

CPF MEMBERS FORUM

www.cpfmembersforum.com

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Cheshire Pension Fund and “Pooling”

CHESHIRE PENSION FUND

Cheshire Pension Fund is the fund for over 100,000 members from 300 councils and organisations in the councils of Cheshire West and Chester, Cheshire East, Warrington, and Halton. They include staff at councils, housing associations, academies, fire and police staff, school staff, and other support staff.

POOLING - LGPS CENTRAL

Five years ago, the government instructed council pension funds to work together and form regional “Pools”. Eight regional “Pools” were set up under those new arrangements.

- The main objective was to invest sustainably in UK infrastructure, and also to reduce the disparity in overheads and management costs.
- LGPS Investment issues are summarised in CBP 7309 (May 2019) which points out that LGPS is the largest “Defined Benefit” scheme in England and Wales: <https://commonslibrary.parliament.uk/research-briefings/cbp-7309/>
- Cheshire formed LGPS Central with council funds from Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands, WMITA, and Worcestershire.
- Council funds own these pooled investing companies; they also just manage their local day-to-day membership, administration, collection and payments.
- Pools were specifically set up to manage investing by council funds, so councils would not use other finance companies with shareholders and profit motives.

Since then LGPS Central and CPF have both produced lengthy “Carbon Footprints” with promises for the future and Net Zero, both rule out “divestment” from existing investments, and opt for “engagement” within their existing portfolio.

NATIONAL PROGRESS ON POOLING PENSION INVESTMENTS

Our Members Forum challenges “greenwash” that retain the same investments and also block funding into new areas and opportunities. In 2020 CPF produced a “carbon footprint” but also made an investment in Rio Tinto, despite media concerns.

Recently the May 2021 Local Government Conference was told that nationally “**around half**” of the 88 pension fund assets had been transferred to their Pools.

- Cheshire Pension Fund list 12.4% of investments as transferred to LGPS Central by 31 March 2020. (CPF Annual Report 2019/2020, p96)
- In 2019 transferred £500 million into the LGPS Central “Climate Multi Factor Fund”.

Based on these figures, we have asked why CPF has transferred significantly less than other councils into the LGPS Central pool by 2020, for investing in infrastructure to take place, and for reductions in management costs.

IS LGPS CENTRAL INVESTING IN INFRASTRUCTURE ?

The March 2021 investments for LGPS Central are listed on the website in over 100 pages at [ACS Sub Fund Investments – LGPS Central](#)

Despite the regulations and their own “carbon footprint” LGPS Central investments are not in UK infrastructure as intended, and continue past investing patterns.

- Much of LGPS Central investing is outside the UK, (and for example includes Belarus Government Bonds, recently in the media).
- Other investments are in controversial areas such as fossil fuels, gaming and gambling, Rio Tinto, tobacco, mining, online retail, and social media.
- Even the “Climate Fund” lists investments in tobacco, arms, mining, fossil fuels, including Rio Tinto !

Our Members Forum campaigns for an AGM here in Cheshire, to raise with CPF investments in many areas, including for Net Zero, green energy, low-cost housing, IT infrastructure, and support for local businesses where possible.

We question why CPF and LGPS Central continue to invest in armaments, fracking, oil and gas, payday loans, tobacco, gambling, gaming, (anti) social media, companies on the UNHR lists, the tax avoiders who use “offshore profit shifting”, and properties not in Cheshire, Warrington or Halton .

CPF is valued at £6.55 billion and locally managed by ten councillors who should be deciding where our fund invests, direct LGPS Central investing for infrastructure, and reduce costs and overheads as intended.

NOTES FOR COUNCILLORS AND EDITORS

We say councillors can ensure that our pensions are invested sustainably in low-cost housing, green energy, IT networks and PPE and health, all of which would provide employment and sustainable development for the future. They can also support Cheshire businesses and communities to boost our local economies.

In 2021 the UK will host the international COP26 Conference. We ask why our pension fund, and LGPS Central, have little regard to ESG factors (Environmental, Social and Governance) when investing. These are now legal obligations for all pension managers and trustees to consider these factors when investing for the future.

[ESG risks and opportunities by occupational pension schemes \(www.gov.uk\)](https://www.gov.uk/government/news/esg-risks-and-opportunities-by-occupational-pension-schemes)

- Part of everyone’s Council Tax will pay the “Employers Contribution”.
- CPF refused to recognise our independent Forum in the 2021 newsletter.

To give us a stronger voice with the fund, we ask all members of CPF to join our Members Forum. It is free, confidential, and has no commitment. Current employees welcome, as it’s your pension one day.

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