LGPS Central Limited

Annual Report and Financial Statements

For the year ended 31 March 2024

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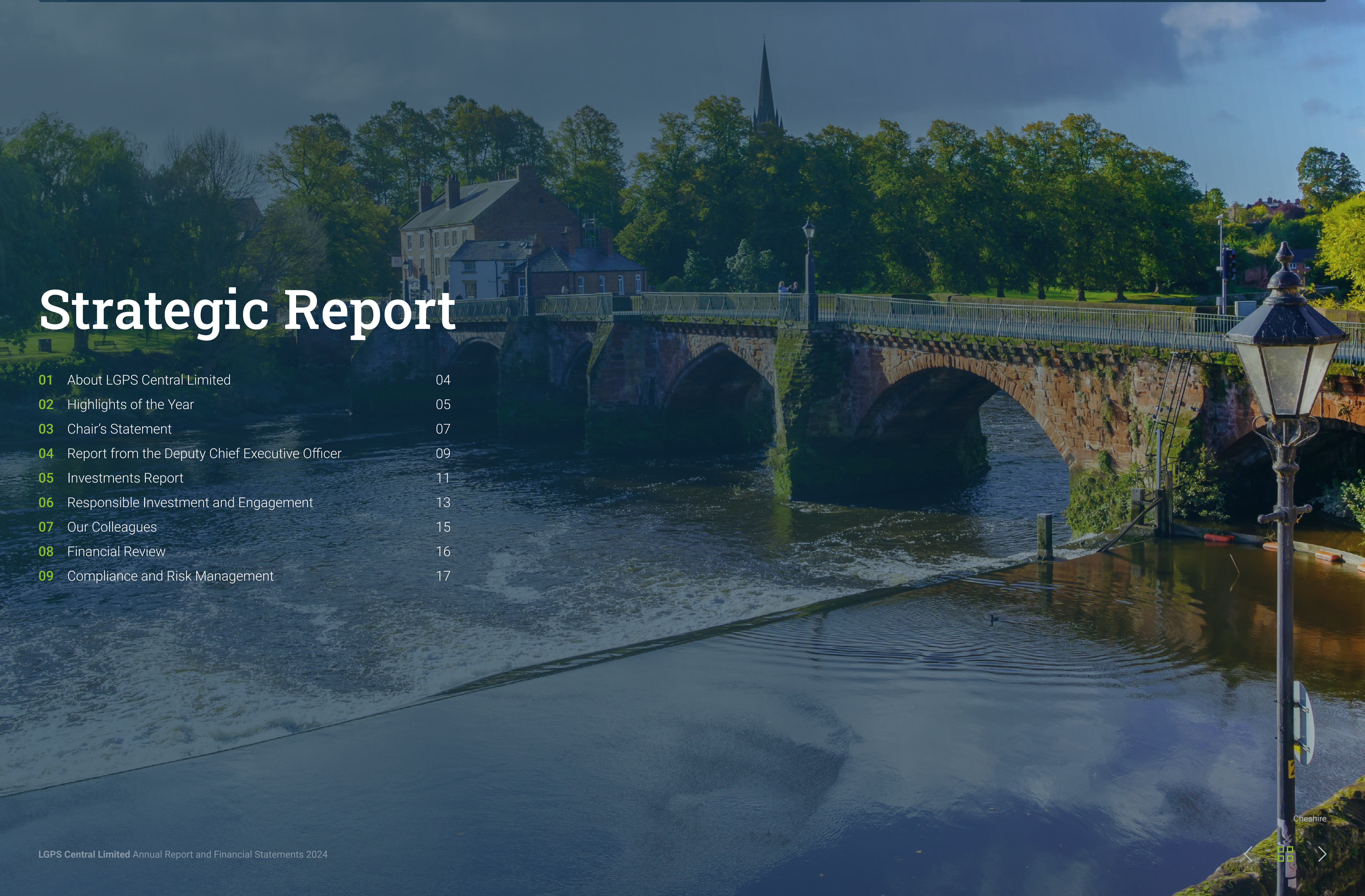


Cheshire

Strategic Report

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.

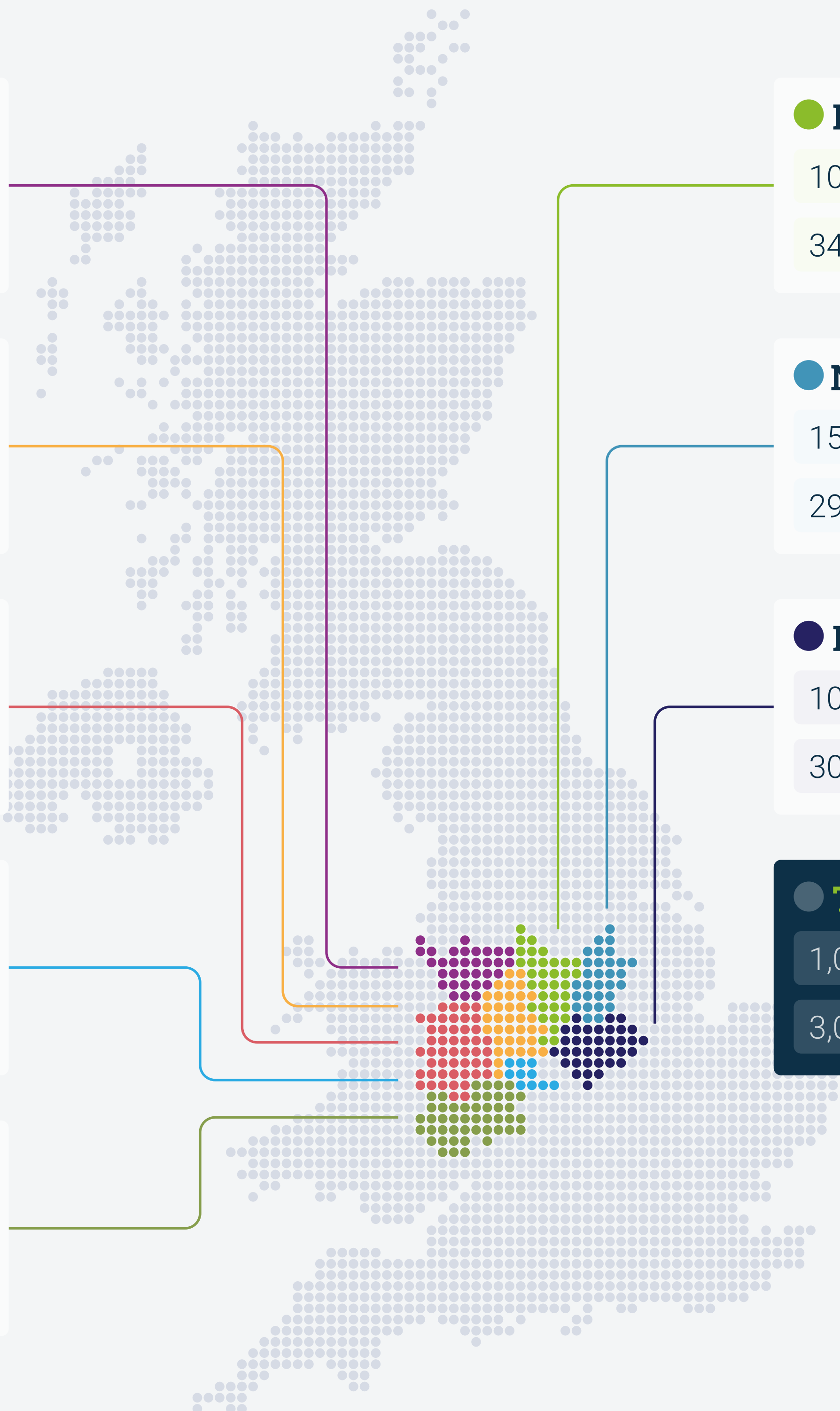
Cheshire
110,520 Members
328 Employers

Staffordshire
117,347 Members
490 Employers

Shropshire
49,589 Members
224 Employers

West Midlands
345,241 Members
838 Employers

Worcestershire
67,739 Members
198 Employers



Derbyshire
107,642 Members
341 Employers

Nottinghamshire
156,618 Members
290 Employers

Leicestershire
103,194 Members
306 Employers

Total
1,057,890 Members
3,015 Employers

LGPS Central Limited Offices

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)

Derbyshire

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)

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

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.

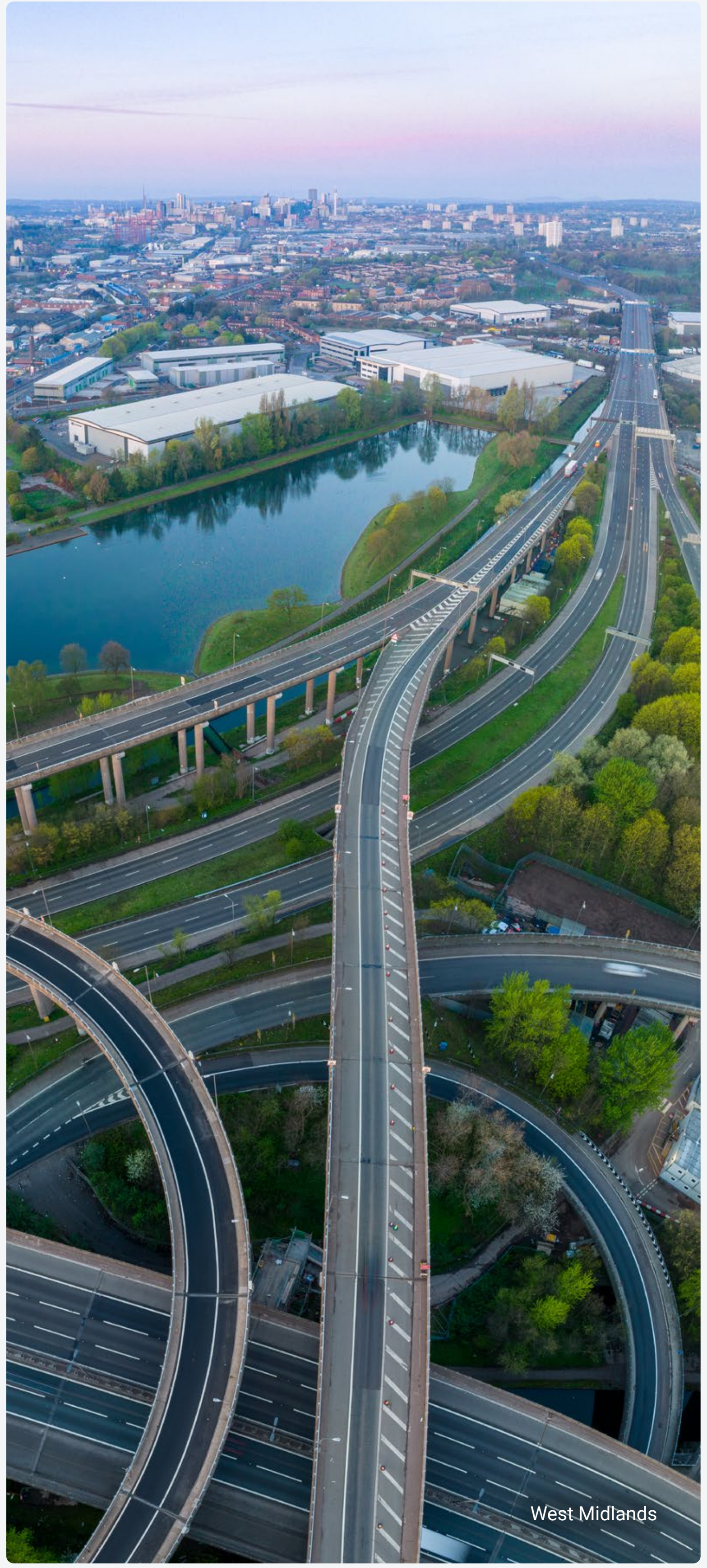
Our workforce is diverse, with representation from 16 nationalities, giving rise to a broad mix of experiences and cultures. 45% of our colleagues are from minority ethnic non-white backgrounds, while 37% are female (2023: 46%; 40%). Additionally, 50% (33% in March 2023) of our Board members are female,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

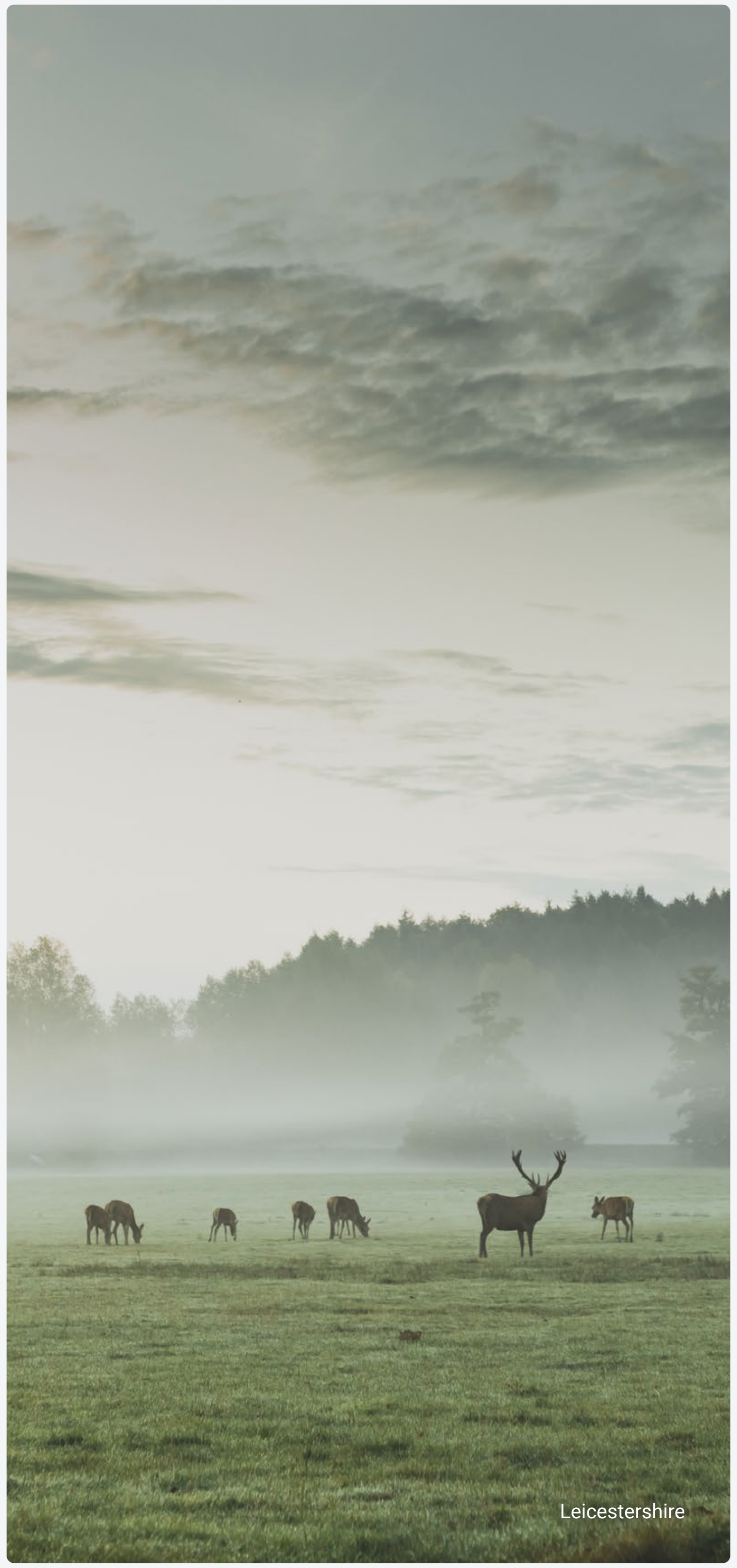
We remain on track to deliver significant cost savings on funds that are live or near to launch. Total gross cost savings achieved to date by the Company amount to £89.0 million at 31 March 2024, up from £64.0 million at 31 March 2023. The total projected gross saving by the Company over the 16-year 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.


Leicestershire

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.
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 *ad hoc* 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

Worcestershire

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.

Shropshire

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.

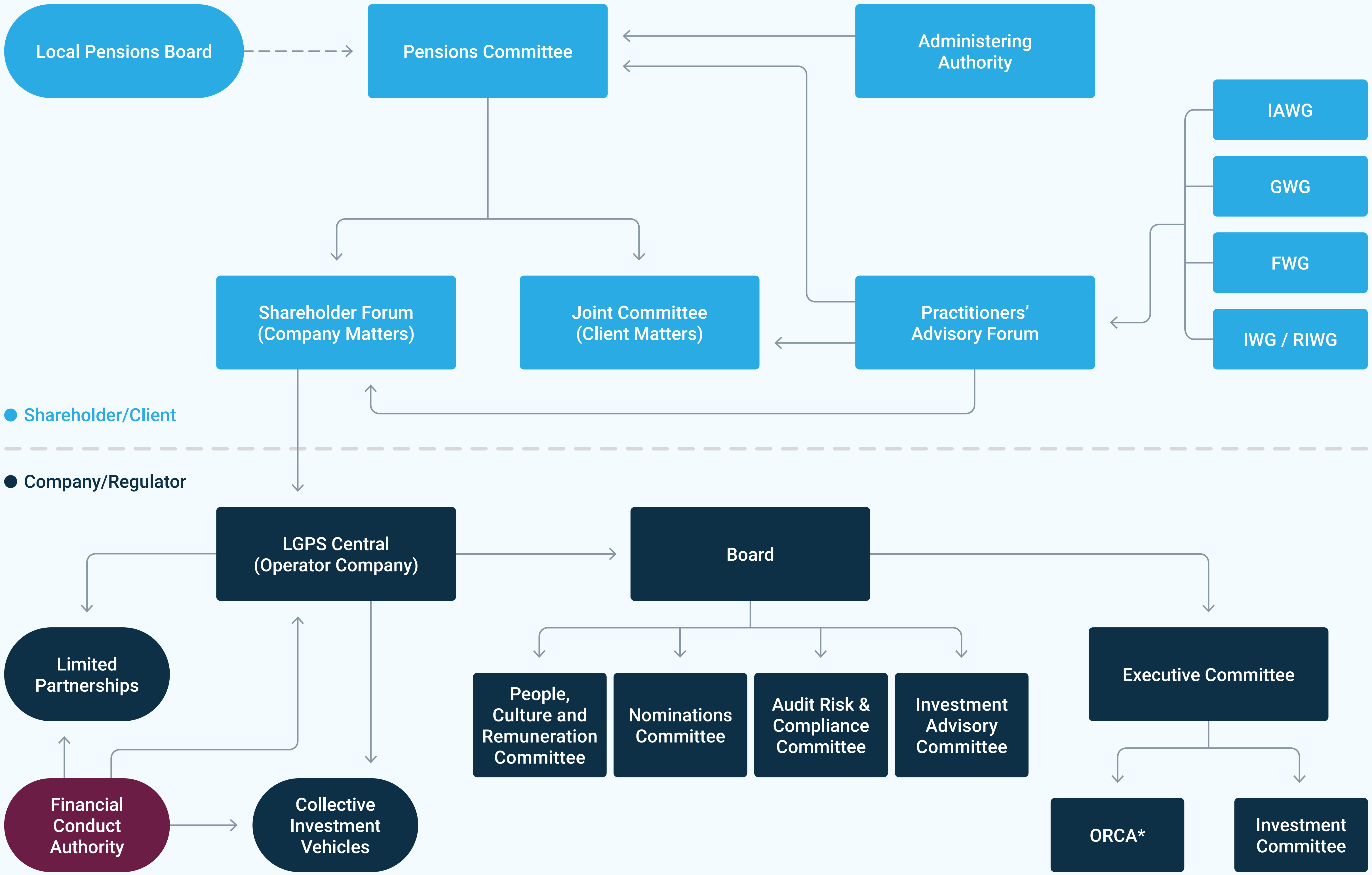
Shareholder Forum

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


Cheshire

Stakeholder Engagement (continued)

How LGPS Central Limited Engages and Fosters Strong Relationships with Stakeholders

Stakeholders	How LGPS Central Limited Engages its Stakeholders
Shareholders	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. 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.
Clients	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.
Colleagues	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. 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.
Government	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. 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.
Regulators	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.
Industry Peer Group	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.
Local Communities	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.

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 *(inc. 3 Specials)*	People, Culture and Remuneration Committee	Audit, Risk and Compliance Committee *(inc. 2 Specials)*	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 ***** *(Joined 26 Jun 2023)*	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	• 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	• 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	• 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)

	• 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	• 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."


Nottinghamshire

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 (ACSs) 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 themself 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.

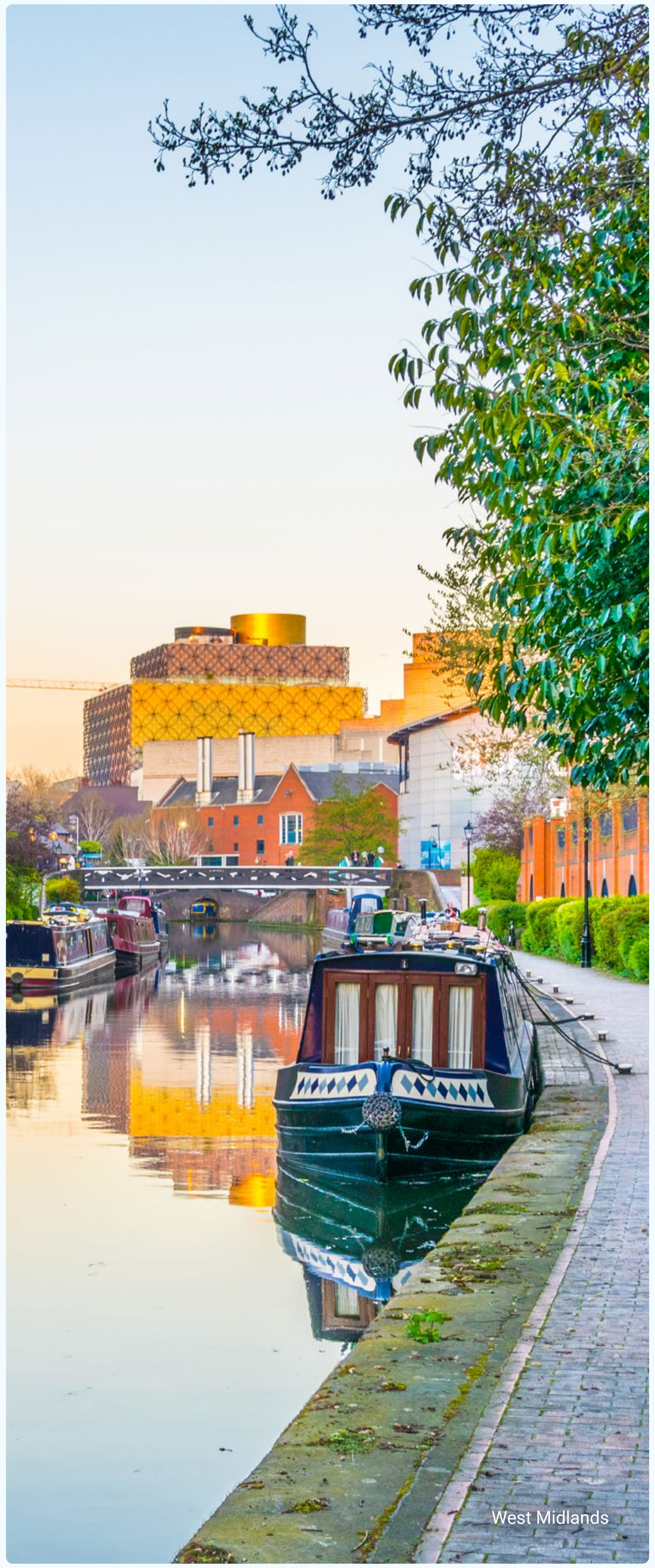
A resolution to reappoint Deloitte LLP will be proposed at the forthcoming Annual General Meeting.

Approved by the Board and signed on its behalf by:

John Burns
Deputy Chief Executive Officer
LGPS Central Limited

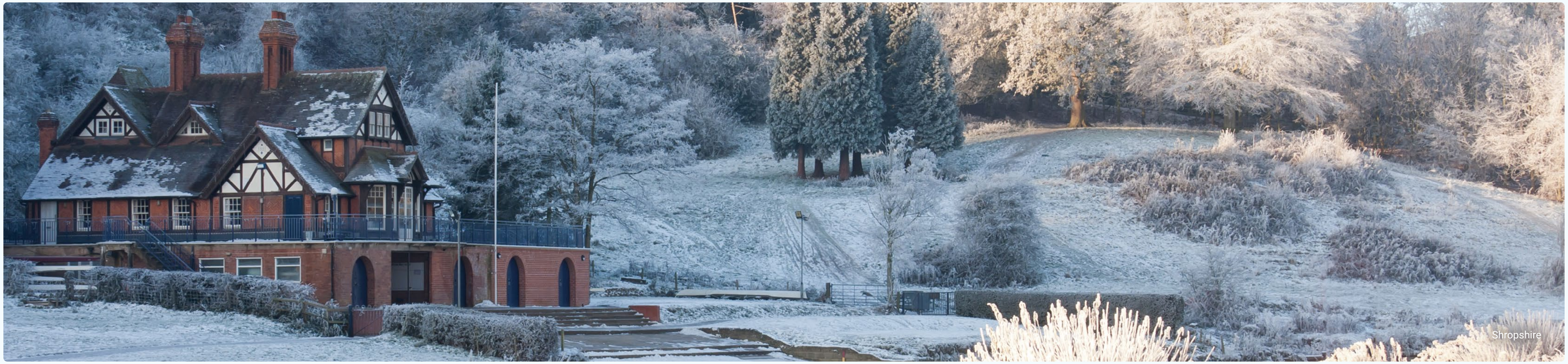
12 July 2024

First Floor
i9 Wolverhampton Interchange
Wolverhampton
WV1 1LD


West Midlands

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.

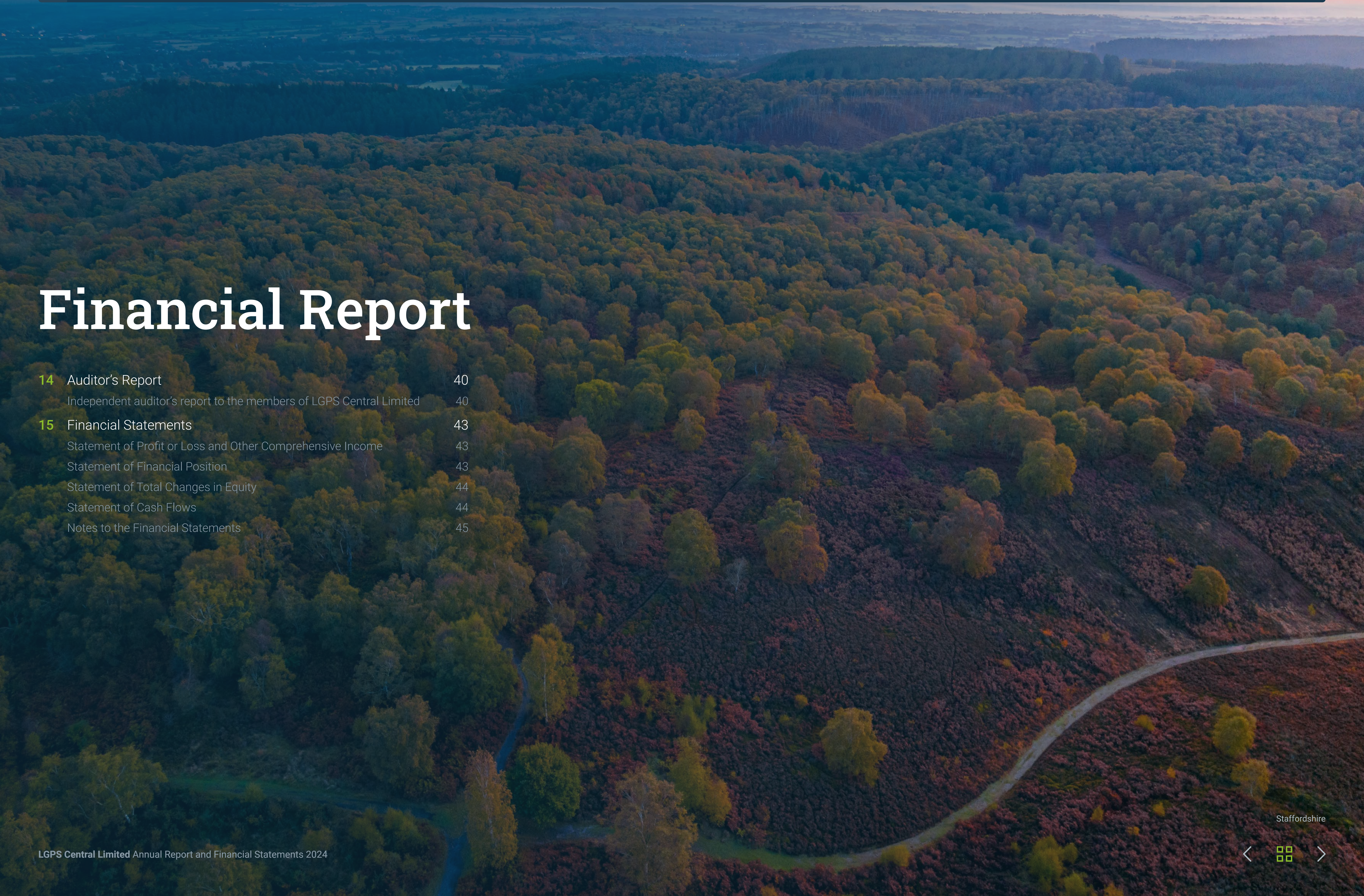
Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing these financial statements, International Accounting Standard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



Staffordshire

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. 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

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.

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

The financial statements on pages 45 to 60 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*

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 £000	Retained Surpluses £000	Pension Reimbursement Reserve £000	Total £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**

	Share Capital £000	Retained Losses £000	Pension Reimbursement Reserve £000	Total £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**

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

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 Polices, 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:	**256**	89
Adjustment for the final tax assessment for 2022/23	**(12)**	-
Total current tax	**244**	89
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:

	31 March 2024		31 March 2023 (Re-presented*)	
Asset Class	**£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 Retiring in 20 years Male: 22.6 years Female: 25.3 years	+ / - 1 year	**(230)**
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.

	2024		2023	
Administering Authority	**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)

	2024		2023	
Administering Authority	**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

Depositary 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)

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