



LOCAL PENSION COMMITTEE – 26 SEPTEMBER 2025
REPORT OF THE DIRECTOR OF CORPORATE RESOURCES
LGPS CENTRAL PRESENTATION

Purpose of the Report

1. The purpose of this report is to provide the Local Pension Committee (LPC) with an update on the outcome of the Government's 'Fit for the Future' consultation and pooling matters with LGPS Central (Central), including a PowerPoint presentation appended to the report, which will be delivered at the meeting by representatives from Central.

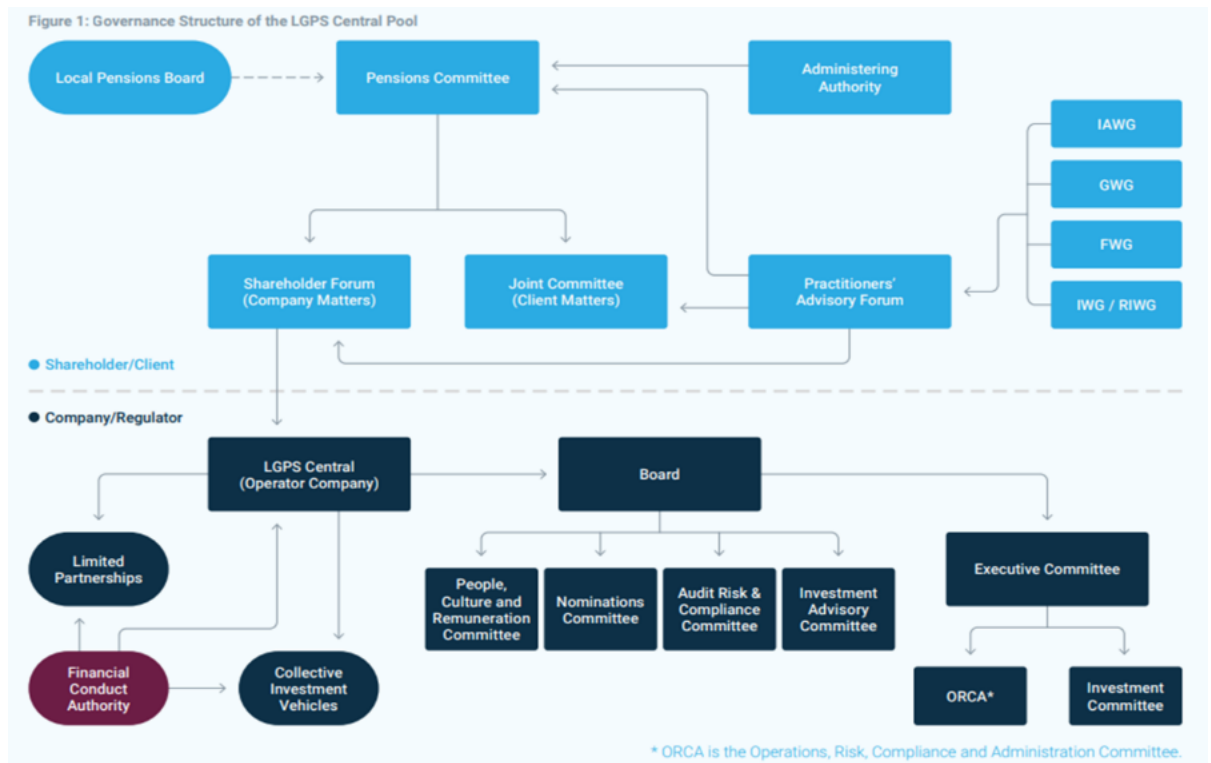
Policy Framework and Previous Decisions

2. The Leicestershire County Council Pension Fund (the Fund) is an equal owner of Central, which is authorised and regulated by the Financial Conduct Authority as an asset manager and operator of alternative investment funds. The Fund owns Central alongside Cheshire, Derbyshire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. As set out in the Investment Strategy Statement (ISS) it is the Fund's intention to invest its assets through Central as and when suitable pool investment solutions become available.
3. Central has been in operation since 1 April 2018. As of 30 June 2025, the Fund has circa £4.0bn invested in Central, as well as over £750m in uncalled commitments which will increase its overall pooled exposure.

Background

4. Leicestershire County Council is the administering authority for the Local Government Pension Scheme (LGPS) within Leicestershire and Rutland. Leicestershire County Council has a statutory obligation, as defined under the Public Service Pensions Act 2013, to administer a Pension Fund for eligible employees of all local authorities within the County boundary and also the employees of certain other scheduled and admitted bodies.

5. In accordance with Section 101 of the Local Government Act 1972 the County Council has delegated the responsibility for decisions relating to investment of the Fund's assets to the LPC.
6. In 2016 the Local Government Pension Scheme Regulations 2016 came into force. These regulations mandate that the separate LGPS funds in England and Wales combine their assets into a small number of investment pools. To meet the requirements of these regulations Leicestershire County Council, alongside Cheshire, Derbyshire, Nottinghamshire, Shropshire, Staffordshire, West Midlands, Worcestershire helped develop LGPS Central Limited, which they each jointly own.
7. By leveraging the scale of the underlying partner funds Central aims to reduce costs, enhance investment returns, and expand the range of available asset classes, all for the benefit of local government pensioners, employees and employers.
8. The Fund is a stakeholder in Central from two different perspectives:
 - a. A co-owner of the company (shareholder) alongside the other owners, and;
 - b. As a recipient of investment services (client)
9. These interests are managed through the Shareholders' Forum and the Joint Committee as well as Leicestershire Pension Fund's Funding Strategy (FSS) Statement, Investment Statement Strategy (ISS) and Conflict of Interest Policy. The figure below illustrates the relationships between the various bodies.



10. In November 2024 Government initiated the 'Local Government Pension Scheme (England and Wales): Fit for the Future' consultation. The focus of which was to look at how tackling 'fragmentation and inefficiency' can unlock the investment potential of the scheme, including through asset pooling and enhanced governance, while strengthening the focus on local investment. On 29 November 2024 the LPC considered key themes and initial views, and authorised the Director of Corporate Resources, following consultation with the Chairman of the LPC to prepare a detailed response.

Fit for the Future Developments

11. Since the last update in June 2025, officers, Central and partner funds have been working closely to progress the outcomes from the Fit for the Future consultation, including:

- a. All Administering Authorities will be required to delegate investment strategy implementation and take their principal investment advice from their pool.
- b. A March 2026 deadline for Funds and pools to meet these minimum requirements, including transferring all assets to pool management, where funds are continuing with their existing partner funds, like Leicestershire.

- c. Local and Regional Investment - Fund's will be required to set target ranges for local investment in their ISS's and be required to collaborate with local authorities, regional mayors and pools. Pools will conduct due diligence on local investment opportunities, including the final decision whether to invest and be responsible for impact reporting.
12. To enact these proposals the Government have introduced the Pensions Bill which Government hope will achieve royal assent in early 2026, this will be followed by consultation on regulations and statutory guidance which will set out much more of the detail required to be implemented.
 13. As highlighted in June 2025, out of eight existing pools around England and Wales, support was expressed for six (including Central). The two other pools represent 21 LGPS funds who Government invited to engage with the remaining pools to determine which they wish to form a new partnership with. For affected funds they have been asked to provide an in-principle decision between themselves and the pool they wish to work with by 30 September 2025, with shareholder or client agreements in place by March 2026.
 14. Clarity from paragraphs 12 and 13 with enable further reports and recommendations to be brought for Committee approval, such as around the review of the Investment Strategy Statement, and other fund policies. Committee will be kept updated.

LGPS Central Presentation

15. Representatives from Central will be in attendance to deliver a presentation to Committee. This will provide highlights of Central's work, their approach to investment and private markets with a particular focus on private equity (PE) this quarter.

Resource Implications

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

Recommendations

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

Background papers

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

Equality Implications

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

Human Rights Implications

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

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