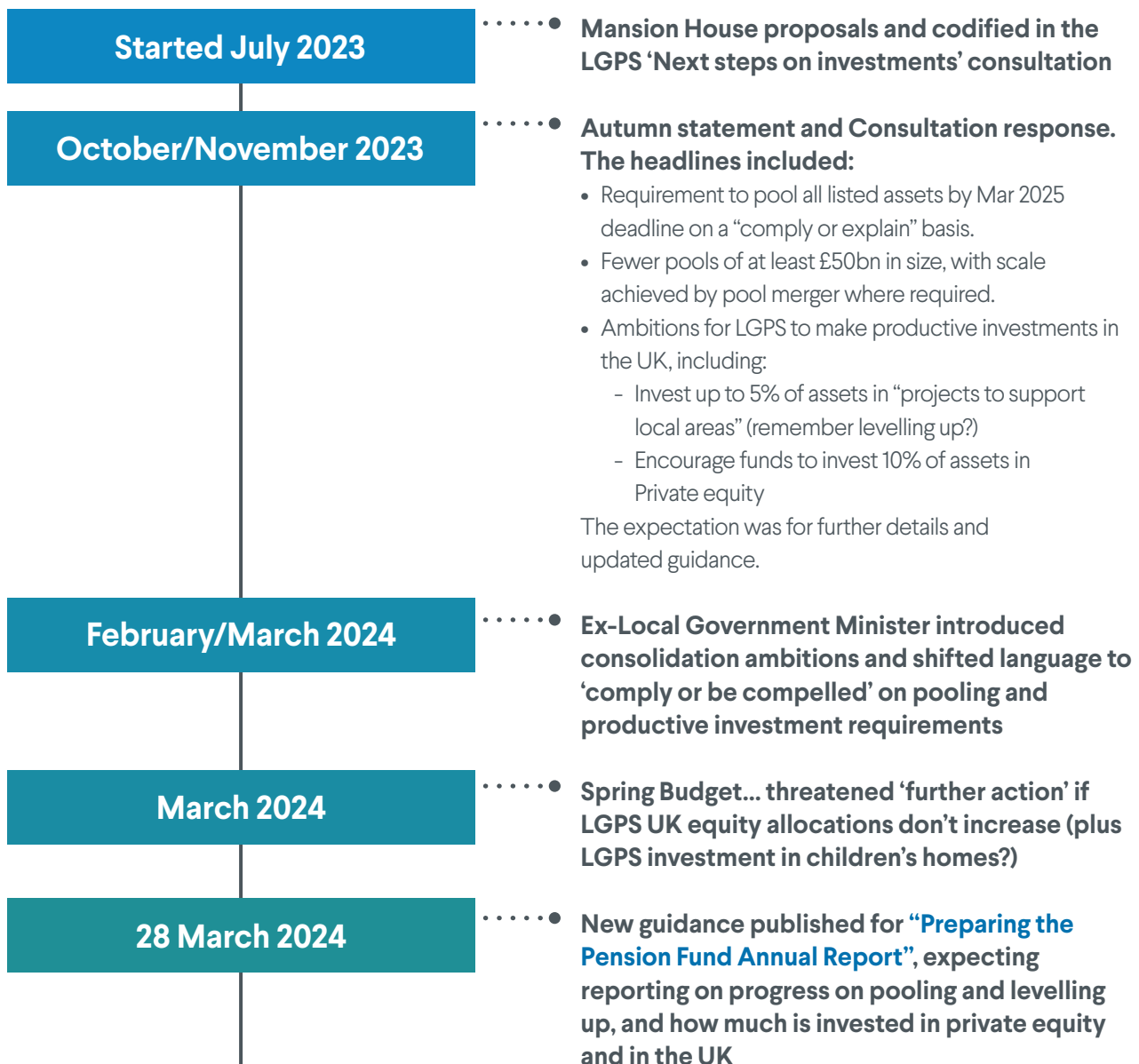
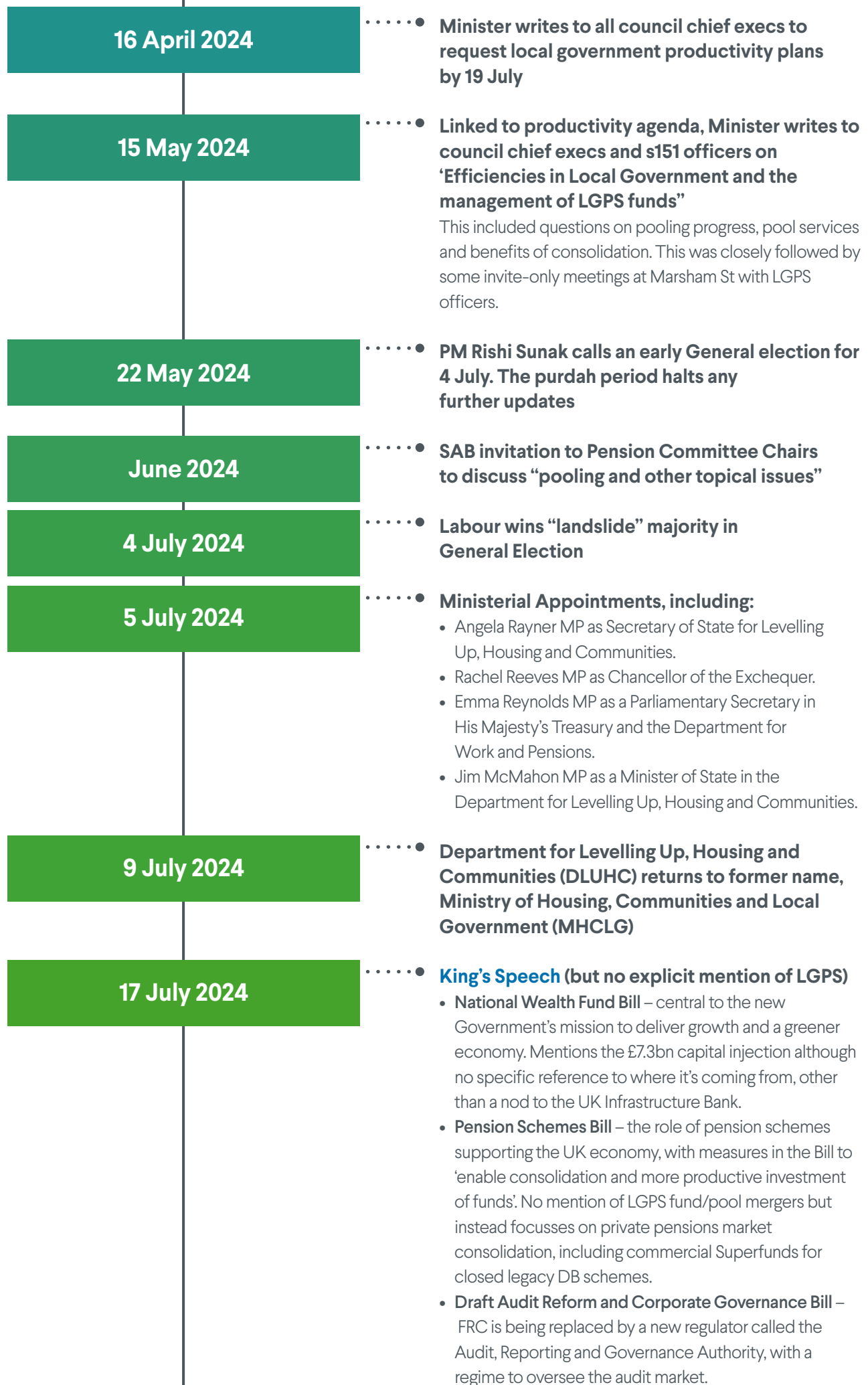


POLICY BRIEFING NOTE:

Central Government policy impacting the LGPS

A year on from the “Mansion House” speech, the central government spotlight remains fixed on the LGPS. Over the period you’d be forgiven for getting lost in the web of regulatory and policy news. To help we’ve prepared a quick summary of the background to bring you up to today’s position.





20 July 2024

.....● **Press release - 'Big bang on growth' to boost investment and savings (extracts below mentioning the LGPS)**

- 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 LGPS (ie the English and Welsh LGPS), to make it an engine for UK growth. The Review will, working closely with the Minister of State at MHCLG Jim McMahon, look at how to unlock the investment potential of the LGPS, as well as how to tackle the £2 billion that is being spent on fees.
- Pooling this money would enable the funds to invest in a wider range of UK assets and the government will consider legislating to mandate pooling if insufficient progress is made by March 2025 (ie the same deadline posed by the previous government).
- To 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, the Review will also consider the benefits of further consolidation.

The first stage of the review will report in the next few months.

29 July 2024

.....● **Budget announced for 30 October**

7 August 2024

.....● **Chancellor meets with representatives of the major Canadian public pension funds in Toronto.**

Between them, these eight schemes manage more than £570bn in assets using an investment approach known as the “Canadian model”. In a **statement** ahead of the meeting, she said: “The size of Canadian pension schemes means they can invest far more in productive assets like vital infrastructure than ours do. I want British schemes to learn lessons from the Canadian model and fire up the UK economy”.

Finally, a quick reminder of some of the key items in the regulatory backlog:

Economic Activity of Public Bodies (Overseas Matters) Bill

The bill aimed to prevent “public bodies when making decisions about procurement and investment from considering a country or territory of origin or other territorial considerations in a way that indicates political or moral disapproval of a foreign state.”

LGPS Good Governance recommendations

We await regulations and statutory guidance following the SAB chair writing to MHCLG in Feb 2021.

Climate risk reporting regulations

We still await the expected regulations requiring LGPS funds to assess, manage and report on climate-related risks, in line with the recommendations of the TCFD.

Statutory pooling guidance

Despite the 2019 draft, we await publication of statutory pooling guidance or further clarifications from the ‘Next steps on investments’ consultation.

Over the coming weeks we will provide further insight on specific areas and comments on emerging policy. In the meantime, please speak to your usual Hymans Robertson LGPS consultant if you have any questions.