



LOCAL PENSION COMMITTEE – 20 MARCH 2026

REPORT OF THE DIRECTOR OF CORPORATE RESOURCES

PENSION FUND POLICY REPORT

Purpose of the Report

1. The purpose of this report is to seek the Local Pension Committee's (LPC) approval of the Pension Fund's (the Fund) current strategies and policies.

Background

2. The LPC is responsible for the governance of the Leicestershire Fund, which included setting policies to be included in statutory documents.
3. This report is the annual review of any new policies that have been introduced or amendments that have been made to existing policies. The content of the report was presented to the Local Pension Board on the 4 February 2026.
4. There were no comments from the Board ahead of these going to Committee on the 20 March 2026 for approval.

Summary of Current Policies

5. All current policies covering both administration and investments, are listed below. Updated policy documents are attached to this report, other policies can be found on the [Pension Fund website](#).

Policy	Existing Policy (Yes/No)	Changes Made (Yes/No)	Changes	Date Last Reviewed	Date Next Review Scheduled
Investment Strategy Statement	Yes	Yes	Detailed in this report	February 2026	February 2027
Investment Adviser Objectives	Yes	Yes	Detailed in this report	November 2025	November 2026
Net Zero Climate	Yes	No	Detailed in a separate report.	March 2023	June 2026

Strategy (NZCS)					
Cash Management Strategy	Yes	Yes	Now incorporated in the Investment Strategy Statement	February 2026	February 2027
Funding Strategy Statement	Yes	Yes	Detailed in a separate report to Committee on 20 March 2026	February 2026	Summer 2028 (as part of Valuation exercise)
Administration Strategy (formerly Administration and Communication Strategy)	Yes	Yes	Minor changes to wording to reflect Fit for the Future	February 2026	February 2028
Fund Training Strategy (formerly Policy)	Yes	Yes	Detailed in this report	February 2026	February 2029
Pension Fund Budget and Business Plan (Administration, Investment and Governance)	Yes	Yes	Detailed in a separate report to Committee on 20 March 2026	February 2026	February 2027
Conflict of Interest Policy	Yes	Yes	Detailed in this report	February 2026	February 2029
Fund Employer Risk Policy	Yes	Yes	Detailed in this report	February 2026	Summer 2028 (as part of Valuation exercise)
Administering Authority (Fund) Discretions Policy	Yes	No	Reviewed. No changes required	February 2026	January 2028
Administering Authority Distribution of Death Grant Policy	Yes	No	Reviewed. No changes, but see comments in report	January 2026	January 2027

Administering Authority Overpayment of Pensions Policy	Yes	No	Reviewed. No changes required.	February 2026	February 2028
Cyber Policy	Yes	No	n/a	February 2025	February 2027
Complaints Process	Yes	No	n/a	February 2025	February 2028
Monitoring Contributions Process	Yes	No	Reviewed. No changes required.	February 2026	February 2028
Reporting Breaches of Law Process	Yes	No	n/a	February 2025	February 2028
Data Improvement Plan	Yes	Yes	Reviewed. No changes required	February 2026	February 2027
Internal Controls	Yes	No	Reviewed. No changes required	February 2026	February 2027
Transfer Payment Process	Yes	No	Reviewed. No changes required	February 2026	February 2027

Investment Strategy Statement

6. The draft Investment Strategy Statement (ISS) has been updated to comply as far as possible and take into account Government's draft regulations and guidance as is currently understood. This is set out in more detail elsewhere on the agenda.

The LPC considered the draft on 30 January and approved it for consultation. It is expected more changes may be required following the Pension Bill being made into law, and other regulations and guidance that are expected.

7. The LPC considered the draft on 30 January and approved it for consultation. It is expected more changes may be required following the Pension Bill being made into law, and other regulations and guidance that are expected.

Key amendments relate to:

- i. Reference to the current 'Fit for the Future' position, recognising the role of the Fund will change with LGPS Central's responsibilities. Reiterating alongside the Strategic Asset Allocation the ISS is the Fund's key document to ensure it achieves its primary aim.

- ii. Update of investment beliefs. These have been extended to also specify preferences. While the Fund cannot intervene in implementation it provides a clear steer of the Fund's view to LGPS Central. Where Central is unable to follow these preferences the Fund expects clear dialogue.
- iii. Local investment. This adds a target, and broad view on how local investment should be undertaken for the Fund alongside LGPS Central. It is recognised this may develop over time, however at the moment the approach seems prudent in line with considerations from the Strategic Asset Allocation elsewhere on the agenda.
- iv. Responsible investment. The section has been updated from the version shared in January 2026 to reflect current draft regulations and the requirements for the Fund and outcome of the responsible investment survey by the Local Pension Committee as set out in more detail elsewhere on the agenda. This includes three stewardship themes for the Fund to engage with LGPS Central on and report against to scheme members.

Investment Advisor Objectives

- 8. The Investment Advisor Objectives were updated to recognise clear expectations of relationship and service standards and focus on the work to be undertaken over the next year relating to 'Fit for the future'. It is recognised there will be some cross over with Government's proposal arising from Fit for the Future that pools are to provide primary advice funds. It is intended that the Fund will ensure clear expectations are set when advice is required with the existing arrangements with Hymans. These changes were approved by the Local Pension Committee at their meeting on 5 December 2025.

Cash Management Strategy

- 9. This strategy has been amended to allow UK treasury bills to be sold ahead of maturity in line with Fund policy.

Funding Strategy Statement

- 10. The consultation on the Fund's Funding Strategy Statement (FSS) ended on 11 January 2026. Officers considered responses. The final FSS is included in a separate Valuation report to LPC on the 20 March 2026.

Administration Strategy

- 11. Minor changes only have been made to the Administration Strategy (formerly known as the Joint Administration and Communication Strategy, changed to comply with Fit for the Future requirements), but nothing fundamental has changed.

Fund Training Strategy

12. The Fund Training Strategy (formerly policy) was last reviewed and refreshed by the Local Pension Committee at their meeting on 19 June 2024. The draft reflects current understanding of the regulations as currently drafted ahead of the Pension Schemes Bill receiving royal assent. Key amendments relate to:
- i. Introduced a defined approach for managing substitute members as part of the policy, to ensure they have completed induction training and are aware of appropriate policies and documents to appropriately act as substitute for meetings.
 - ii. Updated to reflect that knowledge and skill requirements for Local Pension Committee members will be embedded in forthcoming legislation (as already exists for Pension Board members in the Pensions Act 2013).
13. These requirements are also now considered an individual responsibility, rather than a collective responsibility as previously included.
14. It is intended that officers will consider any published guidance from Government and the Scheme Advisory Board and that the Director of Corporate Resources be authorised to make any minor amendments to the Strategy as required to support compliance.

Conflict of Interest Policy

15. This has been reviewed and refreshed to ensure it is in alignment with regulations as currently drafted ahead of the Pension Schemes Bill receiving royal assent and other 'fit for the future' considerations. A section on LGPS Central has been added, as well as references to potential conflicts that will need to be managed in regard to local investment.
16. It is intended that officers will consider any published guidance from Government and the Scheme Advisory Board and that the Director of Corporate Resources be authorised to make any minor amendments to the Policy as required to support compliance.

Fund Employer Risk Policy

17. The employer risk policy has been updated to state that the Fund may use a third-party covenant expert when assessing employer risk. Other minor changes have been made to bring the document up to date. Note that this needs to be read in conjunction with the FSS.

18. The Fund is aware of Government's Access and Protection consultation (December 2025) on New Fair Deal that may bring changes to the way employers are brought into the scheme following outsourcing exercises. This area will be reviewed to account for any changes, should they be required.

Administering Authority Distribution of Death Grant Policy

19. This policy has been reviewed and no changes were required. However, following the Government's announcement that unused pension funds and death benefits will be included within the value of a person's estate for inheritance tax purposes with effect from 6 April 2027, this policy will be reviewed again once there is a clearer understanding of the process.

Monitoring Contributions

20. This internal process has been reviewed and no changes were required. Note that regular meetings have been introduced between Pensions and Investments to assist with the administration if any late payments occur.

Data Improvement Plan

21. This internal process has been reviewed and no changes were required. Officers appreciate the need for high quality data and consider this as "business as usual".

Fit for the Future

22. The draft Local Government Pension Scheme (Amendment) Regulations 2026 are currently progressing through the parliamentary process prior to receiving royal assent. They include additional requirements for the Fund, such as development of a new Governance Strategy, that Fund Officers have drafted. These requirements will be linked with statutory guidance which is currently draft. Officers will await final guidance and ensure policies are drafted and update both the Local Pension Board and LPC appropriately.

Recommendation

23. The Committee is asked to:
- (a) Approve the Fund's revised policies and strategies set out in Appendices A to E attached to this report;
 - (b) Authorise the Director of Corporate Resources to make any necessary revisions to the Training Strategy (Appendix C) and Conflict of Interest Policy (Appendix D) to ensure that it remains up to date and relevant provided that these do not constitute material changes.

Equality and Human Rights Implications

None specific

Appendices

Appendix A: Investment Strategy Statement

Appendix B: Administration Strategy

Appendix C: Fund Training Strategy

Appendix D: Conflict of Interest Policy

Appendix E: Fund Employer Risk Policy

Officers to Contact

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