

Question to meeting of Somerset Pension Fund Committee 13.12.24.

The Government is planning to create a revised LGPS pension scheme next year. I understand that this will involve transferring all the (remaining) assets of the individual Administering Authorities into their respective Pension Pools. For our own AA this seems to involve relatively small changes, as our AA has already transferred the vast majority of its assets to our Pension Pool, Brunel Pension Partnership. I gather that Brunel, along with the other seven Pools is likely to continue operating, but with enhanced powers for making investment decisions, albeit within a strong Government framework.

I can see some of the benefits from economies of scale from such a change; the Government's emphasis on investing in local infrastructure projects could be of value to this country.

What concerns me is that, despite numerous references in the recent consultation document ([Local Government Pension Scheme \(England and Wales\): Fit for the future - GOV.UK](#)) to transparency in the passing of information, we could end up with a very large pension scheme that will be harder to hold to account. The model being proposed is based on the Australian and Canadian pensions schemes (so-called Megafunds). The latter of these has of course been heavily involved in the controversial take-over of a number of UK Airports, including Bristol Airport, where massive expansion is being planned. It seems as if the Canadian scheme has also recently just been able to remove its portfolio from the troubled Thames Water. Both schemes of course fall foul of ESG principles. I'll be interested in hearing discussion of the Consultation under item 11 on the Agenda of the Pension Fund Committee on 13th December.

My question is whether the Pension Fund Committee and/or its Councillors individually are planning to submit their response to this consultation, where admittedly the main decisions have already been made by the Government.

I am particularly concerned that, although ESG (Economic, Social and Governance) matters are mentioned on a couple of occasions in the document, it could become harder to hold a Megafund to account over its operations in examining ESG matters, including Climate Change. Will our own LGPS be left holding the accountability for its investments, but have less influence? Will the Pension Fund *Board* have a stronger oversight (as well as supportive) role?

These are some of the issues I have included in my own response to the Consultation document. I would be very interested in knowing of any other contributions being made by yourselves.

Sigurd Reimers
Somerset Council Pensioner
Member of South West Action on Pensions
05.12.24

Answer:

The Pension Fund Committee intends to formally respond to the Government consultation on behalf of Somerset Council in its capacity as an Administering Authority of an LGPS Pension Fund. A draft of that response forms part of the pack of reports for this meeting. It is not for this Committee to comment on whether Somerset Council intends to respond in another capacity or individual Councillors intend to respond.

There is much detail to be filled in by Government with respect to the proposed changes to the workings of the LGPS and discussions will be needed between Brunel Pension Partnership Ltd., as our pool company, and all of the owner client LGPS funds associated with the Brunel pool as to how precisely we will implement those changes. However, it is our current belief that Brunel's leading focus on ESG matters will remain a core part of the pool.

There is nothing in the consultation to suggest the roles of Pension Fund Committee and Pension Fund Board will be materially changed beyond the specific changes to the production of Investment Strategy Statements.