

CPF MEMBERS FORUM

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DLUHC CONSULTATION : LGPS PENSIONS

NEXT STEPS ON INVESTMENTS

The DLUHC have issued a consultation on LGPS Pension Reforms, which will close on 2 October 2023. [Local Government Pension Scheme \(England and Wales\): Next steps on investments - GOV.UK \(www.gov.uk\)](#)

This follows the March 2023 budget, and the recent announcement by the Chancellor on investment 'barriers', to accelerate to the consolidation of the £364 billion LGPS assets into their pools by March 2025.

BACKGROUND

Pooling was set up five years ago to achieve reductions in the management costs of funds and to improve investments in infrastructure. All LGPS funds were asked to form pools for investment purposes, not as clients or customers, but as owners.

Councils and LGPS funds were intended to manage their investment pool to create investment vehicles to match their requirements such as ESG, green, fossil free, or UK only.

All day to day administration and processing remained with the local pension funds

However only a few of the current 86 LGPS funds have fully embraced pooling, and transitioned 100% of their funds over to their pools, and involvement varies. This Local Government Chronicle article highlights some of the issues over five years of pooling.

[Long read: Phil Triggs - government inaction is leaving the LGPS drifting | Local Government Chronicle \(LGC\) \(lgcplus.com\)](#)

CHESHIRE

Cheshire Pension Fund is part of the pool LGPS Central, which also includes Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands, and Worcestershire. LGPS Central issued 8 shares, one each owned by the eight funds.

<https://www.lgpscentral.co.uk/about-lgps-central/>

After five years in operation, LGPS Central handles only half of the assets of these eight pension funds forming the pool (£28.5bn of £55bn) <https://www.lgpscentral.co.uk/>

The consultation now indicates funds will transition 100% to their pools by 2025. The percentage Cheshire Pension Fund has transferred to LGPS Central for investing for the last three years is:

- | | | |
|----------------|-------|---|
| • FY 2020/2021 | 16.8% | Annual Report, Note 17 |
| • FY 2021/2022 | 19.5% | Annual Report, Note 17 |
| • FY 2022/2023 | 28.7% | draft to Pension Committee June 2023, p22 |

The draft accounts to the Pension Committee in June 2023 also shows that CPF invested 28.5% of funds with Legal and General, a listed company with its own profit motive.

