

Conference highlights

LGC Investment Seminar 19-20 March 2026



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Glorious sunshine and a distinctly spring-like ambiance permeated the beautiful Carden Park, venue for the Local Government Chronicle Investment Seminar 2026. But with the volume and pace of change being demanded of funds, and a volatile geo-political environment dominating the news agenda, would the mood at the conference reflect these challenges? I put on my roving reporter hat to share the highlights.

Thursday 19 March

Economic market overview – current themes and future focus

James Ashley, Goldman Sachs Asset Management

- James introduced the session by stating that today's geopolitical turbulence represents a structural shift from a unipolar to a multipolar world, not a temporary political blip.
- Economic tools such as tariffs, sanctions, natural resources, energy infrastructure are now being used as instruments of geoeconomic power, directly shaping market outcomes. Investors should treat geopolitics as a permanent feature of the investment landscape rather than cyclical noise.
- He covered various impacts, noting 2026 is not 2022, with interest rate cuts likely to be delayed rather than cancelled.
- US equities remain highly valued and heavily concentrated, and AI is not just a tech theme, it intersects with energy security, defence, fiscal sustainability and long-term productivity.

Changing relationships in investment strategy and engagement

Anthony Petalas, Border to Coast Pensions Partnership; Max Townshend, LPPI

- Max and Anthony argued that LGPS pooling is shifting from a compliance-driven structural framework into a genuinely strategic partnership model. This evolution is being accelerated by new regulatory requirements e.g. updated Investment Strategy Statements, local investments.

- Pools must develop strategic asset allocation advisory capabilities. However, the fundamental accountability remains unchanged: ultimate decision-making responsibility remains with individual Funds. The shift instead lies in where primary advice is sourced and how closely aligned advice and implementation can become.
- Aligning responsible investment, local investment priorities, and funding considerations across diverse partner funds is complex. Pools are adopting an iterative approach: achieving regulatory alignment first, then working to understand where partner beliefs converge or diverge.

Consultants, advice and evolving relationships

Alison Murray, Barnett Waddingham; Jo Donnelly, London Pensions Fund Authority; Louis-Paul Hill, LGPS Central; William Bourne, Independent Adviser

- Panellists drew an important distinction between regulated investment advice and the broader consultative support traditionally offered by investment consultants. As pools step into the advisory role, consultants are increasingly repositioned as providers of oversight, rather than making recommendations. The need for independence, scrutiny, and clarity of purpose was emphasised.
- Robust challenge mechanisms are important. While an “independent person” on committees is broadly welcomed, there was concern that a single individual cannot realistically provide the full suite of advice typically backed by the substantial resource of consulting firms.
- The panel discussed why government had chosen this path. Nobody seemed to have any answer to the elephant in the room: conflict of interest arising from pools delivering advice to funds to invest in their own products, with one panellist observing, “this cannot be anything other than a structural conflict of interest”.

Driving UK and local growth: policy, strategy & delivery for the LGPS

Tim Newns, Office for Investment; Colin Thomasson, CBRE Investment Management; David Vallery, Lothian Pension Fund; Paul Nevin, West Midlands Pension Fund

- Government views LGPS capital - collectively the 7th largest pension fund in the world - as strategically important, with proposals such as the “Fit for Future” framework signalling ambition for local investing.
- Defining what “local” means is a necessary practical step. Funds are developing tiered geographic definitions - from Combined Authority boundaries to wider economic regions and pool geographies - to bring clarity to allocation decisions.
- Fiduciary duty and local investment goals are not in conflict. The same underwriting, risk assessment and exit discipline apply. However, viability is a critical challenge. Many parts of the UK currently struggle to deliver commercially self-sustaining developments.
- Investable opportunities rarely arrive fully formed. Successful local investment requires active origination, structuring and collaboration between funds, pools, advisers and local authorities. With policy support strengthening and institutional intent rising, the conditions for meaningful local allocation are taking shape; but unlocking them demands disciplined coordination and a well-defined and governed investment process.

Friday 20 March

Pool huddle: it's all about operations, governance and delivery

Anthony Parnell, Wales Pension Partnership; Ewan McCulloch, Border to Coast Pensions Partnership; Struan Fairbairn, LGPS Central

- Governance frameworks originally designed for small, early-stage joint ventures are no longer sufficient at scale. Increasing regulatory expectations - particularly around FCA firm status - are adding pressure for more coherent, risk-aware governance structures and review processes.
- Successful integration of new partner funds is primarily a *cultural* challenge rather than a technical one. Pools that treat onboarding as the creation of something “new together”, rather than the absorption of a fund into an existing structure, have reportedly seen the best outcomes. Some requirements won't be met prior to the deadline, with 12–18 months being more realistic for some of the more complex requirements.
- The panel highlighted three forces that will shape the LGPS over the next decade: 1) potential consolidation of pools, 2) the impact of local government reorganisation on fund structures, and 3) the rising political and public profile of the LGPS itself.

Fund governance: evolving roles, accountability and structural change

Mark Gayler, Devon County Council; Peter Wallach, Merseyside Pension Fund; Rachel Brothwood, West Midlands Pension Fund

- The newly created Senior LGPS Officer role largely formalises what many officers already do, but its practical interaction with the s151 Officer remains uncertain, and dependent on local context. Even as operational responsibility shifts, funds' fiduciary duties remain unchanged - and their ability to scrutinise, challenge and hold pools to account is now more important than ever.
- How accountability between Funds and pools operates was explored. The message was clear: oversight must be structured, transparent and grounded in mutual trust. Governance models vary widely across the sector; from joint committees to shareholder-style structures, and all require openness and regular review.
- Two areas will shape governance in the coming years. First, elected member oversight and scheme member representation within pool structures remain underdeveloped and will need more focus. Second, the forthcoming requirement to appoint an independent person to pension committees represents both a challenge and an opportunity.

Valuation and funding strategy: insights, outcomes and next steps

Melanie Stokes, Staffordshire Pension Fund; Rob Bilton, Partner and Head of LGPS Actuarial at Hymans Robertson

- Rob highlighted that the 2025 LGPS valuation cycle has been a broadly positive story, with most funds able to reduce employer contribution rates - in some cases to their lowest levels since before the 2008 financial crisis. However, he emphasised that these improvements are driven partly by higher assumed *future* investment returns, not returns yet realised.
- He stressed that prudence cannot be captured in a single metric, nor should funds expect identical outcomes across the LGPS. Instead, the “right” level of prudence depends on each employer's financial strength, stability needs and risk appetite; variation between funds is therefore a sign of tailored, well-reasoned decision-making, rather than inconsistency.

- Melanie argued that strong employer engagement emerged as a critical success factor, with funds that invested in robust communication and consultation achieving better outcomes and higher employer confidence. The importance of data quality was also underlined.
- The 2028 valuation is likely to be complex and coincide with the start of local government reorganisation. This raises challenging questions about employer structures, timing, data integrity and the practicalities of valuing organisations that may be mid-transition. Large-scale data movements between bodies are likely, creating operational and governance risks. Additionally, asset pools are expected to play a more prominent role by providing strategy advice for the first time at a valuation cycle.

Global equities, growth, risks and the AI boom

Colin Standish, West Yorkshire Pension Fund; Robert Secker, T. Rowe Price

- Emerging markets are entering a rare period of synchronised earnings growth across almost all regions, creating a historically favourable backdrop for outperformance relative to developed markets. By contrast, the US market remains structurally expensive, and signs of capital rotation into Europe, Asia and EMs are already visible.
- AI-driven growth is real, but highly uneven. Hardware and semiconductor companies are currently the clearest beneficiaries, supported by tangible earnings growth and hyperscale-driven demand. In contrast, much of the software sector is experiencing valuation pressure due to uncertainty about how AI will disrupt existing business models. The cycle is *not* comparable to the dot-com bubble.
- Active management is valuable in emerging markets, given their breadth, diversity and governance risks, and selective stock picking remains essential. The panel acknowledged the risks - including political intervention, currency volatility and governance standards - but concluded that the combination of improving fundamentals, attractive valuations and supportive macro conditions (including a softer US dollar) presents a compelling opportunity.
- On AI and the future, China is a major consumer of AI tools and a key supplier within semiconductor chains. The coming five or so years will be a decisive period in which the winners and losers of the AI transition will become clearer. Portfolios must remain flexible to capture new sources of sustainable growth.

SAB and FCA update: regulatory and policy developments in the LGPS

Clair Alcock, LGPS Advisory Board; James Silverston, Financial Conduct Authority

- Clair focused on governance, guidance and consultation outcomes. Spoiler alert: we don't know when the Bill will receive royal assent, but she indicated there is likely to be further guidance produced prior to this stage (albeit nothing can be set in stone until the Bill received royal assent).
- James focused on how the FCA would regulate existing and newly-formed pool companies (hint: in the same way they do any regulated asset management institution), setting out expectations on reporting, oversight and engagement with pool companies.

An outside perspective on the LGPS and the political and pensions landscape

Josephine Cumbo, Financial Times

- Josephine argued that the purpose of pensions, from a government perspective, is shifting. Rather than being viewed purely as a retirement savings vehicle, the attraction of a large, captive pool of capital is irresistible to government. Governments, including the UK, now consider pension funds as strategic national capital, a term she coined as “pensions nationalism”.

- When executed successfully, this *can* achieve powerful, positive outcomes. Think infrastructure renewal, clean energy initiatives, providing capital to small local businesses. However, problems will occur if decisions are taken not solely on the investment case, but with political targets in mind.
- Experience from overseas demonstrates how government over-reach can be avoided or materially reduced. Rather than allow that to happen here in the UK, there is an imperative for all key stakeholders in the LGPS to robustly set out and clarify the scheme's purpose to ensure fiduciary duty retains its primacy.

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