

# Investment, Governance and Engagement Committee

## MEETING OF THE 3<sup>RD</sup> JULY 2023

### Item 3 Paper A

## ACTIONS AND AGREEMENTS FROM MEETING OF 15<sup>TH</sup> MAY 2023

### PRESENT

Cllr Yvonne Johnson  
Cllr Robert Chapman  
George Georgiou  
Andrew Dobbie  
Sandra Stewart

Euan Miller  
Nick Buckland  
Jeffrey Dong  
David Walker  
Tony English  
Pete Smith

Mary Lambe  
Fiona Miller  
Christophor Ward  
Richard Lane  
Teresa Clay  
Jonathan Hunt  
Joanne Donnelly  
Jeremy Hughes  
Becky Clough

Gareth Brown

Chair – L.B. Ealing  
LAPFF  
GMB  
UNISON  
Greater Manchester Pension Fund  
(Chair of Responsible Investment  
Advisory Group)  
Practitioner – WYPF  
Practitioner – Kent  
Treasurer – Swansea  
Investment Consultant (Hymans)  
Investment Consultant (Mercer)  
Investment Consultant  
(Barnet Waddingham)  
Governance Consultant (Aon)  
Asset Pool - Border to Coast  
Government Actuary's Department  
Academies Representative  
DLUHC  
Adviser, LGA  
Head of Pensions, LGA  
Senior Pensions Secretary, LGA  
Board Support and Policy Officer,  
LGA  
Pensions Analyst, LGA

### APOLOGIES

Apologies had been received from Peter Wallach (Merseyside), Lisa Colquhoun (UNITE), Ollie Watson (DLUHC) and Ona Ehimuan (LGA). Gary Delderfield (Eversheds Sutherland) was absent without apology.

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## **Item 1 - Welcome, introductions and declarations**

1. The Chair welcomed all in attendance, in particular she welcomed Euan Miller, Tony English and Becky Clough to their first meeting of this committee. There were no declarations of interest.

## **Item 2 – Meeting Protocol**

2. The Chair advised members of the virtual meeting's protocol.

## **Item 3 – Actions and agreements from the meeting of 6<sup>th</sup> February 2023**

3. With one amendment to how Mary Lambe's role was recorded, the actions and agreements from the previous meeting were agreed as a fair and true record of the meeting.

## **Item 4 – Code of Transparency Compliance Update**

4. Jo Donnelly (JD) introduced Paper B to the committee. She asked the Committee to note that this paper was no longer confidential. Where asset managers have been named they had been given sight of the wording used and offered the opportunity to correct for factual inaccuracies.
5. The data showed that compliance continues to improve slowly and that the new system facilities, to send reminders and allowing quarterly data reporting, should also lead to further improvements. JD also noted that there had been two further signatories to Code since the last committee meeting.
6. There was discussion of the reasons for some of the longstanding delays in completing reports and Jonathan Hunt (JHu) observed that this was often due to customisation of the data submission templates by asset managers that could not be accommodated by the on-line system.
7. While the ultimate sanction was to exclude asset managers from the Code for non-compliance with the reporting obligations, JD felt that as we were still getting a reasonable level of co-operation from the managers named then we were some way away from considering exclusion.

## **Item 5 – Code of Transparency Next Steps**

8. Jeremy Hughes (JH) introduced Paper C to the Committee, which gave an update on progress with the previously agreed awareness and communications project that aimed to ensure that funds were able to make best use of the online reporting system used to track investment costs. Particular attention was drawn to the series of regional training sessions for local pension board and committee members and fund

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officers. JH said that the events would be advertised on-line and through the LGPC bulletin. He encouraged committee members to use their own networks to secure good attendance.

9. JH asked the Committee for its views of the best way to source and present case-studies at the events. The view of the committee is that the case studies should be focused on funds more than pools, and also not shy away from naming the funds which they were drawn from – to highlight and share best practice.
10. The Chair agreed with Cllr Chapman to advertise these sessions through LAPFF, and Andrew Dobbie (AD) said that he would use the Unison network to promote them as well.

**Agreed – Committee members agreed to use their networks to promote the roadshows, including via LAPFF and Unison.**

## Item 6 – Sharia Compliance in the LGPS

11. JD introduced Paper D and updated the committee on progress with the procurement of a report to examine from a Sharia perspective the legal structure of the LGPS and whether there is any contradiction between the principles of Sharia law and LGPS membership for a Muslim potential scheme member. She said that three bids had been received by the closing date and these have now been considering by the tender panel. The panel were unanimously in agreement on the lead bidder and would publicise their decision shortly.
12. In response to a question from Cllr Chapman, JD confirmed that the lead bidder demonstrated considerable technical and legal knowledge of Sharia law, and should be seen as authoritative by many of the Muslim faith.
13. It was also emphasised that while obtaining this report was a necessary next step, it couldn't answer some of the key legal questions for administering authorities. Consequently, the Secretariat would arrange to get a further legal view from a KC once the report had been received. Sandra Stewart (SS) suggested that this needed to be someone with great familiarity with LGPS structure and previous case-law.
14. Tony English (TE) noted that the position was different between the main scheme and the AVC option and suggested that needed to be considered separately.
15. JD said that the final report was expected within 2-3 months and it would be published on the Board's website with suitable contextualisation and commentary.

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## **Item 7 – Report from Responsible Investment Advisory Group**

16. SS introduced Paper E to the committee, adding that she hoped the position on the DLUHC consultations had evolved since the date of the last RIAG meeting.

## **Item 8 – DLUHC Update**

17. Teresa Clay (TC) said that regrettably she was unable to commit to any timing on when the expected government response to the climate risk reporting consultation last year, or when the long-awaited consultation on pooling guidance would be published. She hoped that the pooling guidance consultation would be out within the next couple of months and before summer recess (27 July). That consultation would also cover the CMA Order issue relating to investment consultants, and would offer further clarity on the Government's proposed investment targets for "Levelling Up" investments and venture capital as an asset class.
18. TC expected that faster progress would now be made in responding to the consultation on climate risk reporting now that a new staff member had been recruited. Their role is to complete the analysis of the significant amount of detailed responses received.

## **Item 9 – AOB and date of next meeting**

19. There was no other business and the date of the next meeting was confirmed as 3 July 2023.

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