

CPF MEMBERS FORUM

www.cpfmembersforum.com

PRESS RELEASE 46 (December 2024)

LGPS Consultation – Fit For The Future

As part of the Pensions Review, on 15 November the Treasury issued an Interim Report with an LGPS scheme consultation: [Local Government Pension Scheme: Fit For The Future](#)

LGPS & Cheshire Pension Fund

The Review looks “... at how tackling fragmentation and inefficiency can unlock the investment potential of the scheme, including through further consolidation. This is in the best interests of members, employers, local communities and the wider UK economy”. The LGPS spends around £2 billion each year on fees and costs.

The LGPS is “a significant investor with the potential to boost growth up and down the country, while delivering its core duty to make long-term stable returns to pay the pensions of those who have delivered vital local services”.

The Interim Report on the LGPS and local and UK Investment, lists the LGPS as “one of the world’s largest funded pension schemes, managing the pensions of 6.7m members and investing £392bn worldwide, as at March 2024”.

CPF Pooling & LGPS Central

On pooling, the consultation identifies the lack of progress by individual LGPS funds on transferring assets to their pools since 2018, as well as the excessive costs:

- “.... approaches and outcomes vary significantly across the LGPS”.
- “.... parts of the scheme have made very limited progress with transferring assets”.
- “.... consulting on a series of measures which will require all LGPS funds to delegate the management of all their assets to their asset pool”
- “.... requiring that pools conform to a rigorous and universal set of standards”.

Investing for UK Growth

The Interim Report intends these reforms to “...complement key government growth programmes aimed at creating an attractive pipeline of investment opportunities such as the National Wealth Fund and the British Growth Partnership”. It continues “These programmes are the first step to drive greater alignment and coherence across the UK’s public finance institutions, enabling a more strategic and impact focused approach to mobilising capital”.

Our 2024 Campaigns

In our 2024 press releases at www.cpfmembersforum.com have focussed on these issues and themes so we tentatively support many of the proposals outlined in the consultation:

- [PR44](#) identified the limited progress on “pooling” by CPF with just 30% of assets transferred to LGPS Central since pooling started in 2018. But at the same time CPF invested 30% of our pension fund directly with L&G, a private investment company.
- [PR42](#) challenged the lack of evidence in the revised CPF Responsible Investment Policy, and the increasing use of greenwash to defend the policy of “engagement” rather than “divestment”, as well as the lack of involvement of all members.

- [PR39](#) showed that indirect investments mean our pensions are invested by advisers and investment managers, so CPF may not know where they finally end up.
- In [PR45](#) on tobacco investments, we expressed our concerns over the statement by LGPS Central that it “...**does not make investment decisions driven by moral or ethical considerations**” in a response to our question about tobacco holdings.
- In [PR39](#) and [PR40](#) we looked at the lack of investment locally in the CPF Property Portfolio here where employees, fund members and their families live, and we also queried why CPF is building new homes in Cheltenham, not here.

Our Members Forum has campaigned for greater involvement and better communications by using emails from the fund to all pensioners and members, as well as for investments to ESG (Environmental, Social and Governance) standards. In 2024 CPF do not use emails to members. Other similar sized funds hold AGMs, and for example Oxfordshire have just announced they will divest from tobacco. [Oxfordshire Pension Fund divests from tobacco](#)

Local Democracy & ESG Investing

This consultation and proposals may lead to a loss of local control with decisions taken away from Cheshire. Or the proposals could actually mean our pensions are invested strategically to higher ESG standards, and far more here in the UK to support future growth.

We have challenged the CPF narrow definition of “Responsible Investment” and have campaigned for CPF to use their investing power for the benefit of local areas, and in the UK. Currently only 40% of CPF assets are invested in the UK.

We suggest that CPF should be more curious about where our pensions are invested, as well as challenging the bonuses and fees paid to the investment advisers. The proposals and consultation may mean that CPF management will have much less accountability, and be left with only the administrative work of collecting and paying pensions.

CPF Members Forum

Our members would prefer to see our pensions invested in future growth locally, with investments in areas such as low-cost housing, IT systems, health systems, green energy companies, and home insulation. These would benefit residents and families here in Cheshire, Warrington and Halton where the fund is based.

The CPF responsible investment policy is “engagement” rather than “divestment”, which means CPF retains major investments in areas such as tobacco, fossil fuels, armaments, gaming and gambling, money lending, fast food, and companies using tax avoidance.

On 30 November 2024 CPF published the [CPF 2023 - 2024 Annual Report](#)

The CPF investment portfolio is worth over £6.6 billion. Councillors from the four councils manage the fund on the Committee. It covers nearly 115,000 staff and pensioners in local government across CWAC, Cheshire East, Warrington, and Halton, including administrative roles in schools, fire, police and other services, and is supported by over 340 employees.

If you agree that local government pensions in Cheshire could be invested to higher ESG standards, please support our campaign. We hope that councillors, pensioners and members of CPF will join to help give us a voice with CPF. CPF do not recognise our campaign. Our Members Forum is free, confidential, and with no commitment.

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