

Responsible Investment Advisory Group

Hybrid Meeting (MS Teams and Room 6.5, 18 Smith Square)
6th October 2025 – 14.00pm – 15.45pm

Agenda

Item		Paper	Timing
1	Welcome, introductions and apologies		14:00
2	Actions and Agreements from 9 June 2025	Paper A	14:05
3	Ministry of Housing, Communities and Local Government (MHCLG) update	Verbal	14:10
4	Practical guidance to funds on setting RI policy	Verbal	14:20
5	Palestine Solidarity Campaign (PSC) letter	Paper B	14:40
6	Pension Schemes Bill – local investment provisions	Paper C	15:00
7	International Court of Justice ruling on climate change	Verbal	15:20
8	AOB and date of next meeting		15:40

Scheme Advisory Board Secretariat

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Responsible Investment Advisory Group (RIAG)

Actions and Agreements – 9 June 2025 (Hybrid meeting)

In attendance –

Name

Sandra Stewart
Tom Harrington
Rachel Barrack

John Neal
Kenny Dick

Clair Alcock

Jeremy Hughes
Ona Ehimuan
Becky Clough
Sophia Chivandire
Sarah Tingey
Marion Maloney
Sheila Stefani
Frances Deakin
Laura Chapman
Sallie Wilson
Graham Cook
Edwin Whitehead
Sam Gervaise – Jones
Maria Espadinha
Oliver Watson

Organisation

Greater Manchester Pension Fund – Chair
Greater Manchester Pension Fund
Wales Pension Partnership (Hymans
Robertson)
UNITE
Representing Scottish Scheme Advisory Board
(SSAB) (Employer representative, The Care
Inspectorate)
Local Government Association (LGA) – Head
of Pensions
LGA – Senior Pensions Secretary
LGA – Pensions Secretary
LGA – Board Support and Policy Officer
LGA – Pensions Policy Support Officer
LGA – Research and Data Analyst
Environment Agency
LGPS Central
Local Pensions Partnership (LPP)
London CIV
ACCESS
Phoenix Group
Redington
bfinance
Pensions Lifetime Savings Association (PLSA)
Ministry for Housing, Communities and Local
Government (MHCLG)

Item 1 – Welcome, introductions, apologies, and declarations of interest

1. The Chair opened by welcoming members to the meeting including Sallie Wilson (ACCESS) who had taken from Kevin McDonald (ACCESS). Piers Lowson (Baillie Gifford), George Graham (SYPA) and Jonathan Sharma (COSLA) had also stepped down from the Group since the last meeting. Tim Gooding (Baillie Gifford) had been nominated to take over from Piers Lowson but sent apologies for the meeting. Gareth Dixon (COSLA) had been nominated to take over from Jonathan Sharma but has also sent his apologies. A replacement for George Graham is to be identified.

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2. Apologies were also received from Sarah Tingey (SAB Secretariat), Ashley Hamilton-Claxton (RLAM), Sarah Wilson (Minerva), John Neal (Unite) and Patrick Rowe (WCC). Laura Chapman (LCIV) gave her apologies for the later section of the meeting and Alison Lee (LCIV) joined to attend this section in her place.
3. There were no declarations of interest.

Item 2 – Actions and Agreements from 3 February 2025

4. It was agreed that the actions and agreements paper represented a true and fair account of the meeting.

Item 3 – Ministry of Housing, Communities and Local Government (MHCLG) update

5. Oliver Watson (OW) informed the Group that the [Pensions Schemes Bill](#) was introduced to Parliament on 6 June 2025. There was no further update on climate risk reporting as the focus was on other projects however this was still important to the Government. Frances Deakin (FD) asked when guidance would be published by MHCLG following on from the Government's response to the Fit for the Future consultation. OW said that the timings had not yet been confirmed.

Item 4 – Effect of proposed pooling model on RI policies

6. Jeremy Hughes (JH) introduced the discussion to the Group. The government's [response to the Fit for the Future consultation](#) was published on 29 May 2025 and the Group considered how the proposed pooling model would have an effect on responsible investment policies.
7. There was still uncertainty around how differing policies between the fund and the pool as well as between different funds in the same pool would be accommodated. It was welcomed that the Government response acknowledged this issue. The Chair said a key issue would be managing the complexities between delivering value for money on investments and delivering on responsible investment policies.
8. It was also unclear, with implementation of the investment strategy entirely delegated to the pool, how a fund could retain oversight of voting and engagement of the pools under the new model.
9. The Group also mentioned that thinking on some RI issues were not as well developed or as easy to reconcile into common mandates. For example, while climate is frequently discussed and is possible to accommodate a range of different targets within quite a small number of mandates, in other areas such

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as biodiversity and more political issues such as human rights issues, conflict and resulting divestment issues are more difficult to reconcile at pool level.

10. It was agreed that pools will need to take a clear stance on these issues and have an open and ongoing dialogue with their partner funds. Pools may not be able to satisfy everyone but trying to obtain consensus from partner funds would be the best option.
11. Marion Maloney (MM) asked whether the SAB would be helping to write the new Investment Strategy Statement and Pooling Guidance. JH confirmed that this would be the case although MHCLG would “own” the draft. He added that the Board hoped that there would also be scope for it to shape the new Pensions Bill.

Item 5 – LGPS Fit for the Future consultation – local investment

12. Marion Maloney (MM) raised the issue of local investment in the case of funds such as the Environment Agency Pension Fund which is a national fund. OW acknowledged that this needed to be clarified but emphasised that in the vast majority of cases, local investment would be taken to mean investments local or within the same region as the fund or pool.
13. The Chair expressed the view that pools were less likely to engage in local investment due to their risk appetite and perceived conflicts with the fiduciary duty. There were also potentially unintended consequences with considering LGPS investment as public sector investment for accounting and state aid purposes. It was also observed that local investment required a lot more resource to do properly but often resulted in lesser returns than more conventional investments – it was mainly done for social and some diversification benefits. Members of the Group also said that pools would need sufficient time to develop the regional relationships necessary to work with newer Combined and Mayoral Combined Authorities as stipulated by Government.
14. Despite this, the Group generally supported local investment and the government’s plan but encouraged further clarity and guidance from the government.

Item 6 – Update on fiduciary duty legal advice

15. JH informed the Group that the updated legal advice on fiduciary duty had been received from Nigel Giffin KC and a summary with the Board’s interpretation of the advice published on the Board’s website. The Group thanked the Secretariat for producing this.

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Item 7 – Practical guidance to funds on setting RI policy

16. Becky Clough (BC) introduced the item for discussion explaining that there were two possible areas of work for the Group to explore: guidance on stakeholder engagement and guidance on responsible investment training for Pension Committee members. The Group expressed support for producing guidance in these areas and said that guidance on stakeholder engagement would ideally cover how to encourage engagement (both qualitative and quantitative) from a cross section of stakeholders not just those with the strongest views.
17. On training for Pension Committee members, the Group said that this should cover fundamental concepts such as the definitions of ESG and stewardship as well as the link between fiduciary duty and responsible investment. Compared to previous years it was noted that there seemed to be higher levels of turnover on committees, which was an additional challenge. The changing responsibilities between funds and pools would also change the kinds of skills and knowledge that pension committee members would need to effectively fulfil their role.
18. Given the current pensions reform, the Group agreed that this would need to be undertaken on a longer timescale and should be readdressed at a future meeting.

ACTION – that the Secretariat adds an item on practical guidance to the agenda of the next meeting.

Item 8 – Any other business and date of next meeting

19. There were two items of other business raised. The Chair firstly informed the Group that the FRC had [overhauled the Investment Stewardship Code](#) taking effect from 1 January 2026. Among the changes made is a removal of an explicit reference to ESG considerations and asked the Group for initial thoughts on the impact this could have on the LGPS. FD said that the Code still made explicit reference to sustainability which is linked to ESG considerations and when taken as a whole can still be utilised to hold managers to account in this area.
20. The second item of business was raised by Sandra Stefani (SS) who said that a recent roundtable discussion had raised the issue of increasing resistance to including ESG considerations by private markets investment managers in the United States (US). Members of the Group said that in their experience investors were happy to consider these areas in the international sections of their corporation however did not want to explicitly mention ESG factors in their US arm. The Chair said that the roundtable has proposed the idea of

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developing a pro-forma letter and offered to share details with members if there was an interest.

21. The date of the next meeting was confirmed as 6 October 2025 at 2pm to be held as a hybrid meeting via MS Teams and at Smith Square.

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HYBRID MEETING – 6 OCTOBER 2025

ITEM 5 PAPER B

Palestine Solidarity Campaign (PSC) letter and position statement

Background:

1. Many LGPS funds have received letters from the Palestine Solidarity Campaign (PSC), alleging that LGPS administering authorities (AAs) are in breach of their legal obligations. The letter was accompanied by more detailed legal argument in a [position paper](#) that was prepared by senior lawyers at Doughty Street Chambers.
2. The nub of the argument is whether administering authorities are required to take action to address alleged breaches of international law by the state of Israel in relation to the ongoing conflict in the Occupied Palestinian Territories (OPT).
3. In 2024, PSC sent letters to funds that made similar allegations. In response the Board commissioned legal advice from Nigel Giffin KC which addressed the issues as they were understood in October 2024. Whilst the latest letter and position paper present more extensive, complex and specialist legal arguments than the earlier letter, they make no reference to the 2024 Giffin advice.
4. The Board has asked Government to provide its view on the issues raised, since these matters of international law are clearly more in the competence of central, rather than local government, something which the position paper acknowledges.
5. In the meantime, the Board has made a statement to AAs to review their Responsible Investment policies and specifically take into account unfolding human rights issues to ensure they are both satisfied with the content of those policies and confident they are being effectively applied in practice.
6. The Board is still considering whether it should take further legal advice on behalf of the Scheme. Clearly one key issue is whether AAs, in their capacity as quasi-trustees of a pension scheme, should be seen as “organs of the state”. The Board notes that this analysis seems to conflict with the Supreme Court’s ruling (in the case brought by the PSC to challenge earlier government guidance on investments) that the investments by AAs are not part of the “machinery of the state”.

RIAG views

7. We recognise the complexities and sensitivities around the issues raised by this particular conflict and are not asking the group for views

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on this conflict or others around the world. Rather we are asking the group to provide views or examples of good practice on:

- a) How to communicate with and engage members (and other scheme employers) as to the content and application of fund responsible investment policies
 - b) What heightened due diligence in relation to high-profile conflicts like in the OPT looks like and whether there are useful sources of guidance or expertise that is needed for AAs to help them deliver that
8. In addition, the Group are invited to note that there are powers in the Public Service Pensions and Judicial Offices Act 2022 for the Secretary of State to provide guidance on “investment decisions which it is not proper for the scheme manager to make in light of UK foreign and defence policy”.
 9. There is also the intention set out in clause 2 of the draft Pension Schemes Bill (PSB) that the Secretary of State would like to take powers to make regulations that direct funds’ approach to responsible investment in their investment strategy statement.
 10. The Group is asked to give its opinion on whether it would support either of these powers being applied by the Government, or whether they believe that AAs should be left unfettered as to the content of their responsible investment policies.

Recommendation:

That the Group provide views or share examples of good practice on the issues of communications and conduct of appropriate due diligence.

That the Group consider whether they would welcome the Government providing advice on responsible investment policy under the powers it currently has (or intends to take through the PSB).

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ITEM 6 PAPER C

Pension Schemes Bill – local investment provisions

Background:

1. The [Government response to the Fit for the Future consultation](#) confirmed that all LGPS administering authorities (AAs) need to set a strategy and investment target in relation to local investment.
2. The Government is also in the process of establishing strategic authorities across England under the Devolution agenda. Clause 2 of the [Pension Schemes Bill](#) (PSB) would in addition require LGPS administering authorities to “co-operate with the strategic authorities to identify and develop appropriate investment opportunities”.
3. The Government’s response to the consultation also used an alternative formulation for local investment obligations, saying that LGPS AAs should “have regard to” the strategic authority’s growth plan in setting out their policy on local growth in their investment strategies.
4. The PSB defines local investments as “investments in, or for the benefit of persons living or working in the scheme manager’s area, or the areas of the other scheme managers participating in the same asset pool company as the scheme manager”. However, the Minister has [said](#) at Committee stage that this definition is not to be interpreted too narrowly and should not “prevent investments that straddle boundaries—for example, investments in transport and infrastructure that would benefit people living in both Wales and neighbouring English counties”.
5. AAs will also need to report on levels of investment and the associated outcome, although we understand that the Ministry of Housing, Communities and Local Government (MHCLG) will not be prescriptive as to how this should be done. Because of this, the Group is asked to consider whether any best practice guidance from the Board would be helpful.
6. The Good Economy have recently published a report entitled “[Scaling-Up Local Investing for Place-Based Impact: A Strategic Framework and Guidance for LGPS](#)”. In that report, which had input from all of the pools (except Access) and several funds, they recommend the establishment of a common impact reporting standard for local investments. This would be intended “to ensure consistency, comparability and transparency of impact reporting – and stakeholder accountability for the local economic, social and environmental impact of local investing”.

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Issues for the Group

7. The Group is invited to consider whether it agrees that a common reporting standard for local investments would be useful and, if so, how we could go about devising and agreeing such a standard.
8. The Group's views are also invited on the most appropriate ask of AAs in relation to the new strategic authorities, and whether we should seek clarification of what "co-operation" with strategic authorities means in this context.
9. The Secretariat are also cautious about requiring LGPS AAs to "develop" local growth proposals with strategic authorities and how Pension Committees would do this in practice. This will be particularly challenging when partner funds in a pool straddle a large number of different strategic authorities, possibly with different levels of sophistication or capacity in developing projects.
10. If LGPS AAs are closely involved in the development of specific investment proposals, does this create a risk of a conflict of interest when the pool is called on to do the due diligence in respect of it? There are also questions that need to be answered over the criteria to be applied and what happens when funds and pools take different views on more subjective criteria, like member support or risk appetite. Does, or indeed should, either party have a "veto"?
11. We invite any other comments or observations that Group members have on the local investment proposals or would like the Board to include in its briefings on the Pension Schemes Bill on this point.

Recommendation

That the Group discusses the points raised above.
