

Investment, Governance and Engagement Sub Committee

Item 3 – Paper A

ACTIONS AND AGREEMENTS

MEETING HELD ON 3rd September 2018 – 1.00pm to 3.00pm
At 18 Smith Square, Westminster, London SW1P 3HZ

PRESENT

Cllr Denise Le Gal	Chair
Mike Ellsmore	CIPFA
Ian Greenwood	LAPFF
Peter Wallach	Practitioner
Colin Meech	Members (Unison)
George Georgiou	Members (GMB)
Annemarie Allen	Actuaries (Barnett Waddingham)
Steve Turner	Actuaries (Mercer)
David Walker	Actuaries (Hymans)
Karen McWilliam	Actuaries (Aon)
Bob Holloway	Pensions Secretary, LGA
Liam Robson	LGA

APOLOGIES

There were apologies from Mark Wynn, George Georgiou and Peter Wallach. All other members (or substitutes) were present.

1. Welcome and introductions

The Chair welcomed all in attendance to the meeting.

2. Actions and agreements from meeting of 30th May 2018

The minutes of the previous meeting were agreed subject to minor amendments; item 4 – not all investment pools have member representatives; and item 7 – strengthen the point on contingency plans.

3. Update from SAB meeting on the 27th June

Bob Holloway (BH) provided an update on the previous SAB meeting, which the Minister, Rishi Sunak, attended. Among the questions addressed by the Minister was the pooling policy would include investment in infrastructure in the UK, locally, or overseas. Investment pooling, infrastructure, Fair deal and data quality were the areas of focus.

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4. Cost Transparency - Update

Liam Robson (LR) provided an update on the LGPS Code of Transparency. Since its launch in May 2017, signatories to the Code had grown in number to 90 and represented over £180bn of LGPS assets over management. Four LGPS investment pools had signed up to the Code.

AGREED and ACTION – secretariat to consider communicating with LGPS investment pool companies regarding sign up.

5. Cost Transparency Procurement – Update

LR updated the committee on the procurement. The SAB had begun a procurement process specifically to design, build, host and support a system to validate / check for completion the templates received from the relevant fund managers for each of the relevant LGPS funds and or Pools. The timescale for supplier appointment was January 2019 and over time, to include provision for moving to IDWG templates.

AGREED and ACTION – that the Secretariat should continue with the procurement process and report back to the committee when appropriate.

6. Responsible Investment Guidance – Next Steps

The DWP consultation response was circulated, together with Unison's response. It was agreed that further statutory guidance would be of help to LGPS funds, including partitions of voting rights for pooled funds and the views of scheme members.

AGREED and ACTION – that the committee should provide, in tracked changes, any comments or amendments to the document by 10th October.

A hyperlink to a website, Fossil free, an organisation interested in fossil fuel and fracking divestment targeting local authorities, would be circulated following the meeting.

7. MHCLG Guidance on Pooling

Further to the investment guidance published in November 2015, the secretariat were working with the department to complete updated regulations covering more recent developments. A glossary of LGPS pooling terms, defining companies/authorities/investment funds etc,

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together with strengthened guidance around preparing Investment Strategy Statements could be included.

8. **Section 13 report**

A draft Section 13 report had been circulated between stakeholders and GAD had engaged with authorities in its assessment of the criterion and with the four scheme actuaries on consistency. Publication of the final report was expected later in September.

AGREED – SAB to consider assumptions and the extent to which the regulations allow for local variations across the scheme

9. **Separation project**

KPMG had reported to the Board on options for separation in 2015. Work in the area had been put on hold while focus was on investment pooling. A new invitation to bid had been released to build on previous work and further develop options. The deadline was 21st September and the likely timescale for delivery was for an interim report in January and final in March/April 2019.

10. **AOB**

A definitive timescale for consultation on IORP was still to be confirmed.

An update on the Local Pension Board survey would be added to the agenda of the next meeting.

To be circulated following the meeting was a report “Investment Consultants’ Claims About Their Own Performance: What Lies Beneath?”

11. **Date of next meeting**

The date of the next meeting was to be confirmed.

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