

Investment Committee

Meeting – 8 July 2024

Item 3 – Paper A

Actions and Agreements from meeting of 26 February 2024

Present

Councillor Yvonne Johnson	Chair – London Borough of Ealing
Councillor Robert Chapman	Local Authority Pension Fund Forum (LAPFF)
Sandra Stewart	Greater Manchester Pension Fund (Chair of Responsible Investment Advisory Group)
Peter Wallach	Practitioner – Merseyside Pension Fund
Euan Miller	Practitioner – West Yorkshire Pension Fund
David Walker	Investment Consultant (Hymans)
Tony English	Investment Consultant (Mercer)
Pete Smith	Investment Consultant (Barnett Waddingham)
Fiona Miller	Asset Pool (Border to Coast)
Andrew Dobbie	Member representative – UNISON
Tommy Bowler	Member representative – Unite
George Georgiou	Member representative – GMB
Richard Lane	Academies representative – Twyford Academies
Eva Grace	Government Actuary's Department (GAD)
Teresa Clay	Department for Levelling Up, Housing and Communities (DLUHC)
Oliver Watson	DLUHC
Joanne Donnelly	Head of Pensions, Local Government Association (LGA)
Jeremy Hughes	Senior Pensions Secretary, LGA
Becky Clough	Board Support & Policy Officer, LGA
Ona Ehimuan	Pensions Secretary, LGA
Jonathan Hunt	Consultant to the Scheme Advisory Board (SAB)

Item 1 – Welcome, introductions and declarations

1. The Chair welcomed all in attendance.

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2. Apologies had been received from Jeffrey Dong (Swansea Pension Fund), Nick Buckland (Kent Pension Fund) and Gary Delderfield (Eversheds Sutherland). Christophor Ward (GAD) also sent apologies and Eva Grace attended the meeting in his place. Richard Lane gave apologies for the beginning half of the meeting.
3. There were no declarations of interest.

Item 2 – Meeting protocol

4. The Chair advised members of the virtual meeting protocol.

Item 3 – Actions and agreements from the meeting of 20 November 2023

5. The actions and agreements from the previous meeting were agreed as a fair and true record of the meeting.

Item 4 – Code of Transparency (CoT) compliance update

6. Ona Ehimuan (OE) introduced Paper B to the Committee. Since the November 2023 meeting, the rate of compliance with the Code of Transparency online system had decreased slightly. The decrease was due to retrospective changes to schedules which had led to an increase in the number of templates expected. The compliance figures were as follows:
 - for 2019/20 it had risen slightly to 98%
 - for 2020/21 it had decreased slightly to 95%
 - for 2021/22 it had decreased slightly to 94% and
 - for 2022/23 it had decreased slightly to 94%
7. The Committee also were updated on the asset managers that had a significant number of late uploads. Of particular note is Neuberger Berman who had a significant increase in late uploads since the last meeting in November 2023, following which the Secretariat made contact with them to establish a timeline for the outstanding uploads and inform them of next steps if further delays continued. Since this there has been an encouraging increase in the upload of completed templates from Neuberger Berman. The Secretariat are monitoring progress on the outstanding templates and will continue the escalation process if not resolved quickly. The Secretariat are continuing engagement with the other fund managers with late template uploads to ensure these are completed.
8. Fiona Miller (FM) asked about the impact of increased investing in alternative asset classes in the LGPS on the timeliness of the uploads

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of templates, given the known difficulties with data transparency and availability in private markets. Jo Donnelly (JD) acknowledged that this may be having an impact however a detailed breakdown of the timeliness of asset classes by year would be needed before drawing this conclusion.

Item 5 – Code of Transparency Project Update (Confidential)

9. OE introduced Paper C (Confidential) to the Committee. The Board had approved the project plan at its last meeting on 4 December 2023. An update on the progress of the project was delivered to the Committee along with an updated project plan for submission to the Board. The Committee noted the updates and approved the updated project plan for submission to the Board.

ACTION – That the Secretariat presents an updated project plan to the Board at its next meeting on 11 March 2024.

Item 6 – Update on Economic Activity of Public Bodies (Overseas Matters) Bill – aka Boycotts, Divestment & Sanctions (BDS) Bill

10. JD informed the Committee that the second reading of the Bill in the House of Lords had taken place on 20 February 2024. The LGA had published an [updated technical briefing](#) in response to the reading. The Government's Bill Team had met the Secretariat and said that they were looking to get Royal Assent on the Bill by Easter, but that timeline looked unlikely now.
11. The Secretariat attended a meeting with officials from The Pensions Regulator (TPR), convened by the DLUHC Bill team, to discuss how they planned to enforce the Bill's provisions for the LGPS. TPR officials indicated that they were still discussing how this would work in practice, but would likely not be deploying additional resource to enforce the Bill and would use existing methods, policy and sanctions to oversee, regulate and enforce. TPR expected that there would not be a significant increase in queries, with an estimation of one query per year. The Secretariat felt that this was an underestimate, and emphasised to TPR that there remain significant concerns about funds and administering authorities being at higher risk of appeals and judicial reviews resulting from the provisions in the BDS Bill.
12. The LGA would continue to issue technical briefings as the Bill passed through Parliament and the SAB Secretariat would continue to brief Parliamentarians sympathetic to the LGA's position.

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Item 7 – Responsible Investment (RI) Cross-Pool Update

13. Jeremy Hughes (JH) gave a verbal update to the Committee. The RI Cross-Pool group met on 12 January 2024 to discuss practical ways to support funds on their journey to enhanced climate risk reporting.
14. The main focus of discussion was the response to DLUHC's 2022 climate-related risks reporting consultation which had not yet been published. DLUHC had now confirmed that regulations were not going to be in place before 1 April 2024. As previously noted, the pools are well placed to assist funds to create templates and/or guidance that would serve as a source of information that funds could use to build voluntary reports. Members of the group volunteered to develop these – however the detailed work would begin in May 2024, after the completion of the Annual General Meeting voting season, which is the busiest time of year for RI practitioners.
15. The RI Cross-Pool group did acknowledge that until regulations were put in place, the group would be limited in the scope of what they could produce without clear guidance for the LGPS.
16. David Walker (DW) asked whether the delay in making these regulations might allow for the Taskforce on Nature-related Financial Disclosures (TNFD) to be built into the reporting requirements in the LGPS. JH said that he thought that this was very unlikely and had not been raised by DLUHC as an option.

Item 8 – Sharia Law and the LGPS – Update

17. OE introduced Paper D (Confidential) to the Committee. The Committee were informed that Mufti Faraz Adam's report was published on 23 January 2024 along with an [accompanying statement from the Board](#). The Committee discussed Counsel's further legal opinion on the report received and how the report's findings could be shared with employees and employers within the LGPS community.
18. The Committee discussed ways in which the opinion could be communicated, and whether this was something best done by funds or employers. It was agreed that this was an important and sensitive area and would need a considered approach. Andrew Dobbie (AD) said that Unison was keen to publicise this report and would work with funds or employers who were interested, and to link up with the work on optants out.

Items 9 and 10 – Investment Strategy Statement (ISS) review discussion and Pooling guidance discussion

19. Oliver Watson (OW) gave a presentation to the Committee on the next steps that DLUHC were planning following the Investments

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Consultation response issued in November 2023. The presentation confirmed that the DLUHC workplan included revising ISS guidance, produce new pooling guidance, updating the Annual Report guidance and aligning the asset category data requested in SF3 with annual reporting guidance. He also confirmed that the requirement to have a plan to invest up to 5% of fund assets in a way that supported the Levelling Up agenda would be added to the 2016 LGPS Investment Regulations. The ambition on private equity allocation would be in guidance and not regulations.

20. Following a question from the Committee on the definition of pooled versus non-pooled assets, OW confirmed that the definitions would be consistent with the Annual Report guidance definitions set to be released soon. OW also confirmed that the guidance would set out how the “comply or explain” regime would work in relation to the transfer of assets to the pools by 31 March 2025. It would also set out more detail of DLUHC’s preferred governance model, including on manager selection, delegation and provision of advice.
21. In terms of timetable, DLUHC hoped to share draft pooling guidance with the Committee for comment first, and then issue final guidance in the summer. There would not be a further public consultation although DLUHC would arrange some roundtables to allow for wider engagement. Teresa Clay (TC) confirmed that when the drafts were shared with Committee members, they would be free to share these with the organisations that they were on the Committee to represent.

Item 11 – Terms of reference

22. Becky Clough introduced Paper E to the Committee. Both recommendations proposed in Paper E were agreed. Although “Engagement” was removed from this Committee’s name, it was acknowledged that it remained an important element in the work of this Committee (and of all the other Committees).
23. The proposal to invite another pool representative to join the Committee was discussed and agreed.

ACTION – that the Secretariat implements the recommendations made and agreed by the Committee.

Item 12 – DLUHC update

24. TC confirmed that there were no further updates for the Committee following on from DLUHC’s earlier presentation under Items 9 and 10.

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Item 13 – AOB and date of next meeting

25. JD raised two items for the Committee's attention. The first was that the Financial Markets Law Committee (FMLC) had published a paper in early February entitled [*Pension Fund Trustees and Fiduciary Duties – Decision-making in the context of Sustainability and the subject of Climate Change*](#).
26. The second was that the Work and Pensions Committee held an oral evidence session on 21 February 2024 exploring trustees' fiduciary duties in relation to pension investment decisions. The hearing focussed on how climate risk is considered and whether changes to the fiduciary duty are needed. Charlotte O'Leary, CEO at Pensions for Purpose, attended and gave evidence. The sessions were recorded and are [available on the Parliament website](#).
27. JD advised the Committee that it had been announced that LGPS Central had appointed a new CEO, the current Royal Mail Pensions CEO Richard Law-Deeks.
28. The date of the next meeting was confirmed as 8 July 2024.

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