

CPF MEMBERS FORUM

www.cpfmembersforum.com

PRESS RELEASE 44 (July 2024)

Pensions Review, CPF, and LGPS Pooling

THE LANDMARK PENSIONS REVIEW

Following the election, the government has announced a “landmark pensions review part of Government’s mission to boost growth and make every part of Britain better off”. In a combined press release, the Chancellor of the Exchequer said: “The review we are announcing is the latest in a big bang of reforms to unlock growth, boost investment and deliver savings for pensioners. There is no time to waste. That is why I am determined to fix the foundations of our economy so we can rebuild Britain and improve people’s lives.”

- [Chancellor vows 'big bang on growth' to boost investment and savings - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/news/chancellor-vows-big-bang-on-growth-to-boost-investment-and-savings)
- “Chancellor launches landmark review to boost investment, increase pension pots and tackle waste in the pensions system.”
- “Action will be taken to unleash the full investment might of the £360 billion Local Government Pension Scheme to make it an engine for UK growth.”

THE LGPS SPENDS £2bn ON FEES

The Review will consider the benefits of further consolidation of the LGPS funds and the eight pools, and will look at how to

- “unlock the investment potential of the £360 billion” LGPS
- “tackle the £2 billion that is being spent on fees”.
- “cut down on fragmentation and waste in the LGPS, which spends around £2 billion each year on fees and costs and is split across 87 funds – an increase in fees of 70% since 2017,

CHESHIRE PENSION FUND 2023/2024 VALUE

Cheshire Pension Fund covers Cheshire West and Chester, Cheshire East, Warrington and Halton. CPF is one of the biggest in the area, with over 110,000 local government employees and pensioners, covering 300 employers in local government, academies, support staff etc. CPF total costs in 2022/2023 were £26million.

CPF have just published the end of year 2023/2024 final value of £6.6 billion, which shows that £1.9bn or 30% of funds have been invested with LGPS Central, while another £1.8bn or 28% is invested with Legal and General.

FINANCING UK GROWTH AND INFRASTRUCTURE

This government review supports widely held views that to achieve economic growth we must invest much more in UK infrastructure, and that pension funds are overlooked.

- ShareAction research shows over 80% of UK adults want their money to do some good as well as provide a financial return. They point out that “the finance sector is a key lever to achieving successful and sustainable outcomes for people and planet.” [ShareAction | Why Responsible Investment](https://www.shareaction.org.uk/why-responsible-investment)
- The IPPR has reported that the UK has been bottom of the G7 league for investment in 24 out of last 30 years [Investment in UK is lowest in G7 for third year IPPR](https://www.ippr.org/2023/09/12/investment-in-uk-is-lowest-in-g7-for-third-year)
- Make My Money Matter campaigns to unlock £1 trillion of pension investment into green jobs and industries [Make My Money Matter](https://www.mymoneymatter.org/)

OUR QUESTIONS ON LGPS POOLING

LGPS Pooling was introduced 5 years ago to reduce costs and improve investments in UK infrastructure. LGPS Next steps on Investments. Little detail on national pooling levels has been published recently, but after slow progress on implementation, the DLUHC consulted all LGPS funds in 2023, re-stating the benefits of pooling and questioning why some funds showed less confidence in their pools. In paragraph 9 of the consultation, LGPS Central was specifically contrasted with London Pool for the low level of transfers of “under 30% (LGPS Central) to over 80% (LPP)”.

We think that CPF do not explain pooling and the levels of transfers to LGPS Central, the pool that it formed, owns and manages, while CPF maintains similar investment in LGIM, a private listed company over which it has no control.

CPF Pooling levels to LGPS Central in the last few years were 30% in 2023/2024, 28% in 2022/2023, and 19% in 2021/2022. At the same time the investments with LGIM were 28% in 2023/2024, 28% in 2022/2023, and 33% in 2021/2022.

Following the consultation the DLUHC conclusion earlier in 2024 was that all LGPS funds must now transition 100% of investments to their pools by 2024/2025, or must “comply or explain”.

WHY WE FORMED CPF MEMBERS FORUM

We welcome this Pensions Review, but are concerned that it will not be supported by the “pensions industry”. We think our grandchildren deserve better investments for their future.

Our Members Forum campaigns for an AGM so we can raise questions on areas such as member webpages, and using email. Other similar LGPS funds hold members meetings or AGMs, either live or online. In Cheshire our pensions are managed by a committee of ten councillors, many were newly appointed in 2024, and advised by outside consultants.

Our members think it is particularly important that the pension fund for local government employees and pensioners in Cheshire, Warrington and Halton, is socially responsible and invests for future UK growth. Councillors could instruct the advisers to invest our pensions sustainably for the long term, rather than just chase dividends.

We think that council tax payers and residents agree with us and would prefer to see:

- More investing in Cheshire - the CPF property portfolio has no property or investments in Cheshire, Warrington or Halton. They are mostly in the south-east.
- Investments in UK infrastructure for future growth, through investments in areas such as housing, IT systems, health, green energy and home insulation.
- “Responsible Investment” by CPF which must consider the investments in fossil fuels, tobacco, gambling, tax-avoiders, low-pay employers, Russia, FAANGs, finance, armaments, social media, animal testing.
- More clarity about investments. Some CPF investments are listed on the website at [Investment holdings | Members](#) but these lists do not show details of all funds, such as indirect funds, which CPF invest in, but over which they have no control.

We hope that councillors, pensioners and members of CPF will join our campaign and help give us a voice with CPF. It is free and confidential, with no commitment.

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