Cheshire Pension Fund MEMBERS FORUM cpfmembersforum@gmail.com

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This year a number of local government pensioners in Cheshire, Warrington, and Halton have set up their own **CPF Members Forum**.

We believe that our Cheshire pension Fund can and must invest in a socially responsible manner without jeopardising profitability. We will campaign for an AGM for members, web pages for member discussions, more local investing, and more openness by our £5 billion fund managers.

CPF Members Forum welcomes the recent legislation on the duties of Trustees of pension funds, which is clearly supportive of our campaign here in Cheshire. We think our Trustees should actively seek feedback and opinion from members.

The Occupational Pension Schemes (Investment and Disclosure) (Amendment) Regulations 2018 by the Department of Work and Pensions will clarify roles and duties of pension funds and the trustees. Trustees will now have to listen to members views, and have regard to wider (ESG, see note 3) environmental, social, and governance issues, not just financial considerations.

Interested CPF pensioners should email cpfmembersforum@gmail.com

NOTES FOR EDITORS

1. Following a number of national reviews on pension funds and their investment practices, the DWP Department of Work and Pensions will now introduce legislation.

> https://www.gov.uk/government/consultations/pension-trustees-clarifying-and-strengthening-investment-duties

2. This follows a number of recent studies and reports:

- The 2017 UK Law Commission's 2017 report on 'Pension Funds and Social Investment'.
- In November 2017, the CMA (Competition and Markets Authority) said it was looking at pensions advisers used by the pension funds after concerns were raised by the Financial Conduct Authority (FCA) in September. They will look at market features that "prevent, restrict or distort competition" among the market advisers.
- In April 2018, Mark Carny, Governor of the Bank of England warned of a "climate Minsky moment" if the finance industry did not realise where the climate risks were.
- In 2018, the Commons Environment Action Committee criticised pension funds and their understanding of the threat of climate change. They were concerned about "short-term thinking" in the UK financial system, and said that government should force large companies and asset owners, such as pension funds, to set out the impact of the low-carbon transition by 2022.

3. These new Regulations will focus on the roles of Trustees and how much they understand of wider ESG (Environmental, Social, and Governance) factors. These have recently become centre stage in financial and pension management, and are now evident in this legislation, widely welcomed by campaigners and the financial press. Examples are:

- **Environmental**: resource depletion, including water waste and pollution, deforestation.
- **Social**: working conditions, including slavery and child labour; health and safety; employee relations and diversity; ageing populations; social unrest; local communities, including indigenous communities; and income inequality.
- **Governance**: executive pay; bribery and corruption; board diversity and structure.

4. In the supporting documentation the DWP provide evidence of trustees incorrectly thinking that environmental, social and governance risks are irrelevant to, or run counter to, financially material concerns.

5. In Spring 2018 in Cheshire, concerned pensioners of the Cheshire Pension Fund, for local government in Cheshire, Warrington and Halton, formed a Members Forum. We think that our fund should invest in our communities for the future, not only short-term investing for profit. We think that Cheshire Pension Fund allows the London investment advisers to make investment decisions and charge high fees and bonuses. We say that these advisers do not consider ESG factors because our fund give little guidance, except for high returns. This allows investment managers to choose where our funds end up, which may go some way to explain why Cheshire Pension Fund ever had an investment in Wonga in 2013..

6. We say that we should support our communities in Cheshire, Warrington, and Halton, and also the Northern Powerhouse. We agree that Cheshire Pension Fund can move beyond solely fiduciary duty and consider local factors when investing. We want to see more openness by Cheshire Pension Fund and the Trustees, with an AGM, open web pages for member discussions, and for the fund to actively seek feedback and opinions from members.

7. For example, the investment in Fossil Fuels for CPF is estimated at £92 million (£74 million direct and £18 million indirect), but we have little idea how much support among Cheshire local government pensioners there may be on divestment, and their views on other ESG issues such as Climate Change, Tax Havens, Tobacco, or FOBTs.

For further information on the new Members Forum, please contact
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Cheshire Pension Fund website **http://www.cheshirepensionfund.org/**

References below are to the latest CPF 2016/2017 Annual Report

http://www.cheshirepensionfund.org/about-the-fund/investments/annual-reports/

- Cheshire Pension Fund is controlled by Trustees, not any single council, and is advised by consultants, fund managers, and investment advisers. This is no different to other LGPS (Local Government Pension Scheme) funds in England.
- (Page 4). Cheshire Pension Fund is managed by a separate administration at Cheshire West and Chester on behalf of these 250 employers, guided by a Pension Fund Committee.
- (Page 11). The fund is valued at nearly £5 billion
- (Pages 103 to 125). Cheshire Pension Fund covers over 93,000 members, from over 250 councils and local government organisations, including Cheshire West and Chester, Cheshire East, Warrington MBC, Halton MBC, and their housing associations, academies, parish councils, police staff, schools, and others in the wider Cheshire area.