

Investment, Governance and Engagement Committee

MEETING OF THE 3RD JULY 2023

Item 3 Paper A

ACTIONS AND AGREEMENTS FROM MEETING OF 15TH MAY 2023

PRESENT

Cllr Yvonne Johnson	Chair – L.B. Ealing
Cllr Robert Chapman	LAPFF
George Georgiou	GMB
Andrew Dobbie	UNISON
Sandra Stewart	Greater Manchester Pension Fund (Chair of Responsible Investment Advisory Group)
Euan Miller	Practitioner – WYPF
Nick Buckland	Practitioner – Kent
Jeffrey Dong	Treasurer – Swansea
David Walker	Investment Consultant (Hymans)
Tony English	Investment Consultant (Mercer)
Pete Smith	Investment Consultant (Barnet Waddingham)
Mary Lambe	Governance Consultant (Aon)
Fiona Miller	Asset Pool - Border to Coast
Christophor Ward	Government Actuary's Department
Richard Lane	Academies Representative
Teresa Clay	DLUHC
Jonathan Hunt	Adviser, LGA
Joanne Donnelly	Head of Pensions, LGA
Jeremy Hughes	Senior Pensions Secretary, LGA
Becky Clough	Board Support and Policy Officer, LGA
Gareth Brown	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.

Investment, Governance and Engagement Committee

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 6th 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

Investment, Governance and Engagement Committee

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.

Investment, Governance and Engagement Committee

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.

* * *