Capital	Retained Surpluses	Pension Reimbursement Reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2023	10,520	(602)	739	10,657
Profit for the year	-	623	-	623
Other Comprehensive Income				
Net Actuarial Gain on Defined Benefit Schemes	-	664	-	664
Remeasurement of Pension Reimbursement Asset	-	-	(126)	(126)
Total Other Comprehensive Income	-	664	(126)	538
Balance at 31 March 2024	10,520	685	613	11,818

Statement of Cash Flows for the Year Ended 31 March 2024

	Notes	2024 £000	2023 £000
Net Cash Flows from/(used in) Operating Activities	17	926	(25,082)
Net Cash Flows used in Investing Activities			
Purchase of Property, Plant and Equipment		(20)	(46)
Total Net Cash Flows Used in Investing Activities		(20)	(46)
Net Cash Flows used in Financing Activities			
Contractual Amounts Payable for Leases Recognised under IFRS 16		(200)	(105)
Total Net Cash Flows Used in Financing Activities		(200)	(105)
Net Increase/(Decrease) in Cash and Cash Equivalents		706	(25,233)
Cash and Cash Equivalents at the Beginning of the Year		13,256	38,489
Cash and Cash Equivalents at the End of the Year		13,962	13,256

	Share Capital	Retained Losses	Pension Reimbursement Reserve	Total
	£000	£000	£000	£000
Balance at 1 April 2022	10,520	(3,679)	-	6,841
Initial Recognition of Pension Reimbursement Asset	-	-	3,404	3,404
Loss for the year	-	(516)	-	(516)
Other Comprehensive Income				
Net Actuarial Gain on Defined Benefit Schemes	-	3,593	-	3,593
Remeasurement of Pension Reimbursement Asset	-	-	(2,665)	(2,665)
Total Other Comprehensive Income	-	3,593	(2,665)	928
Balance at 31 March 2023	10,520	(602)	739	10,657

Notes to the Financial Statements

for the Year Ended 31 March 2024

1 Company Information

LGPS Central Limited is a private company limited by shares and incorporated in the United Kingdom under the Companies Act 2006 and is registered in England. Its registered office is First Floor, i9, Wolverhampton Interchange, Wolverhampton, WV1 1LD.

The nature of the Company's operations and its principal activities are set out in the Directors' Report from the Interim Chief Executive Officer on pages 47 to 50.

2 Basis of Preparation

The financial statements have been prepared in accordance with United Kingdom adopted international accounting standards in conformity with the requirements of the Companies Act 2006. In adopting IFRS, LGPS Central is consistent with its eight shareholders.

The financial statements have been prepared on the historical cost basis. The material accounting policies adopted by the Company are set out in Note 4.

a) Basis of Consolidation

LGPS Central has control over the assets held by LGPS Central ACS. However, since these are held on behalf of investors, and LGPS Central has no right to the economic benefits arising from these assets, the assets, and the investment income and expenses associated with them, have not been consolidated into the Company's financial statements.

Similarly, LGPS Central has control over the assets held by LGPS Central GP LLP (registered address: 13 Queens Road, Aberdeen AB15 4YL), and in turn the

underlying Limited Partnerships in which that LLP is a partner. These were set up to manage alternative investments through partnerships. However, since these are held on behalf of investors, and LGPS Central Limited has no right to the economic benefits arising from these assets, the assets, and the investment income and expenses associated with them, have not been consolidated into the Company's financial statements.

The Company is also the sole owner of a subsidiary entity, LGPS Central LP (Feeder) Limited (registered address: i9, Wolverhampton Interchange, Wolverhampton, WV1 1LD), which was established for the same purpose of managing alternative investments. However, this entity had no assets, liabilities, income, or expenditure during the financial year and therefore has not been consolidated into the Company's financial statements.

There are no other entities whose relationship with LGPS Central would require consolidation with the Company's financial statements.

b) Going Concern

The Company's charging model, being built on a cost-plus basis with charging in arrears, coupled with its secure client base, provides for a stable income stream. After reviewing the Company's budget and medium-term forecasts and projections, including review of regulatory requirements and consideration of stress scenarios, the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being at least 12 months from the date of approval of these financial statements.

In addition, available assets are anticipated to be sufficient to fulfil the regulatory capital requirement

following a review of the same. There are therefore no concerns around regulatory capital which may impact on the Company's ability to continue in operation for the foreseeable future.

The Company therefore continues to adopt the going concern basis in preparing its financial statements.

c) New and Amended IFRS Accounting Standards that are Effective for the Current Year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IFRS 17 Insurance Contracts (including the June 2020 and December 2021 Amendments to IFRS 17)
- Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements—Disclosure of Accounting Policies
- Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction
- Amendments to IAS 12 Income Taxes—International Tax Reform—Pillar Two Model Rules
- Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition of Accounting Estimates

d) New and Revised IFRS Standards in Issue but Not Yet Effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS standards that have

been issued but are not yet effective:

- Amendments to IFRS 10 and IAS 28—Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- Amendments to IAS 1—Classification of Liabilities as Current or Non-current
- Amendments to IAS 1—Non-Current Liabilities with Covenants
- Amendments to IAS 7 and IFRS 7—Supplier Finance Arrangements
- Amendments to IFRS 16—Lease Liability in a Sale and Leaseback

The Directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods.

3 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the process of applying the Company's accounting policies, which are described in Note 4, the Directors are required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are no critical accounting judgements that have been made in the current year.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

Pension Asset/Liability

There is a source of estimation uncertainty in respect of the pension asset/liability: estimates of the net pension obligation depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Because these judgements cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. Further detail about the potential impact of these assumptions is included in Note 15 (Pension Benefits).

4 Material Accounting Policies

Revenue

Revenue from the provision of services is recognised in the period in which services are delivered, provided that the amount of revenue can be measured reliably, that there is an underlying contract or other agreement, with commercial substance and identified payment terms, and it being considered probable that the Company will receive the consideration due, in accordance with IFRS 15.

The Company’s principal source of revenue is from its Partner Funds and Shareholders, in the form of investment management and monitoring fees, recharges of governance costs and operator running costs and other recharges. The Company and the Shareholders have entered into a Cost-Sharing Agreement, which provides a commitment by the Shareholders to meet the Company’s costs and sets out how those costs will be shared between the Shareholders. This is supplemented by the Pricing Schedule, which sets out the exact prices which apply to each fund or service line at a particular

time, and which is subject to review at least twice per year to reflect changes in costs, the make-up of funds and services and the value of assets under management during the course of the financial year.

Foreign Currency

The Company’s functional and presentational currency is sterling (GBP). Transactions entered into by the Company in a currency other than sterling are recorded at the rates ruling when those transactions occurred. Monetary assets and liabilities are translated at the prevailing exchange rate on the Balance Sheet date.

Financial Instruments

The Company has classified its assets in accordance with IFRS 9, as set out in the following paragraphs.

Financial Assets

LGPS Central Limited classifies its financial assets as set out below, based on the purpose for which the asset was acquired.

a) Trade Receivables

Trade receivables are classified as financial assets at amortised cost and are initially recognised at transaction price. They are subsequently measured at their amortised cost using the effective interest method, less any allowance for credit losses (the simplified approach has been adopted).

b) Cash and Cash Equivalents

Cash and cash equivalents comprise cash at bank and in hand and other highly-liquid short-term deposits held by the Company with maturities of less than three months. Bank overdrafts, where applicable, are presented within loans and borrowings in current liabilities.

Financial Liabilities

LGPS Central Limited classifies its financial liabilities as set out below, based on the purpose for which the liability was acquired.

a) Trade Payables

Trade payables are classified as financial liabilities at amortised cost and are accordingly recognised at fair value and subsequently measured at amortised cost.

b) Borrowings

Borrowings are classified as financial liabilities at amortised cost and are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the Statement of Financial Position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Preference Shares

Preference shares issued by the Company are classified as financial liabilities at amortised cost and are measured at amortised cost using the effective interest method. This classification is deemed appropriate because the Company has a contractual obligation to deliver cash to another entity in the form of preference dividends.

Share Capital

Financial instruments issued by the Company are classified as equity only to the extent that they

do not meet the definition of a financial liability or financial asset. The Company’s ordinary shares are classified as equity investments.

The Company manages both its ordinary and preference shares as capital. It is subject to the regulatory capital regime of the Investment Firms Prudential Regime (IFPR), which includes the Internal Capital and Risk Assessment (ICARA) process, and in accordance with that determines and monitors its regulatory capital requirement on an ongoing basis, including regular reporting both internally, to the Executive Committee and the Audit, Risk and Compliance Committee, and externally, to the Financial Conduct Authority (FCA).

In addition to reserves and equity, the debt provided by the Shareholders prior to the Company’s launch is treated as capital for these purposes. There have been no changes in the level of equity and debt provided by the Shareholders from the previous financial year.

Defined Contribution Pension Schemes

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

Defined Benefit Pension Schemes

Defined benefit pension scheme surpluses and deficits are measured at:

- The fair value of plan assets at the reporting date; less:
- Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high-quality corporate bonds that have maturity dates approximating to the terms of the liabilities and are denominated in the same currency as the post-employment

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

benefit obligations; less:

- The effect of minimum funding requirements agreed with scheme trustees.

Re-measurements of the net defined benefit obligation are recognised directly within other comprehensive income.

The re-measurements include:

- Actuarial gains and losses;
- Return on plan assets (excluding interest); and
- Any asset ceiling effects (excluding interest).

Service costs are recognised in profit or loss and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (or income) is recognised in profit or loss and is calculated by applying the discount rate used to measure the defined benefit obligation (or asset) at the beginning of the year to the balance of the net defined benefit obligation (or asset), considering the effects of contributions and benefit payments during the year.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in other comprehensive income.

In accordance with the supplementary agreement between the Company and the eight shareholders, the agreement guarantees reimbursement of any pension liability. The agreement guarantees both current and future deficits. Reimbursement from shareholders would be through recharges.

The agreement is considered a reimbursement asset and is recognised separately from the defined benefit liability. The pension reimbursement asset, recognised for the first time in 2022/23, has been valued as being equal to the present value of future amounts reimbursable by the Partner Funds (2023: equal to the value of the net defined benefit obligation as calculated in accordance with IAS 19). Remeasurements of the value of the pension reimbursement asset are recognised in Other Comprehensive Income. In addition, the Pension Reimbursement Reserve has been created to act as a store of the net remeasurements of the pension reimbursement asset.

The application of the supplementary agreement accounting has been done prospectively from 1 April 2022 as the agreement was formally approved and signed by the shareholders in March 2023. Before this, the original supplementary

agreement did not provide sufficient certainty in order for a financial asset to be recognised. As such, retrospective application (before 2022/23) was not considered appropriate.

Leases

The Company has accounted for leases in accordance with IFRS 16. This has resulted in the recognition of right-of-use assets in respect of leased assets, and the recognition of corresponding lease liabilities. The assets are depreciated over the life of the lease, on a lease-by-lease basis. Amounts payable under leases are separated into interest expense, which is recognised in profit or loss, and the amount by which the balance of the lease is reduced. Assets have not been recognised where they would be of low value.

Further details of the right-of-use assets can be found at Note 8, and details of the lease liabilities can be found at Note 14.

In calculating the net present value of the Company's future obligations under lease agreements, the Company has applied a discount rate equal to the rate of interest payable on the loans provided by its Shareholders.

Property, Plant and Equipment

Tangible fixed assets are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is charged on a straight-line basis over the expected useful life of the asset. The depreciable amount of an asset is equal to the cost of the asset less estimated residual value. The expected useful life and residual values of assets are reviewed at least annually.

The expected useful lives used for tangible fixed assets are as follows:

- Leasehold improvements – 10 years
- Fixtures and fittings – 10 years
- Audio-visual equipment – 5 years
- Other IT hardware – 3 years

Right-of-use assets are depreciated over the life of the lease.



Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

5 Revenue

The Company’s principal source of income is fees and recharges payable by its Partner Funds and Shareholders. Income for the year ended 31 March 2024 is analysed as follows:

	2024 £000	2023 £000
Investment Management and Monitoring		
- Authorised Contractual Scheme	3,202	3,095
- Limited Partnership	1,001	784
- Discretionary	100	38
- Advisory and Advisory-with-Execution	228	141
- Execution-Only	(5)	9
- Product Development	821	1,201
Governance	2,324	2,054
Operator Running Costs	7,915	6,471
Less: Revenue Applied to the Pension Reimbursement Asset	-	(74)
Other Recharges	99	394
Total	15,685	14,113

All the Company’s income streams are linked to a particular time period, meaning that benefits are received and consumed simultaneously by its customers, which in turn means that there are no income streams for which performance obligations are partially complete. Furthermore, invoices are only issued after the end of the time period to which they relate, and the Company therefore has an unconditional right to such income. Considering these factors, the Company has not identified any contract assets or contract liabilities.

6 Expenses

The Company’s expenses for the year ended 31 March 2024 are analysed as follows:

	2024 £000	2023 £000
Staff costs		
- Salaries	6,220	5,257
- Social Security costs	782	660
- Pension costs	744	1,423
Audit fees (financial statements)	32	31
Non-audit fees – CASS	10	10
Non-audit fees – AAF 01/20 reporting	80	71
Irrecoverable VAT	85	76
Depreciation	236	242
Other Administrative Expenses	6,554	6,447
Total	14,743	14,217

Employees of LGPS Central Limited are members of one of two pension schemes: the Local Government Pension Scheme (LGPS), administered by West Midlands Pension Fund and a Defined Contribution (DC) scheme operated by Aviva. Further details about the pension schemes can be found in Note 14. The number of employees was 80 on both 31 March 2024 and 31 March 2023 (2022/23: increased from 74 to 80). The average number of employees over the course of the 2023/24 year was 80 (2022/23: 76). The following table provides a breakdown of the average number of persons employed by the Company (including Directors) during the year.

	31 March 2024	31 March 2023	Average 2023/24	Average 2022/23
Board	6	6	6	6
Investments	40	37	39	36
Support Services	34	37	35	34
Total	80	80	80	76

No other fees were payable to the external auditor other than for the audit of the financial statements, the AAF 01/20 reporting and CASS requirements.

Details of Directors’ remuneration are included in Note 18.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

7 Taxation

Current and deferred tax payable for the year are as follows:

	2024 £000	2023 £000
Current tax:		
Current tax:	256	89
Adjustment for the final tax assessment for 2022/23	(12)	-
Total current tax	244	89
Deferred tax:		
Deferred tax:	(12)	22
Total deferred tax	(12)	22
Total tax expense	232	111

	2024 £000	2023 £000
Profit/(Loss) before taxation	855	(405)
Loss multiplied by standard rate of corporation tax in the UK of 25% (2022/23: 19%)	214	(77)
Effect of tax adjustments to profit for the year	42	186
Adjustment for the final tax assessment for 2022/23	(12)	-
Effect of pre-trading expenses used to reduce taxable profit for the year	-	(20)
Tax expense for the year	244	89

The current tax charge for 2022/23 benefited from tax losses brought forward of £107,000, as shown in the table below. The Company generated profits for tax purposes in 2022/23 and 2023/24 and is expected to do so for future periods.

	2024 £000	2023 £000
Brought forward tax losses	-	(200)
Adjustment for final tax assessment for 2022/23	-	93
Taxable profit for the year	-	107
Carried forward tax losses	-	-

The standard rate of corporation tax applied to reported profits is 25% (2022/23: 19%).

The Corporation Tax main rate increased from 19% to 25% for companies with profits over £250,000, together with the introduction of a small profits rate of 19%, with effect from 1 April 2023.

Deferred tax net liability

The deferred tax net liability is provided for at 25% in the financial statements as set out below:

	£000
Balance at 1 April 2023	(22)
Deferred tax credit in profit or loss	12
Balance at 31 March 2024	(10)

The deferred tax net liability is provided for at 19% in the prior year financial statements as set out below:

	£000
Balance at 1 April 2022	-
Deferred tax charge in profit or loss	(22)
Balance at 31 March 2023	(22)

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

The balance at 31 March 2024 represents temporary differences attributable to the following:

	Carrying amount £000	Tax base £000	Difference £000	Tax liability at 25% £000
Property, plant and equipment	202	75	(127)	(32)
Pension contribution adjustment	88	-	88	22
Total				(12)

The balance at 31 March 2023 represents temporary differences attributable to the following:

	Carrying amount £000	Tax base £000	Difference £000	Tax liability at 19% £000
Property, plant and equipment	243	75	(168)	(32)
Pension contribution adjustment	54	-	54	10
Total				(22)

8 Property, Plant and Equipment

The Company has recognised assets arising from leases under IFRS 16 (details of commitments under those leases are provided in Note 14). These assets are depreciated on a straight-line basis over the life of the lease contract (the useful life of the asset being at least as long as the life of the lease in each case). There was no impairment of assets during 2023/24 or 2022/23.

	Premises £000	Equipment £000	Total £000
Cost			
Balance at 1 April 2023	1,568	594	2,162
Reclassification	177	(177)	-
Additions	-	20	20
Balance at 31 March 2024	1,745	437	2,182
Accumulated Depreciation			
Balance at 1 April 2023	(480)	(241)	(721)
Reclassification	(35)	35	-
Depreciation	(154)	(82)	(236)
Balance at 31 March 2024	(669)	(288)	(957)
Net Book Value			
Balance at 1 April 2023	1,088	353	1,441
Reclassification	142	(142)	-
Additions	-	20	20
Depreciation	(154)	(82)	(236)
Balance at 31 March 2024	1,076	149	1,225

	Premises £000	Equipment £000	Total £000
Cost			
Balance at 1 April 2022	1,568	401	1,969
Additions	-	193	193
Balance at 31 March 2023	1,568	594	2,162
Accumulated Depreciation			
Balance at 1 April 2022	(331)	(148)	(479)
Depreciation	(149)	(93)	(242)
Balance at 31 March 2023	(480)	(241)	(721)
Net Book Value			
Balance at 1 April 2022	1,237	253	1,490
Additions	-	193	193
Depreciation	(149)	(93)	(242)
Balance at 31 March 2023	1,088	353	1,441

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

9 Trade and Other Receivables

	31 March 2024 £000	31 March 2023 £000
Trade Debtors	5,469	5,120
Prepayments	479	475
Total	5,948	5,595

The trade and other receivables balances above all fall due within one year.

10 Cash at Bank

	31 March 2024 £000	31 March 2023 £000
Money Market Funds	13,702	13,227
Cash At Bank	260	29
Total	13,962	13,256

11 Trade and Other Payables

	31 March 2024 £000	31 March 2023 £000
Trade Creditors	1,549	1,661
Social Security Costs	59	-
VAT	433	332
Corporation Tax Payable	244	89
Total	2,285	2,082

The amounts shown above are all due within one year.

12 Borrowing

	31 March 2024 £000	31 March 2023 £000
Loans	4,795	4,795
Accrued Interest Payable on Borrowing	459	326
Sub Total Loans	5,254	5,121
Finance Leases	1,411	1,536
Total	6,665	6,657

In January 2018, the Company entered into loan agreements with seven of its Shareholders amounting to £4.795 million. These loans, all of which were entered into on identical terms, have a life of ten years and initially bore interest of LIBOR plus 4.5% per year, with the first payment being due on 31 March 2019 and payments annually thereafter (due by 30 April of the following year, from 2022). On 1 January 2022, the interest rate was updated to the Bank of England Base rate plus 4.5% per year.

Interest of £459,000 has been accrued in respect of the 2023/24 year (2022/23: £326,000).

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

13 Interest Payable

	2024 £000	2023 £000
Interest Payable on Borrowing	459	326
Interest Payable on Finance Leases	75	76
Net Interest Payable on Net Defined Benefit Asset/Liability	5	104
Preference Dividends Payable	66	47
Total	605	553

14 Leases and Lease Commitments

The following table summarises LGPS Central’s payments under leases during 2023/24 and the year-end balance. The total amount payable under leases for 2023/24 was £200,000 (2022/23: £105,000).

	Premises £000	IT Equipment £000	Total £000
Balance at 1 April 2023	1,418	118	1,536
Interest Payable	67	8	75
Amounts Payable under Leases	(157)	(43)	(200)
Balance at 31 March 2024	1,328	83	1,411

	Premises £000	IT Equipment £000	Total £000
Balance at 1 April 2022	1,418	-	1,418
Additions	-	147	147
Interest Payable	66	10	76
Amounts Payable under Leases	(66)	(39)	(105)
Balance at 31 March 2023	1,418	118	1,536

The following table analyses the year-end balances by the lease maturity date.

	31 March 2024 £000	31 March 2023 £000
Within One Year	-	14
Between One and Five Years	83	104
More Than Five Years	1,328	1,418
Net Total	1,411	1,536

15 Pension Benefits

Defined Benefit Pension Scheme

LGPS Central Limited is an employer member of West Midlands Pension Fund (‘the Fund’), a fund of the Local Government Pension Scheme (LGPS). The LGPS is a defined benefit scheme for employees of local authorities and other related organisations. Benefits are defined by statute and are based on the length of membership and final salary (until March 2014) and on revalued career average salary (from April 2014).

Employees made contributions according to a tiered structure which ranges from 5.5% to 12.5% of pensionable pay, and in addition LGPS Central Limited made a contribution of 18.4% of pensionable pay for 2023/24 (2022/23: 18.8%).

Some of the Company’s employees were members of the LGPS before joining the Company and transferred their membership on a continuing service basis. At the time of their joining the Company, LGPS Central Limited was allocated notional shares of the Fund assets equal to 100% of the value of the associated liabilities. As such, the Company’s pension liabilities were fully funded at the date of transfer.

The LGPS is accounted for as a defined benefit scheme. The liabilities of the fund attributable to LGPS Central Limited are included in the Statement of Financial Position on an actuarial basis using the projected unit method – that is, an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of earnings for current employees.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

As at 31 March 2024, the net pensions asset was £47,000 (31 March 2023: net liability of £665,000). The following table sets out the movements in the net asset/liability during 2023/24.

	Assets £000	Liabilities £000	Net £000
Balance as at 1 April 2023	4,636	(5,301)	(665)
Amounts recognised in Profit and Loss			
Current service cost	-	(427)	(427)
Past service cost	-	-	-
Contributions by employer	505	-	505
Contributions by employees	213	(213)	-
Benefits paid net of transfers in	(28)	28	-
Interest on assets	236	-	236
Interest cost	-	(266)	(266)
Total amounts recognised in Profit and Loss	926	(878)	48
Amounts recognised in Other Comprehensive Income			
Return on assets less interest	247	-	247
Change in financial assumptions	-	542	542
Change in demographic assumptions	-	34	34
Other actuarial gains/(losses)	-	-	-
Experience gain/(loss) on liability	-	(159)	(159)
Total amounts recognised in Other Comprehensive Income	247	417	664
Balance as at 31 March 2024	5,809	(5,762)	47

	Assets £000	Liabilities £000	Net £000
Balance as at 1 April 2022	4,082	(7,486)	(3,404)
Amounts recognised in Profit and Loss			
Current service cost	-	(1,162)	(1,162)
Past service cost	-	-	-
Contributions by employer	412	-	412
Contributions by employees	169	(169)	-
Benefits paid net of transfers in	(26)	26	-
Administration expenses	-	-	-
Interest on assets	120	-	120
Interest cost	-	(224)	(224)
Total amounts recognised in Profit and Loss	675	(1,529)	(854)
Amounts recognised in Other Comprehensive Income			
Return on assets less interest	(143)	-	(143)
Change in financial assumptions	-	4,974	4,974
Change in demographic assumptions	-	598	598
Other actuarial gains/(losses)	-	-	-
Experience gain/(loss) on liability	22	(1,858)	(1,836)
Total amounts recognised in Other Comprehensive Income	(121)	3,714	3,593
Balance as at 31 March 2023	4,636	(5,301)	(665)

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

The amount included in the Balance Sheet arising from the Company’s obligations in respect of its defined benefit retirement schemes is as follows:

	31 March 2024 £000	31 March 2023 £000
Present Value of Defined Benefit Obligations	(5,762)	(5,301)
Fair Value of Plan Assets	5,809	4,636
	47	(665)
Funded Status	-	-
Restrictions on Asset Derecognised	-	-
Net Asset/(Liability) Arising from Defined Benefit Obligation	47	(665)

The major categories and fair values of plan assets at the end of the reporting period for each category are as follows:

Asset Class	31 March 2024		31 March 2023 (Re-presented*)	
	£000	%	£000	%
Quoted Equities	2,630		2,495	
Unquoted Equities	440		363	
Total Equities	3,070	53%	2,858	62%
Gilts	710	12%	209	5%
Other Bonds	986	17%	732	16%
Property	391	7%	338	7%
Cash	306	5%	162	3%
Other	346	6%	337	7%
Total	5,809	100%	4,636	100%

* The figures for 31 March 2023 have been re-presented to ensure that the breakdown of asset classes is consistent with that used for 31 March 2024, with this basis for determining asset classes being deemed the most appropriate.

The following table sets out the proportion of assets which have a quoted market price, and those which do not (based on 31 March 2024 valuations).

		Mar 24		Mar 23 (Re-presented*)	
		Quoted %	Unquoted %	Quoted %	Unquoted %
Equities	All	45.2%	-	54.0%	-
Debt Securities	Corporate Bonds	-	5.3%	-	5.3%
	UK Government	-	12.2%	-	4.5%
	Other	-	11.7%	-	10.4%
Property	UK Property	-	6.7%	-	7.3%
Investment Funds and Unit Trusts	Infrastructure	-	5.2%	-	5.4%
	Other	-	0.8%	-	1.9%
Derivatives	Foreign Exchange	-	-	-	-
	Other	-	-	-	-
Other	Absolute Returns	-	-	-	-
	Private Equity	-	7.6%	-	7.7%
Cash and Cash Equivalents	Cash/Temporary Investments	-	5.3%	-	3.5%
Net Current Assets	Debtors	-	-	-	-
	Creditors	-	-	-	-
	Other Long-Term Assets	-	-	-	-
Total		45.2%	54.8%	54.0%	46.0%

* The figures for 31 March 2023 have been re-presented to ensure that the breakdown of asset classes is consistent with that used for 31 March 2024, with this basis for determining asset classes being deemed the most appropriate.

The scheme exposes LGPS Central Limited to a number of risks, including the following:

- Investment risk – the present value of the defined benefit plan liability is calculated using a discount rate determined by reference to high-quality corporate bond yields; if the return on plan assets is below this rate, it will create a plan deficit. Currently, the plan has well-diversified investments in equity securities, fixed income and a range of alternative assets. Due to the long-term nature of the plan liabilities, the trustees of the pension fund consider it appropriate that a reasonable portion of the plan assets should be invested in equity securities and other return-seeking investments in order to leverage the return generated by the fund.
- Interest rate risk – a decrease in the bond interest rate will increase the plan liability but this

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

- will be partially offset by an increase in the return on the plan’s fixed income investments.
- **Longevity risk** – the present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan’s liability.
 - **Salary risk** – the present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan’s liability.
 - **‘Last man standing’ risk** – as many unrelated employers participate in West Midlands Pension Fund, there is an orphan liability risk where employers leave the Fund but with insufficient assets to cover their pension obligations so that the difference may fall on the remaining employers.
 - **Inflation risk** – the benefits payable under the Scheme are linked to inflation, and therefore there is a risk that deficits may emerge to the extent that assets are not linked to inflation.

The Company has entered into an agreement regarding LGPS matters with its Shareholders known as the ‘Supplementary Agreement’. The Supplementary Agreement, amongst other matters, includes an undertaking from each Partner Fund to pay to the Company its share of an amount equal to the employer contributions and expenses due from the Company to West Midlands Pension Fund (WMPF), and sets out the actions to be taken in the event that the Company is unable to pay any amount due to WMPF.

The Supplementary Agreement was updated in March 2023, as a result of which the Company has recognised an asset (the Pension Reimbursement Asset) in respect of its right to be reimbursed by the Shareholders in the event that it is unable to fulfil its obligations to pay pension contributions to WMPF. The Pension Reimbursement Asset has been valued as being equal to the present value of future amounts reimbursable by the Partner Funds (for 2023, the value of the net defined benefit obligation as calculated in accordance with IAS 19). The table below shows the valuation of the asset at the year end.

	31 March 2024 £000	31 March 2023 £000
Opening Balance	665	-
Initial recognition of Pension Reimbursement Asset	-	3,404
Receipts from Partner Funds	(28)	(74)
Unwinding of Discount	25	-
Remeasurement of Asset for movement in Defined Benefit Obligation for the year	(126)	(2,665)
Closing Balance	536	665

There are a number of assumptions to which the value of the net pensions asset is particularly sensitive, as set out below. To illustrate the impact of changes in these assumptions, each assumption is changed in isolation with all other assumptions unchanged. The resulting impact is the impact of that assumption on the calculation of the net pensions asset.

	Assumption Used	Change in Assumption	Effect £000
Net Pensions Asset			47
Discount Rate Decrease	4.85%	+ / - 0.1%	(174)
Life Expectancy (from age 65) Increase	Retiring today Male: 19.9 years Female: 23.5 years	+ / - 1 year	(230)
	Retiring in 20 years Male: 22.6 years Female: 25.3 years		
Long-Term Salary Increases	5.00%	+ / - 0.1%	(28)
Pensions Increases	2.75%	+ / - 0.1%	(149)

Other assumptions used by the Scheme Actuary are as follows:

- Members will exchange half of their commutable pension for cash at retirement;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age;
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

The principal demographic assumption is the longevity assumption (i.e., member life expectancy). For sensitivity purposes, it is estimated that a one-year increase in life expectancy would approximately increase the defined benefit obligation by around 3-5%. In practice, the actual cost of a one-year increase in life expectancy will

depend on the structure of the revised assumption (i.e., if improvements to survival rates predominantly apply at younger or older ages).

In order to quantify the impact of a change in the financial assumptions used, the value of the scheme obligations at the accounting date on varying bases has been calculated and compared. The approach taken is consistent with that adopted to derive the value of the obligation in the financial statements, based on the profile (average member ages, retirement ages, etc.) of the Company as at the date of the most recent actuarial valuation.

As at the date of the most recent actuarial valuation, the duration of the Company’s funded obligations is 30 years.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

The projected amount to be charged to operating profit for the financial year ended 31 March 2025 is as follows:

	Assets £000	Obligations £000	Net Asset/(Liability) £000	% of Pay
Projected Current Service Cost *	-	358	(358)	(13.1%)
Past Service Cost Including Curtailments	-	-	-	-
Effect of Settlements	-	-	-	-
Total Service Cost	-	358	(358)	(13.1%)
Interest Income on Plan Assets	298	-	298	10.9%
Interest Cost on Defined Benefit Obligations	-	292	(292)	(10.7%)
Total Net Interest Cost	298	292	6	0.2%
Total Included in Profit and Loss	298	650	(352)	(12.9%)

* The current service cost includes an allowance for administrative expenses of 0.5% of payroll. The monetary value is based on a projected payroll of £2.7 million.

Defined Contribution Pension Scheme

LGPS Central Limited also provides defined contribution (DC) pension benefits to some of its employees through a scheme administered by Aviva. LGPS Central Limited contributes 15% of pensionable pay, while the scheme is non-contributory for employees, although voluntary contributions may be made. The cost to the Company of employer contributions during the year has been recognised in full in the profit and loss account (2023/24: £323,000; 2022/23: £164,000).

16 Called-Up Share Capital

	'A' Shares Ordinary £	'B' Shares Ordinary £	Total £
Balance as at 31 March 2022	8	10,520,000	10,520,008
Balance as at 31 March 2023	8	10,520,000	10,520,008
Balance as at 31 March 2024	8	10,520,000	10,520,008

All shares have been authorised, issued and are fully paid.

'A' shares carry voting rights and dividend entitlements and are held in equal share by LGPS Central Limited's eight Shareholders. There are eight 'A' shares, each with a par value of £1.

'B' shares are held in equal share by LGPS Central Limited's eight Shareholders. There are 10,520,000 'B' shares, each with a par value of £1.

'C' shares are preference shares and are held by West Midlands Pension Fund only, paying a dividend of 4.5% above LIBOR per year until 31 December 2021 and 4.5% above the Bank of England base rate since 1 January 2022. The preference shares are classified in the Statement of Financial Position as other financial liabilities (and not share capital); the table below shows movements in these during the year. There are 685,000 'C' shares, each with a par value of £1.

Dividends of £255,000 in respect of the 'C' shares have been accrued for the period from 12 January 2018 (the date of receipt of the funds) to 31 March 2024 (comprising £66,000 in 2023/24, £46,000 in 2022/23, £32,000 in 2021/22, £32,000 in 2020/21, £36,000 in 2019/20, £36,000 in 2018/19 and £7,000 in 2017/18). No other dividends were payable for 2023/24 or 2022/23.

	'C' Shares Preference £000
Balance as at 31 March 2022	828
Accrued dividends 2022/23	46
Balance as at 31 March 2023	874
Accrued dividends 2023/24	66
Balance as at 31 March 2024	940

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

17 Reconciliation of Net Cash from Operating Activities

	2024 £000	2023 £000
Profit/(Loss) before Taxation	855	(405)
Movement in Trade and Other Receivables	(353)	4,205
Movement in Trade and Other Payables	(41)	(30,276)
Movement in Interest Payable	199	148
Net Defined Benefit Pensions Costs	(48)	854
Depreciation	236	242
Interest Payable for Leases Recognised under IFRS 16	75	76
Revenue Credited to the Pension Reimbursement Asset net of Unwinding of Discount	3	74
Net Non-Cash Items	71	(24,677)
Net Cash from/(used in) Operating Activities	926	(25,082)

Net cash from/(used in) operating activities includes the net cashflows of acting as manager of the LGPS Central Authorised Contractual Scheme (ACS). At 31 March 2022, an ACS subscription of £29 million had been received into the LGPS Central Dealing Account but it did not clear the account until the following day. As a consequence, there was a net ACS cash inflow of £29 million in the year ended 31 March 2022 and a net ACS cash outflow of £29 million in the year ended 31 March 2023. This is reflected in the movement in trade and other payables in the above reconciliation.

18 Related Party Transactions

LGPS Central is a joint venture, owned in equal share by eight local authorities who are administering authorities of LGPS pension funds. Each authority owns ‘A’ ordinary shares to the value of £1 and ‘B’ ordinary shares to the value of £1,315,000 (see note 16).

- Cheshire West and Chester Council (Cheshire Pension Fund)
- Derbyshire County Council (Derbyshire Pension Fund)
- Leicestershire County Council (Leicestershire County Council Pension Fund)
- Nottinghamshire County Council (Nottinghamshire Pension Fund)
- Shropshire Council (Shropshire County Pension Fund)
- Staffordshire County Council (Staffordshire Pension Fund)
- Wolverhampton City Council (West Midlands Pension Fund)
- Worcestershire County Council (Worcestershire Pension Fund)

Those eight pension funds are also LGPS Central Limited’s investors (known as the ‘Partner Funds’). They are therefore the source of all the Company’s revenue.

There is no controlling party.

The Company’s former Matlock office was rented from Derbyshire County Council. The Company closed this office during the year. Wolverhampton City Council provide a number of services to the Company, including the Wolverhampton office and associated running costs, IT infrastructure, payroll services and procurement support.

Seven of the eight local authorities listed above (excluding Wolverhampton City Council) have provided loan capital to LGPS Central Limited. The balance of principal outstanding at 31 March 2024 was £4.8 million, and accrued interest on these loans stood at £459,000 (31 March 2023: £326,000).

During 2017/18, the Shareholders incurred setup costs on behalf of the Company, which were subsequently paid during 2018/19. This charge amounted to £4.0 million.

At 31 March 2024, preference share dividends of £255,000 (31 March 2023: £189,000) were accrued in respect of Wolverhampton City Council’s holding of ‘C’ shares (see Note 15).

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

The following tables show the amounts receivable from and payable to each authority, as recognised in the Statement of Profit or Loss and Other Comprehensive Income or the Statement of Financial Position as appropriate. In respect of debtors and creditors balances, these are unsecured and non-interest bearing. With the exception of accrued preference share dividends payable to Wolverhampton City Council (see note 16), all of these amounts were or are expected to be settled within one year of the balance sheet date.

Administering Authority	2024		2023	
	Income £000	Expenditure £000	Income £000	Expenditure £000
Cheshire West and Chester Council	1,675	(65)	1,598	(47)
Derbyshire County Council	1,414	(70)	1,232	(63)
Leicestershire County Council	1,833	(65)	1,499	(47)
Nottinghamshire County Council	1,590	(65)	1,384	(47)
Shropshire Council	816	(65)	669	(47)
Staffordshire County Council	1,824	(65)	1,558	(47)
Wolverhampton City Council	5,546	(337)	4,972	(349)
Worcestershire County Council	1,016	(65)	881	(47)
Total	15,714	(797)	13,793	(694)

Administering Authority	2024		2023	
	Debtor £000	Creditor £000	Debtor £000	Creditor £000
Cheshire West and Chester Council	424	(65)	581	(47)
Derbyshire County Council	344	(65)	406	(47)
Leicestershire County Council	928	(65)	531	(47)
Nottinghamshire County Council	410	(65)	535	(47)
Shropshire Council	227	(65)	211	(47)
Staffordshire County Council	503	(65)	530	(47)
Wolverhampton City Council	1,828	(112)	1,200	(59)
Worcestershire County Council	473	(65)	288	(47)
Total	5,137	(567)	4,282	(388)

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

Key Management Personnel

Key management personnel are defined as members of the Board or the Executive Committee. The total payments made to and on behalf of key management personnel during the year were £1.5 million (2022/23: £1.4 million). No bonuses or termination payments were payable during the year.

The Directors’ remuneration, analysed under the headings required by Company Law, is set out below.

Remuneration	2024 £000	2023 £000
Emoluments	755	713
Employer’s National Insurance Contributions	93	97
Amounts Receivable (other than shares and share options) under Long-Term Incentive Schemes	-	-
Company Contributions to Money Purchase Pension Schemes	-	-
Compensation for Loss of Office	-	-
Sums Paid to Third Parties in Respect of Directors’ Services	-	-
Excess Retirement Benefits of Directors and Past Directors	-	-
Total	848	810

Number of Directors Who:	2024 Number	2023 Number
Are Members of a Defined Benefit Pension Scheme	-	-
Are Members of a Money Purchase Pension Scheme	-	-
Exercised Options over Shares in the Parent Company	-	-
Had Awards Receivable in the Form of Shares in the Parent Company under a Long-Term Incentive Scheme	-	-

Remuneration of the Highest-Paid Director	2024 £000	2023 £000
Emoluments	326	309
Employer’s National Insurance Contributions	44	44
Company Contributions to Money Purchase Pension Schemes	-	-
Total	370	353

The Company does not make share options available to any individuals, and shares are not available under any long-term incentive scheme. Accordingly, the highest-paid director did not exercise any share options in the year and had no shares receivable under long-term incentive schemes.

The highest-paid director is not a member of the Company’s defined benefit pension scheme.

The Company has an approved PAYE Settlement Agreement (“PSA”) with HMRC which includes taxable directors’ travel and subsistence expenses. The amount of directors’ taxable travel and subsistence was £7,000 (2022/23: £5,000).

19 Post Balance Sheet Events

No post balance sheet events have occurred which impact upon the balances and transactions reported for the year.

Notes to the Financial Statements (continued)

for the Year Ended 31 March 2024

20 Financial Instruments

The Company did not have any gains or losses arising from financial instruments during the year. The only expenditure in relation to financial instruments was interest payable of £525,000 as analysed in Note 12 (excluding interest payable on leases and in relation to defined benefit pension liabilities) (2022/23: £373,000).

Balances as at the year-end are set out in the following table.

	31 March 2024 £000	31 March 2023 £000
Financial Assets		
Financial Assets Measured at Amortised Cost		
Trade and Other Receivables	5,948	5,595
Total Financial Assets	5,948	5,595
Financial Liabilities		
Financial Liabilities Measured at Amortised Cost		
Trade and Other Payables	(2,285)	(2,082)
Borrowing	(6,665)	(6,657)
Preference Shares	(940)	(874)
Total Financial Liabilities	(9,890)	(9,613)
Net Total	(3,942)	(4,018)

Classification of Assets Measured at Amortised Cost

Trade debtors are amounts due from the Company’s shareholders for investment management and monitoring services or under the Cost-Sharing Agreement. They are due for settlement within 30 days and are therefore classed as current. They are recognised at the amount of consideration due and, due to their short-term nature, their fair value is considered to be equal to their carrying amount. The Company holds trade debtors solely for the purpose of collecting contractual cash flows and therefore has classified them as measured at amortised cost.

Liabilities Measured at Amortised Cost

All of the Company’s financial liabilities are measured at amortised cost. Trade creditors are generally payable within 30 days and are therefore classified as current. Due to their short-term nature, their fair value is considered to be equal to their carrying amount.

The following table analyses financial liabilities by maturity:

	31 March 2024 £000	31 March 2023 £000
Within One Year	2,983	3,422
Between One and Five Years	5,517	498
More Than Five Years	1,219	5,693
Net Total	9,719	9,613



Key Advisers and Service Providers

External Auditor

Deloitte LLP

Union Plaza
1 Union Wynd
Aberdeen
AB10 1SL

Internal Auditor

KPMG LLP

15 Canada Square
London
E14 5GL

Banker

Lloyds Bank

125 Colmore Row
Birmingham
B3 3SF

Tax Adviser

PwC LLP

No.1 Spinningfields
1 Hardman Square
Manchester
M3 3EB

Legal Adviser

**Eversheds Sutherland
(International) LLP**

One Wood Street
London
EC2V 7WS

Depository and Asset Servicer to the ACS

**Northern Trust Global Services
SE UK Branch**

50 Bank Street
Canary Wharf
London
E14 5NT

Administrator for the Limited Partnerships

**State Street Bank and
Trust Company**

20 Churchill Place
Canary Wharf
London
E14 5HJ

Directors

Joanne Segars
Chair

Richard Law-Deeks
Chief Executive Officer
(appointed 2 July 2024)

John Burns
Deputy Chief Executive Officer
(Interim Chief Executive Officer from
9 May 2023 to 9 June 2024)

Susan Martin
Non-Executive Director

Ian Armfield
Non-Executive Director

Ciarán Barr
Non-Executive Director

Belinda Moore
Non-Executive Director
(appointed 26 June 2023)



LGPS Central Limited

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Registered In England. Registered no. 10425159.
Registered Office: First Floor, i9 Wolverhampton Interchange, Wolverhampton WV1 1LD

Training: Web links to The Pensions Regulator toolkit

There are a number of online training websites available. The Fund recommends all Members complete the Hymans Training available set out below. The Pensions Regulator also has an online toolkit which is included below, though this also has some modules on defined contribution schemes which will not be relevant for the LGPS.

Hymans Aspire

<https://aspire.hymanslearning.co.uk/learn>

There are 8 modules covered with short informative videos and a questionnaire at the end.

Introduction to Hymans

Module 1 – Committee Role and Pensions Legislation

Module 2 – Pensions Governance

Module 3 – Pensions Administration

Module 4 – Pensions Accounting and Audit Standards

Module 5 – Procurement and Relationships Management

Module 6 – Investment Performance and Risk Management

Module 7 – Financial Markets and Product Knowledge

Module 8 – Actuarial Methods, Statements and Practices

Current Issues

Pension Regulator

The Trustee toolkit includes a series of online learning modules and downloadable resources developed to help you meet the minimum level of knowledge and understanding introduced in the Pensions Act 2004.

You will be required to sign up before accessing any training materials here: <https://trusteetoolkit.thepensionsregulator.gov.uk/login/signup.php>

Site	Description	Link
The Pensions Regulator	<p>Covers 11 learning modules: With associated assessments.</p> <ul style="list-style-type: none">• Introducing pension schemes• The trustee's role• Running a scheme• Pensions law• An introduction to investment• How a DC (defined contribution) scheme works• Investment in a DC scheme• How a DB (defined benefit) scheme works• Funding your DB scheme• DB recovery plans, contributions and funding principles• Investment in a DB scheme	https://trusteetoolkit.thepensionsregulator.gov.uk/mod/page/view.php?id=50