

Investment Committee

Hybrid Meeting – 3 March 2025

Item 3 – Paper A

Actions and Agreements from hybrid meeting of 11 November 2024

Present

Councillor Andrew Thornton Sandra Stewart	Chair – West Yorkshire Pension Fund Greater Manchester Pension Fund (Chair of Responsible Investment Advisory Group)
Peter Wallach	Practitioner – Merseyside Pension Fund
Euan Miller	Practitioner – West Yorkshire Pension Fund
Jeffrey Dong	Practitioner – Swansea Pension Fund
Nick Buckland	Practitioner – Kent Pension Fund
Colin Cartwright	Investment Consultant (Aon)
David Walker	Investment Consultant (Hymans)
Tony English	Investment Consultant (Mercer)
Pete Smith	Investment Consultant (Barnett Waddingham)
Fiona Miller	Asset Pool (Border to Coast)
Chris Rule	Asset Pool (Local Pensions Partnership Investments – LPPI)
George Georgiou	Member representative – GMB
Tommy Bowler	Member representative – UNITE
Richard Lane	Academies representative – Twyford Academies
Andrew Dobbie	UNISON
Christophor Ward	Government Actuary's Department (GAD)
Oliver Watson	Ministry for Housing, Communities and Local Government (MHCLG)
Joanne Donnelly	Head of Pensions, Local Government Association (LGA)
Jeremy Hughes	Senior Pensions Secretary, LGA
Becky Clough	Board Support & Policy Officer, LGA
Ona Ehimuan	Pensions Secretary, LGA
Sarah Tingey	Research and Data Analyst, LGA
Jonathan Hunt	Consultant to the Scheme Advisory Board (SAB)

Scheme Advisory Board Secretariat

Investment Committee

Item 1 – Welcome, introductions and declarations

1. Cllr Andrew Thornton (the Chair) welcomed all in attendance at his first meeting as the new Chair of the Investment Committee. Colin Cartwright (Aon) was attending the meeting for the first-time following Louis-Paul Hill stepping down from the Committee.
2. Apologies had been received from Cllr Robert Chapman (Local Authority Pension Fund Forum (LAPFF)).
3. Colin Cartwright declared a conflict of interest in relation to Item 5 - Code of Transparency Project Update and left the meeting during that item.

Item 2 – Meeting protocol

4. The Chair advised members of the virtual meeting protocol.

Item 3 – Actions and agreements from the meeting of 8 July 2024

The actions and agreements from the previous meeting were agreed.

Item 4 – Code of Transparency (CoT) compliance update

5. Ona Ehimuan (OE) introduced Paper B to the Committee and summarised the compliance figures in the paper. OE pointed out that there had been significant improvements shown since the previous meeting which were largely due to the Secretariat chasing fund managers with late templates.
6. The Committee were updated on the asset managers that had a significant number of late templates. Partners Group had been contacted since the last meeting and responded to a request to upload recent templates but failed to upload some outstanding templates from several years ago. Given their commitment to uploading future templates, and efforts to upload for the most recent years, the Committee agreed not to recommend further escalation of this historic non-compliance to the Board.
7. Fiona Miller (FM) observed that the majority of late templates are in private markets, and this was an area where it is difficult to receive timely data. The Secretariat had previously brought a breakdown of the proportion of late templates in public markets versus private markets to the [meeting held on 20 November 2023](#), and the Committee requested that the Secretariat revisit and include a breakdown on this again in the compliance report at the next meeting.

Investment Committee

ACTION – that the Secretariat brings a breakdown of the proportion of late templates in private markets vs public markets to the next meeting

Item 5 – Code of Transparency Project Update (Confidential)

8. OE introduced Paper C (Confidential) to the Committee. Since the last meeting, the Secretariat has collected information to inform the Board's final decision on the long-term future of the CoT data system. This information has been presented to the executive panel who in turn will be making a recommendation to the Board. The Committee was asked for their views on the proposed recommendation and this feedback would be taken into account by the Board before making its final decision.
9. The Committee generally supported the recommendation that SAB should not procure a direct replacement of the current data system and instead work with the National LGPS Frameworks team to create a framework for funds to independently procure cost data monitoring and benchmarking services. The Committee noted that further consideration was needed to determine how the Board would retain oversight of compliance with the Code without the centralised CoT data system. In doing so it might want to look at the role of pools, the role of CIPFA (in terms of the disclosures required under the accounting code) and MHCLG in ensuring that the LGPS Investment Regulations 2016 support future arrangements. It should also be considered whether the Annual Report guidance needed to be updated.

ACTION – That the Secretariat submits a paper to the Board on the CoT data system project with the executive panel's final recommendation

Item 6 – Pensions Review and post Budget discussion

10. Jo Donnelly (JD) introduced Paper D to the Committee. An update on Phase One of the Pensions Review and the key headlines from the Autumn Budget on 30 November 2024 was provided to the Committee. The Mansion House speech is planned for 14 November 2024 and was expected to bring the conclusion of Phase One of the Review. It was expected that phase two of the review would not focus as closely on the LGPS but was expected to cover issues of fairness and pension adequacy. The Cost Management, Benefit Design and Administration Committee (CMBDA) agreed on 28 October 2024 that a small working group be set up by the Board to consider how best to engage with and respond to Phase Two of the Pensions Review.

Investment Committee

11. Richard Lane (RL) reiterated that while it was mainly administering authorities and the pools which were affected by the Review, employers retained an interest since their contributions were directly affected by investment performance.

Item 7 – RIAG Report

12. Sandra Stewart (SS) introduced Paper E to the Committee. The Group last met on 23 September 2024 and a report on the topics discussed were contained in the paper. Topics of discussion included the proposed requirement in the Labour General Election manifesto for all pension schemes to develop a credible transition plan that aligns with the 1.5°C temperature rise goal of the Paris Agreement and the government's desire for greater investment in assets that contribute to local growth and impact investing.
13. The Group discussed whether an updated definition of the fiduciary duty would be helpful to obtain and the possibility of the government underwriting investments in strategically significant infrastructure, as well as the possibility of using new financing models to finance impact investing.
14. The Group welcomed the recent statement by the Board to address dealing with increasing queries about how LGPS funds are invested, remarking that it is helpful in briefing notes for pension committee and board members.
15. An updated Terms of Reference was submitted to the Group for review and it was agreed that these should be finalised and submitted to the Board for approval.

ACTION – That the Secretariat submits the RIAG Terms of Reference to the Board meeting in November.

Item 8 – Update on Fiduciary Duty Advice

16. Jeremy Hughes (JH) introduced Paper F to the Committee. The Board has requested an update on the 2014 advice on fiduciary duty in the LGPS given by Nigel Giffin KC and sought Counsel's view of letters that a number of funds have received which allege that they are acting unlawfully. The advice on the letters was received on 24 October 2024 and [is published on the SAB website](#) and the main advice is expected in the coming weeks. Members of the Committee welcomed the update and commented that they had found the initial advice useful.

Investment Committee

Item 9 – Funding Strategy Statement (FSS) Guidance

17. Becky Clough (BC) introduced Paper G to the Committee. The revised FSS Guidance had been approved by the Compliance and Reporting Committee (CRC) and CIPFA's Public Finance Management Board (PFMB). The Board would give its view when it met on 25 November and, if approved, the guidance would then be submitted to Minister Jim McMahon MP for approval by the end of the year.
18. The Committee was particularly invited to comment on the climate risk reporting principles document that had been devised by the fund actuaries and GAD which has been circulated to the Committee confidentially at Annex B.
19. Tony English (TE) commented that climate risk reporting remains a contentious area. It is important to have some consistency so the principles are a good start but there is still a need for reporting methods to evolve. Euan Miller (EM) added that getting the principles published on the SAB website before the valuation deadline would be important and FM added that it was also important to get to a point where the LGPS can have confidence in its climate risk reporting.
20. The Committee welcomed that the revised FSS guidance had been produced involving practitioners and this was reflected in a clearer and more helpful document. Some felt that a wider consultation on a draft would be helpful in the future, but it was recognised that this guidance was needed quickly in order to inform next year's valuation round.

Item 10 – Ministry for Housing, Communities and Local Government (MHCLG) Update

21. Oliver Watson (OW) provided the Committee with an update and thanked practitioners for their engagement with the Pensions Review so far and confirmed that there would be a consultation soon giving funds a further opportunity to engage and provide feedback on the government's plans for the LGPS. He confirmed that the contents of the consultation would replace what was previously contained in the Next Steps on Investments consultation published in 2023.
22. In response to a question from JH, OW confirmed that climate risk reporting was still included in the government's plans for the LGPS but would be a separate piece of work to the incoming consultation.

Investment Committee

Item 11 – AOB and date of next meeting

23. There were no AOB items raised.

24. The date of the next meeting was confirmed as 3 March 2025 at 11:00am.

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