

Investment and Engagement Sub-Committee

Actions and Agreements 8th January 2015

Item

1. Apologies

Ian Greenwood - LAPFF (Chair)
Colin Meech - UNISON
Martin Clift - Unite
Cllr John Fuller - LGA
Cllr Kieran Quinn - LAPFF
Geik Drever – CIPFA
Peter Morris – Practitioners
Bob Claxton - Practitioners
Rodney Barton - Practitioners
Brian Town – DCLG
Nicola Rochester - DCLG
Linda Selman - Hymans Robertson
Colin Cartwright - Aon Hewitt
Andy Farrington - Mercer (*substituting for Jo Holden*)
Alison Hamilton - Barnett Waddingham
Jeff Houston - LGA (Secretariat)
Con Hargrave - LGA (Secretariat)

Apologies: Brian Strutton – GMB, Emelda Conroy - UCEA, Graeme Russell - CIPFA, Nick Buckland - ALAT, Jo Holden - Mercer

2. Actions and Agreements from 18th September 2014

It was confirmed that the meeting of the engagement working group was held directly preceding the sub-committee meeting.

3. Update on structural reform

Jeff Houston (JH) provided an update of the Secretariat's current understanding as to the Government's plans with respect of structural reform as last consulted upon in Summer 2014. Cllr Fuller (JF) provided an update following his meeting with the Minister earlier in the week.

4. Update from Municipal Bonds Agency meeting of 7th October 2014

It was confirmed that this meeting was held on 7th October 2014. JF outlined that the Agency plans to launch in Spring 2015 with a first issue of bonds shortly afterwards.

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5. **Update on publication of Counsel opinion**

It was confirmed that the Shadow Scheme Advisory Board were reviewing a commentary to be issued alongside the Counsel opinion previously reviewed within the sub-committee upon its publication. This commentary outlines that the Shadow Board would be making recommendations to DCLG for changes to regulations to address matters raised within the opinion.

6. **Engagement in the LGPS - update from working group**

An update was provided on the discussions held at the meeting of the engagement working group.

Please see the actions and agreements of the engagement working group for further detail as to the matters discussed during this meeting.

7. **Clerus report on use of investment advisers in the LGPS**

A number of points were noted in respect of the Clerus report:

- That good governance in making investments lies in the quality of the decision making and that this isn't fully covered within the Clerus report,
- That risk isn't a factor considered in the report, and
- That there is too much focus on manager selection rather than on the appropriateness of the investment strategy in the report.

Concerns were raised about the level of knowledge and understanding held by pensions committee members, and that use of investment advisers can sometimes lead to over-reliance on their expertise.

Agreed - It would be desirable if the shadow or statutory Scheme Advisory Board developed and published knowledge and understanding guidance for pensions committee members on making investments in the LGPS.

Action - Development of investments knowledge and understanding guidance to be added to sub-committee's 2015 work programme.

8. **Developing value for money guidance for investments**

Agreed - Consideration should be given as to the content of the fee disclosure requirements in the Netherlands, which achieve a high level of fee disclosure, and whether it would be desirable for these requirements to be replicated in the LGPS.

Action - Secretariat to meet with Colin Meech (CM) in order to find out

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more about the Dutch disclosure requirements.

9. **AOB**

JH provided an outline of the plans for the establishment of the statutory Scheme Advisory Board.

10. **Date of next meeting**

Wed 11th March, 2.30pm to 4.30pm

Millbank Room (8.2)

Local Government House, Smith Square, London, SW1P 3HZ