

Responsible Investment Advisory Group

MEETING OF THE 11th SEPTEMBER 2023

Item 3 Paper A

HYBRID MEETING

Actions and Agreements – Meeting of MAY 17TH 2023

Those attending –

Name	Organisation
Sandra Stewart	Greater Manchester Pension Fund – Chair
Debbie Fielder	Clwyd Pension Fund
Tom Harrington	Greater Manchester Pension Fund
Tim Mpofu	Haringey LBC
Oliver Watson	DLUHC
John Neal	UNITE
Andrew Dobbie	Unison
Joanne Donnelly	Scheme Advisory Board Secretary
Jeremy Hughes	Senior Pensions Secretary
Gareth Brown	Pensions Analyst
Becky Clough	LGA – Board Support and Policy Officer
John Rae	Wales LGA
Mark Hepworth (MH)	The Good Economy
Jamie Broderick (JB)	Impact Investment Institute
Chris Murray (CM)	3Ci
Marion Maloney (MM)	Environment Agency
Kevin MacDonald (KM)	ACCESS Pool
Frances Deakin	LPP
Jacqueline Jackson	London CIV
Graham Cook	Phoenix Group
Sarah Wilson	Minerva
Piers Lowson	Baillie Gifford
Sam Gervaise-Jones	bfinance
Ashley Hamilton Claxton	RLAM
Tiffany Tsang	PLSA
Edwin Whitehead	Redington

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

1. The Chair opened by welcoming members to the meeting. Apologies were received from George Graham (SYPA) and Stephen Smellie (Unison/Scottish SAB).
2. The Chair moved to item 3 next on the agenda to allow the external speakers to present before discussing actions and agreements of the previous meeting.

Scheme Advisory Board Secretariat

Local Government Association, 18 Smith Square, Westminster, London SW1P 3HZ
E SABSecretariat@local.gov.uk W www.local.gov.uk

Responsible Investment Advisory Group

Item 2 – Actions and Agreements from 15th March 2023

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

Item 3 – Discussion on UK infrastructure/Levelling Up investments

4. As per the discussion at the last Group meeting, it was agreed that those organisations/think tanks which had helped shape the Levelling Up White Paper should be invited to the next meeting to discuss their view of the opportunities and benefits for LGPS funds and pools of investments in this area. The Secretariat had invited representatives from The Good Economy, the Impact Investing Institute and 3Ci.
5. MH introduced The Good Economy (TGE) – an impact advisory firm whose purpose is “to enhance the contribution of business and finance to sustainable development”. TGE had been involved with DLUHC in developing the Government’s [White Paper on Levelling Up](#) that was released in February 2022. MH saw places as what connected people and planet-based approaches. Following the White Paper, TGE has focused on creating local impact partnerships, one example being between Octopus and South Essex Local Authorities. Its purpose is to bring investors, projects and local stakeholders together. He had worked with several LGPS funds, including a social housing project in Victoria North with Manchester City Council. This aligned with both GMPF’s and the Local Authority’s strategies. He noted that many private institutional investors were unwilling to consider impact-based investing in many parts of the UK.
6. JB from the Impact Investing Institute introduced the work of his organisation and a prior “[White Paper](#)” that was jointly produced by III, TGE and Pensions for Purpose in May 2021. JB wants to establish best practice for pension funds to follow. The 5% investment target was something they had first quoted – as an observation about what a “reasonable aspiration” would be, rather than a target. He gave Cornwall Council as an example of a smaller fund which had managed to develop a local impact portfolio by working with its pool (Brunel). JB commented that the terminology of ‘local’ could be deemed as catchment area of LGPS funds, regional or possibly national.
7. CM, from [3Ci](#), covered that strong governance models were essential to Place Based Investing (PBI) and that the cost of net zero was significant. A key factor was aggregating Local Authority projects to match them with investors.
8. Conflicts of interest were discussed; the Chair said that GMPF’s experience was that Local Authority staff are well placed to understand these, as they are common in relation to other areas like planning. The Chair also commented that in her experience scheme members are not keen on investing in local markets until it was explained that these projects would be subject to the same risk and return criteria. In GMPF’s case, there had been no compromise

Responsible Investment Advisory Group

on return and any potential conflicts were successfully managed. One issue was finding projects of sufficient size/scale, and that Local Authorities could put forward projects to pension funds.

9. DF's experience at Clwyd, a smaller fund than GMPF, was also that conflicts of interest were manageable. Linking up with other Welsh pension funds has provided opportunities to find larger projects, not strictly local to Clwyd, but within Wales, and projects that provided worthwhile investment returns.
10. It was generally agreed that pension funds should not be seen as a substitute for grant funding from Government. However, an opportunity had potentially been missed as the recent rounds of levelling up grants were not used to leverage in investment from other sources. This would potentially have allowed for more ambitious and impactful projects to have been supported.
11. With many pension investment decisions being long-term, JH asked whether these organisations were also working with opposition politicians to shape their likely approach to the role of LGPS in PBI. JB said that Labour did seem to be interested in decentralisation, but that this is normally the line parties take when in opposition. CM confirmed that 3Ci is a cross party organisation, while MH said that currently he was just working on having local discussions.
12. The Chair thanked the guest speakers and contributors from the Group for what had been a very informative and useful discussion.

Item 4 – Climate Risk Reporting – progress with RI sub-group of pool representatives

13. At the previous meeting it was agreed to establish a sub-group to gather expertise and build a good, common approach to climate risk reporting. The Secretariat had received positive responses from each pool and set up an initial meeting on 31 May. The Secretariat had also issued a quick survey of pools to see how much commonality there already was, and where there was an appetite to work together to increase standardisation and learn from each other. To date, responses had been received from the Northern, ACCESS and London CIV pools.

Item 5 – DLUHC update

14. OW was unable to update the group on substantive progress with the climate risk reporting consultation response since the last meeting. A new member has recently joined the team to assist OW with considering the extensive, technical responses to the consultation. It was now very unlikely that any new requirements would be introduced this financial year. OW did however say that a consultation covering Levelling Up, pooling and other points on LGPS investment policy was hoped to be released before Summer 2023 recess (20 July).

Responsible Investment Advisory Group

15. OW said that he had noted the group's previous request for a sufficient notice period to implement any reporting changes. Six months would be the minimum time required for funds to prepare for the expected changes. The Chair also commented that many funds may have procurement issues to consider when considering how the changes can/will be implemented.

Item 6 – Teach in on TNFD – 24th May

16. JH reminded the group of the upcoming Climate Risk Reporting meeting on May 24th. Siobhan Cleary from Baillie Gifford has been invited and JH has sent a meeting invite to all. Content of this upcoming meeting will inform discussion for next RIAG meeting.

Item 7 – AOB and date of next meeting

17. The date of the next meeting is 10th July 2023 at 11am, to be held via MS Teams and at Smith Square.
