



**LOCAL PENSION COMMITTEE – 3 JULY 2026**  
**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 the public markets investments the Fund holds with LGPS Central (Central or the Pool).
2. An overview of how Central will develop investment solutions to be able to meet a range of client investment strategies and how they will be implemented.
3. A PowerPoint presentation is appended to the report, which will be delivered at the meeting by representatives from Central.

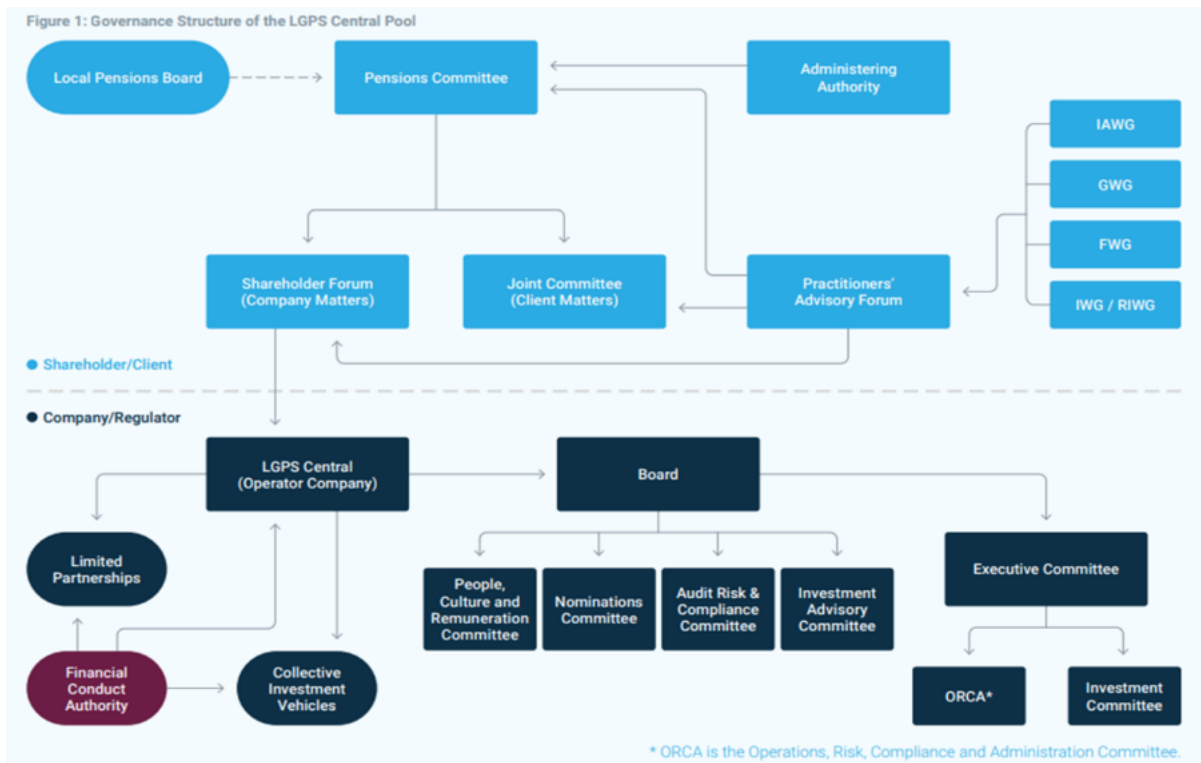
**Policy Framework and Previous Decisions**

4. 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 and launch LGPS Central Limited, which they each jointly owned.
5. 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.
6. Central has been in operation since 1 April 2018. As of 31 March 2026, the Fund has circa £4.6bn invested with Central products or those where they have

investment oversight. This accounts for 62% of the Fund's total assets. The Fund also has as over £900m in uncalled commitments which will increase its overall pooled exposure over time.

## **Background**

7. Leicestershire County Council (LCC) is the administering authority for the Local Government Pension Scheme (LGPS) within Leicestershire and Rutland. LCC 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.
8. In accordance with Section 101 of the Local Government Act 1972, the County Council has delegated the responsibility for decisions relating to the investment of the Fund's assets to the LPC.
9. 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.
10. 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)
11. 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. This structure is currently under review and will be updated to reflect the post Fit For the Future changes.



12. 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.
13. From 1 April 2026, in accordance with 'Fit for the Future' (FFTF) regulations which the Fund, other existing shareholders of Central and prospective new shareholders are working towards, all investment mandates will come within the Pool's oversight remit as they transition toward a larger asset management business. From 1 April 2026 all assets will become essentially pooled with common oversight by Central.

### **Fit for the Future Developments**

14. Since early 2025, officers, Central, partner funds and new prospective partners from the disbanded Access and Brunel pools have been working closely to progress the outcomes from the FFTF 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 31 March 2026 deadline for funds and pools to meet these minimum requirements, including transferring all assets to the pool for management.
  - c. Local and Regional Investment - Funds 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.
  - d. Commencing work on the legal agreements that need to be amended in order for administering authorities and the pool to adhere to the FFTF requirements.
15. To enact these proposals the Government have introduced the UK Pensions Bill which achieved Royal Assent on 29 April 2026 becoming the Pension Schemes Act 2026.
16. Of eight original pools across England and Wales, Government 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.
17. On 1 April 2026 the original eight partners admitted six new partners. Together, these fourteen LGPS funds collectively formed one of the largest LGPS Pooling companies in the UK with more than £100 billion of assets. All fourteen partners are equal owners of the larger LGPS Central.

### **LGPS Central Presentation**

18. Representatives from Central will be in attendance to deliver a presentation to Committee, appended to this report. This quarter the highlight will be on public market investments and will also cover:
- a. The four public market investments the Fund holds with Central; the global active equity fund, global climate multi factor fund, global investment grade bond fund and the global multi asset credit fund.

- b. Development of investment products to meet a variety of investment strategies

### **Resource Implications**

19. It is noted that while pooling has delivered substantial benefits so far, these proposals will accelerate the transfer of assets and responsibilities to pools.
20. 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**

21. 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**

22. 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.

### **Appendix**

LGPS Central presentation

### **Officer to Contact**

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