

Responsible Investment Advisory Group

Meeting 14th April 2021

Item 2 Paper A – Actions and Agreements

Meeting held on 3rd March 2021 – 9.00am to 11.00am

Actions and Agreements

Those attending –

Sandra Stewart (Greater Manchester Pension Fund) – Chair
Tim Mpofu – Haringey Pension Fund
Graham Cook – Environment Agency
George Graham – South Yorkshire Pensions Authority
Debbie Fielder – Flintshire Pension Fund
Kevin McDonald – ACCESS
Valborg Lie – Central
Frances Deakin – LPP
Nick Buckland – Mercer
Pete Smith – Barnett Waddingham
Ashley Hamilton Claxton – RLAM
Piers Lawson – Bailie Gifford
Sarah Wilson – Minerva
Joe Dabrowski – PLSA

Observers –

Jonathan Sharma – COSLA
Teresa Clay – MHCLG
Oliver Watson – MHCLG
Tom Harrington – Greater Manchester Pension Fund
Jo Quarterman – Norfolk Pension Fund
Leon Thorpe – Norfolk Pension Fund

Secretariat –

Jeff Houston – Board Secretary
Joanne Donnelly – Deputy Board Secretary
Bob Holloway – Pensions Secretary
Liam Robson - Analyst

Apologies received from Caroline Escott (RPMI) and Colin Meech (UNISON)

Councillor Roger Phillips, Scheme Advisory Board Chair, opened the meeting by welcoming members to the group and stressed the important work to be undertaken by the group over the coming months and the need for all 87 fund authorities in the LGPS to learn from the group's work on a consistent basis.

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Item 1 – Terms of reference and working methods

The paper set out proposals on the group's terms of reference; working methods; frequency of meetings and relationships with the media which the group approved.

On frequency of meetings the group agreed that in view of the challenging future workload meetings should be scheduled on a six weekly cycle for the foreseeable future. It was agreed to circulate a meetings plan covering the next six months to members for comment.

In response to a question regarding quorum it was suggested that 50%, to include at least 50% of LGPS representatives, be included in the terms of reference. It was also proposed and accepted that a conflicts register should be included.

Finally the group agreed that members must seek permission from the Chair for any request to engage with the media in the RIAG's name.

Agreed – That the agreements reached above including references to conflict of interests and quorate protocol should be set out in a draft paper for the group to consider and agree at the next meeting.

Action – For the Secretariat to draft a paper for circulation to group members by the end of March 2021.

Item 2 – Responsible Investment A to Z website

The group was invited to comment on the website's contents.

In response to a question about user feedback it was explained that the site does provide for different levels of users to submit comments or suggestions which will be fed to the group for consideration and recommendation to the Investment Committee. New content suggested by group members over the remainder of March 2021 can be included before the site goes live at the end of March.

On the suggestion that the site should include definitions of E, S and G it was explained that such definitions did form part of the Part 1 guidance that was consulted on between November 2019 and February 2020 but has yet to be published. Other vehicles, including MHCLG's statutory guidance on Investment Strategy Statements, may be a more appropriate home for such definitions.

The group agreed that defining E, S and G should be explored provided that definitive and acceptable definitions could be found. The group was also invited to consider whether a fourth classification, climate change, should be added to the site.

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The group was also advised that fund authorities are expected to populate the website with their own case studies.

Agreed – That any suggestions members have on the website’s contents should be sent to Robert.holloway@local.gov.uk and copied to sandra.stewart@tameside.gov.uk by the 25th March.

Item 3 – TCFD Reporting

MHCLG advised members on what it is expecting from the group by way of advice to SAB.

The Ministry will need to come forward with LGPS specific proposals based on those proposed by DWP for trustees. In doing so, the LGPS is expected to exercise leadership in TCFD reporting and to take advantage of its market power. Steps should be taken to avoid the reporting arrangements for the LGPS becoming a simple “tick-box” exercise. On timetable, the group was advised that the LGPS proposals would need to be finalised before the COP26 meeting in November.

The group raised concerns about the capacity of less well resourced fund authorities to comply with any reporting regime but agreed that the eight asset pools would have a clear role in assisting and supporting fund authorities in reporting TCFD recommendations.

Some concerns were also raised about the costs associated with any reporting regime and with the extent to which automation will be able to deliver consistent and quality data.

The group was advised that the intention is to submit recommendations to MHCLG and not to respond to DWP on their consultation. However, a response to DWP shouldn’t be ruled out if the group considers that there are specific aspects of DWP’s consultation that merit comment. It was noted that the DWP consultation will close on the March 10th.

Finally, the group agreed to consider and report back on how the DWP’s proposals could be applied to the LGPS.

Agreed – That members should submit any comments they may wish to make to the Secretariat by the 31st March on how the DWP’s proposals should apply to the LGPS.

Action – That based on responses from members the Secretariat will draft a paper for consideration and agreement at the next RIAG meeting in six weeks.

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Item 4 – APPG “Just Transition” Inquiry

The group was invited to consider whether it would appear odd if SAB did not respond to the inquiry.

Some members disagreed on the grounds that there will never be a consensus on the issue of divestment and on how the transition to a green economy is managed. In general, the group agreed that the principles of a just transition are sound but that there was less consensus on the approach being proposed by APPG.

The group was also reminded that the overwhelming majority of fund authorities are members of LAPFF, which is bound to report to the inquiry, so best to avoid double counting.

Agreed – That a form of words should be drafted as a response to APPG for the group to consider and recommend to the Investment committee.

Action – That the Secretariat drafts a short response for the RIAG Chair to consider.

Item 6 – AOB

The group was advised by the National Frameworks group that the Stewardship Advisors framework is due to be renewed in October 2021 and that RIAG could have a part to play as Founders in the project.

The consensus within the group was that too many members would be conflicted in agreeing to be Founders but that the group could be used as a sounding board or to offer advice on an ad hoc basis.

Agreed – That RIAG should not act as Founders but would stand ready to help and offer advice to the project team where appropriate.

Item 7 – Date of next meeting

Agreed – That over the foreseeable future meetings should be held on a six weekly cycle.

Action – Members to consider the meetings schedule below –

14th April
(19th April – Investment Committee meeting)
26th May
7th July
(19th July – Investment Committee meeting)
18th August
29th September