

Report for: Pensions Committee and Board – 30 January 2024

Item number: 9

Title: DLUHC Consultation Outcome: LGPS – Next steps on investments

Report authorised by: Josephine Lyseight, Assistant Director of Finance (Deputy Section 151 Officer)

Lead Officer: Tim Mpofu, Head of Pensions and Treasury
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Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Not applicable

1. Describe the issue under consideration

- 1.1. This report provides the Pensions Committee and Board (PCB) with an update on the outcome of the government's consultation on *Local Government Pension Scheme (LGPS): Next steps on investments*, (the Consultation) which was published by the Department for Levelling Up, Housing and Communities (DLUHC) on 11 July 2023. The Consultation closed for responses on 2 October 2023.
- 1.2. On 22 November 2023, DLUHC issued its Consultation Outcome response, which outlines the Government's intended course of action. The Fund's Independent Advisor has prepared a paper to update the PCB on the main outcomes.

2. Cabinet Member Introduction

- 2.1. Not applicable

3. Recommendations

The Pensions Committee and Board is recommended to note the Independent Advisor's LGPS Investment Consultation and Outcome 2023 paper, appended as Appendix 1 of this report.

4. Reason for Decision

- 4.1. Not applicable

5. Other options considered

- 5.1. Not applicable.

6. Background information

- 6.1. The Department for Levelling Up, Housing and Communities (DLUHC) published its highly anticipated consultation on the next steps on investments in the Local Government Pension Scheme (LGPS) on 11 July 2023.
- 6.2. The Consultation sought views on the government's proposals regarding investments in the LGPS. It covered areas such as asset pooling, levelling up, opportunities in private equity, investment consultancy services, and the definition of investments.
- 6.3. The London Borough of Haringey submitted a response to this Consultation. The response was prepared by the Head of Pensions and Treasury in consultation with the Independent Advisor. It was submitted to the DLUHC in accordance with the decision of the Pensions Committee and Board (PCB) at its meeting held on 6 September 2023. The period for responses to the Consultation closed on 2 October 2023.
- 6.4. The Consultation Outcome response confirmed the government's intention to proceed with most of the proposals, including a "comply or explain" regime for asset transfers to pools and a larger role for pools in operational investment issues. The response also emphasised the importance of training policies for pension committee members, additional reporting requirements, and clarifying the provision of investment consultancy services. However, the proposals have not yet come into effect and will require amendments to existing LGPS regulations and guidance.
- 6.5. The Independent Advisor has prepared a paper for the PCB which provides additional commentary on DLUHC's Consultation Outcome response, which has been appended as Appendix 1 of this report.

7. Contribution to Strategic Outcomes

- 7.1. Not applicable

8. Carbon and Climate Change

- 8.1. The Consultation Outcome response does not have any direct implications on carbon and climate change risk management. However, the LGPS regulations require the Fund to set out its approach to responsible investment in its investment strategy statement.

9. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

Finance and Procurement

- 9.1. There are no immediate financial implications arising from this report.

Head of Legal and Governance [Patrick Uzice, Principal Lawyer]

- 9.2. The Head of Legal and Governance (Monitoring Officer) has been consulted on the contents of this report. As mentioned in this report the consultation sought views on proposals relating to the investments of the Local Government Pension Scheme (LGPS). It covered the following five areas, asset pooling, levelling up, opportunities in private equity, investment consultancy services, and the definition of investments. The consultation is now closed.

9.3. Members should note that the administering authority will be required to comply with any new requirements should the law change. Further advice will be provided when this happens.

Equalities

9.4. Not applicable.

10. Use of Appendices

10.1. Appendix 1: LGPS Investment Consultation and Outcome 2023

11. Local Government (Access to Information) Act 1985

11.1. Not applicable.