

Cheshire Pension Fund MEMBERS FORUM

www.cpfmembersforum.com

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During 2018 a number of local government pensioners from Cheshire, Warrington, and Halton formed their own CPF Members Forum.

- We believe that our fund for public service workers, Cheshire Pension Fund, can and must invest in a far more socially responsible manner.
- We do have an AGM for members, or web pages for member discussions.
- We will campaign for more openness by our fund, and more local investing.

OVERHEADS IN 2017 / 2018

Cheshire Pension Fund has now published the 2017 / 2018 Annual Report. Page 12 shows a major increase in fees paid for Investment Management, over £5million above estimates.

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

In a response to a query, we have been told that fees are made up of a “management fee, and a performance related fee”. CPF explain advisers have given investment advice that have increased the profits of the fund.

| | Forecast £000 | Actual £000 | Variance £000 |
|------------------------|---------------|-------------|---------------|
| External Fund Managers | 21,809 | 27,349 | 5,540 |

In our campaign for much more openness by CPF would would like to see for each of the investment advisers (listed on page 4 of the 2017 / 2018 Annual Report), a table of agreed fees, and actual performance related fees. This would show how each adviser has received their fees, and also highlight if fees are agreed on a basis that is too generous in a rising stock market.

For 2014 / 2015, national analysis by the Centre for Policy Studies, showed that CPF “overheads per member” were the highest of all of the 89 local government pension funds in England.

POOLING and LGPS CENTRAL

Starting in April 2018, investments in our our fund will be increasingly “pooled” and managed by LGPS CENTRAL. £12bn has already been transferred.

Pooling has been set up nationally to both reduce fees, and improve investment in funds in Infrastructure. Local government pension funds have been heavily criticised recently for their high level of overheads, combined with their poor short term investing policies.

LGPS Central Limited manages the pooled assets of nine Midlands-based local government pension schemes.

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

With combined assets of approximately £40bn, and representing the retirement savings of over 900,000 scheme members across over 2000 employers, LGPS Central Limited’s Partner Funds are;

Cheshire Pension Fund, Derbyshire Pension Fund, Leicestershire Pension Fund, Nottinghamshire Pension Fund, Shropshire Pension Fund, Staffordshire Pension Fund, West Midlands Pension Fund, West Midlands Integrated Transport Authority Pension Fund, and Worcestershire Pension Fund.

LGPS Central Ltd is owned equally by eight of its nine Partner Funds and is dedicated to the management of local government pension assets. The aim of the Company is to use the combined buying power of its Partner Funds to reduce costs, improve investment returns and widen the range of available asset classes for investment – all for the benefit of local government pensioners, employees and employers.

NOTES FOR EDITORS

1. In Spring 2018 in Cheshire, some concerned pensioners of the Cheshire Pension Fund, for local government in Cheshire, Warrington and Halton, formed their own Members Forum.
2. **We would like 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. This does not happen now.**
3. Cheshire Pension Fund <http://www.cheshirepensionfund.org/> 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.
4. We think that our fund should invest in our communities for the future, rather than short-term investing for profit. We would like to see CPF invest in our well-being, and move beyond solely fiduciary duty, and to consider local factors when investing. We say that CPF should support our communities in Cheshire, Warrington, and Halton, and also the Northern Powerhouse.
5. We think that CPF allows the London investment advisers to make many investment decisions, and charge high fees and bonuses. We say that these advisers do not consider wider factors because our fund give little guidance, except for high returns.
6. We have welcomed pension regulations on the roles of Trustees and how much they understand of wider ESG (Environmental, Social, and Governance) factors. ESG is now critical in financial and pension management.
 - • **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.**
7. Without an AGM, we have little idea how much support there is among the pensioners of local government on divestment in some companies. We do not know their views on ESG issues such as Climate Change, Tax Havens, Tobacco, or FOBTs.

For further information on the Members Forum, please contact

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