# **CPF MEMBERS FORUM**

www.cpfmembersforum.com

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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.

<u>Long read: Phil Triggs - government inaction is leaving the LGPS drifting | Local Government Chronicle (LGC) (Igcplus.com)</u>

## 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) <a href="https://www.lgpscentral.co.uk/">https://www.lgpscentral.co.uk/</a>

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.

## **POOLS**

The DLUHC Consultation further considers a reduction in the number of pools from the current eight. After five years in operation, it is clear that some of the pools are underperforming, have staffing issues, and still do not have the full confidence of their LGPS funds.

The consultation suggests a pool will handle a minimum level of £50bn of assets of LGPS funds, so some pools will be worried about their future, and some funds may move pools.

It could be that because local authorities, pension funds and pools, have not made pooling work as intended to reduce costs and invest in infrastructure, it will now be directed and managed much more by central government. There will be much less local democratic control by councils.



#### **CPF MEMBERS FORUM**

At March 2023, CPF is valued at £6.25bn, with a membership of over 110,000 in over 300 employers in Cheshire, Warrington, and Halton.

CPF cannot email its pensioners in 2023, but we are sent several payslips and a P60, all by post. Our Members Forum campaigns for:

- an AGM or members meetings
- CPF to collect our email addresses
- web based discussion pages so that CPF managers might better understand what pensioners and members think.

No buildings in the CPF Property Portfolio are in Cheshire, Warrington or Halton. Last year CPF applied for planning permission to build 215 houses in Cheltenham.

Investment holdings | Members (cheshirepensionfund.org)

Our members would prefer our pensions to be invested to ESG standards for our families and grandchildren, in UK infrastructure, for "Net Zero by 2050", green energy, low-cost housing, insulation, WiFi networks, PPE and Health, and support and invest locally in communities and businesses in Cheshire, Warrington and Halton.

CPF invest in fossil fuel companies, the banks that fund them, Russian banks, short term financial companies, tobacco, gambling, gaming, armaments, social media, companies on UNHR sanctions lists, the FAANGs, and others who avoid UK Corporation Tax.

Our CPF Members Forum does not wish to micro manage any investments, but our members are disappointed that CPF policy is "engagement" not "divestment".

To give us a stronger voice with Cheshire Pension Fund, we encourage all pensioners, current employees and members to join our CPF Members Forum. CPF do not recognise our Forum. Our Members Forum is free, confidential, and has no commitment.

Dave Plunkett 07974 112628 or David Challen 01244 671163

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