

## Local government finance update

Additional Item under Pensions

### LGPS Investments

#### Ukraine

1. Any LGPS authorities who are not already doing so have been advised to consider the implications for their investment portfolios in the light of events in Ukraine and resultant extant and potential sanctions by the UK government are advised to and discuss with their pools and asset managers what action should prudently be taken.

#### Investing in line with UK foreign and defence policy

2. On 22<sup>nd</sup> February an amendment to the Public Service Pensions and Judicial Offices Bill will provide powers for the Secretary of State to produce directions and guidance in respect of investment decisions which are not '*proper for the scheme manager*' (LGPS authority) '*to make in light of UK foreign and defence policy.*'
3. On 24<sup>th</sup> February LGA officers met with HM Treasury and DLUC officials to clarify the government's intentions regarding this power. The meeting was helpful however there remains a very real concern that the wording of any direction or guidance could inadvertently restrict the ability of LGPS authorities to take proper and prudent account of Environmental, Social and Governance (ESG) matters in their investment decisions.
4. It is therefore proposed to seek assurance from government that the power would not be used to restrict the proper account of ESG matters when the Bill returns to the Lords for consideration of amendments. Timetabled for w/c 7<sup>th</sup> March

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