

**Agenda Item**

<b>Subject</b>	<b>LGPS Investments Consultation Update</b>	<b>Status</b>	For Publication
<b>Report to</b>	Local Pension Board	<b>Date</b>	9 <sup>th</sup> November 2023
<b>Report of</b>	Director		
<b>Equality Impact Assessment</b>	Not Required	Attached	No
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**1 Purpose of the Report**

- 1.1 To provide members of the Board with an update on the Government's consultation on LGPS investments discussed at the last meeting.

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**2 Recommendations**

- 2.1 Members are recommended to:  
a. **Note the contents of this report.**

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**3 Link to Corporate Objectives**

- 3.1 This report links to the delivery of the following corporate objectives:  
**Investment Returns**

To maintain an investment strategy which delivers the best financial return, commensurate with appropriate levels of risk, to ensure that the Fund can meet both its immediate and long term liabilities.

**Responsible Investment**

To develop our investment options within the context of a sustainable and responsible investment strategy.

Clearly changes in the way in which the Authority's investments are managed is likely to impact (either positively or negatively) on objectives concerned with the delivery of the required investment returns and also potentially on the Authority's ability to invest responsibly.

## **4 Implications for the Corporate Risk Register**

- 4.1 The actions outlined in this report have implications for the potential ability of the Authority to mitigate the various investment related risks included in the Corporate Risk Register.

## **5 Background and Options**

- 5.1 At its last meeting the Board considered as part of the Regulatory and Policy update the Government's consultation on LGPS investment matters, subsequently a draft response was circulated to the Chair and Vice Chair as part of the process of preparing the Authority's response which was agreed at its September meeting and is at Appendix A.
- 5.2 The consultation process has generated significant discussion and debate within the LGPS community and the SYPA response has much in common with the Border to Coast Joint Committee's response which is available [here](#).
- 5.3 More widely the debate around the consultation has concentrated on a relatively small number of key issues:
- The general undesirability of asset allocation decisions being dictated by government's policy priorities.
  - The difficulty of delivering complete transition of listed assets in the timescale suggested in the consultation.
  - The instability in the wider eco-system caused by the Government's desire to see a reduction in the number of pools from the current 8.
- 5.4 The Scheme Advisory Board has produced a response to the Consultation which is available [here](#). This response as a result of the Board having to represent the broad range of views across the Scheme provides a good summary of the range of views and the potential areas of contention.
- 5.5 It is expected that the Chancellor will include some form of response to the Consultation in his Autumn Statement which is due later in November. However, given the scale of the response it seems unlikely that a detailed response addressing all the issues raised will be available at this point. Enacting any of the reforms proposed will require both amendments to the LGPS Investment Regulations and the production of new statutory guidance. Both processes require further formal consultation as well as a considerable period and informal consultation in order to produce them. It is therefore unlikely that any new requirements will be enacted before mid to late 2024 at the earliest.

## 6 **Implications**

6.1 The proposals outlined in this report have the following implications:

Financial	None directly
Human Resources	None
ICT	None
Legal	None directly
Procurement	None

**George Graham**

**Director**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
Government Consultation on LGPS Investments	<a href="http://www.gov.uk">Local Government Pension Scheme (England and Wales): Next steps on investments - GOV.UK (www.gov.uk)</a>