

Investment, Governance and Engagement Sub Committee

Item 2 – Paper A

ACTIONS AND AGREEMENTS

MEETING HELD ON 28th August 2019 – 1.00pm to 3.00pm
At 18 Smith Square, Westminster, London SW1P 3HZ

PRESENT

Cllr Yvonne Johnson	Chair
Peter Wallach	Practitioner
Glyn Jenkins	Members (Unison)
Annemarie Allen	Actuaries (Barnett Waddingham)
Nick Buckland	Actuaries (Mercer)
Paul Potter	Actuaries (Hymans)
Mary Lambe	Actuaries (Aon)
Jeremy Hughes	MHCLG
Bob Holloway	Pensions Secretary, LGA

APOLOGIES

There were apologies from Rodney Barton, George Georgiou and John Neal. All other members (or substitutes) were present.

1. Welcome, introductions and declarations

Bob Holloway (BH) informed the meeting that following Councillor Le Gal's departure, the meeting would be chaired by Councillor Yvonne Johnson, Chair of the Ealing Pension Fund. There were no declaration of interest. BH also explained that the meeting was an ad-hoc arrangement given that no meeting was held in June. The next formal meeting of the committee will be held on the 14th October 2019.

2. Actions and agreements from meeting of 25th March 2019

The minutes of the previous meeting were agreed.

3. Update from SAB meeting on the 8th July 2019

Bob Holloway (BH) provided an update on the previous SAB meeting and made reference to the summary note that was circulated immediately after the meeting to all LGPS fund and non-fund contacts. Particular reference was made to the Pension Regulator's

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decision to consult shortly on new Codes of Practice, the aim being to clarify and reduce the existing set of seven codes.

4. Cost Transparency - Update

BH explained that a statement announcing the winning bid to procure a compliance system for the Code would be published on the SAB website as soon as the Board had made its decision. Arrangements for a series of workshops to explain the compliance system are in hand.

AGREED and ACTION – Secretariat should continue with the procurement process and report back to the committee when appropriate.

5. Responsible Investment Guidance – Update

Bob Holloway (BH) outlined the progress made by the Board on publishing responsible investment guidance. The draft guidance was discussed at length by the committee who, in general, supported the approach being taken. There was a concern that the guidance should not be overly prescriptive and must allow fund authorities flexibility in the extent to which they engage with responsible investment policies as part of their investment strategy. BH confirmed that the intention of the guidance is to set out the framework within which fund authorities are able to make investment decisions based on both financial and non-financial considerations without straying outside of the regulations, statutory guidance and general public law.

BH invited committee members to consider the draft guidance in more detail and to submit any comments they may wish to make to the Secretariat.

AGREED and ACTION – that the final draft guidance will be shared with committee members for comment before consideration by the Board on the 6th November 2019.

6. MHCLG changes

Jeremy Hughes (JH) explained the recent Ministerial changes at MHCLG. BH confirmed that the Board's Chair had written to Luke Hall MP, the new Local Government Minister, inviting his attendance at the next Board meeting in November and also proposing that he should meet with the Board's Chair and Vice-Chair to discuss and agree key priorities, etc.

7. Survey for Local Boards - Update

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BH explained that the agreed text and format of the new survey is in the hands of the LGA's software team who will prepare the content in Excel spreadsheet format. To avoid the low response rate of the 2017 survey that was undertaken during the Summer months, the intention this time is to undertake the survey during the late Autumn/early Winter period.

8. Good Governance Project - Update

BH explained that following publication of the report by Hymans Robertson on the 31st July 2019, the Board agreed that two working groups should be established, one to establish the means by which improved governance and administration could be achieved and the second to explore the means by which such improvement can be independently monitored and measured.

9. Scheme member representation in asset pools

BH outlined the work being undertaken to establish the extent to which the eight asset pools complied with the Board's policy on scheme member representation. A paper will be presented to the Board when it meets on the 6th November setting out the position but in the meantime, v the committee was advised that five out of the asset pools do include some form of scheme member representation in their governance arrangements. Access and WPP are the two pools that confirmed they had no scheme member representation. The Position at LPP is unclear and further investigations are underway to confirm the position.

10. AOB

BH referred to a letter from MHCLG which made it clear that fund actuaries and others should reflect McCloud costs in the 2019 valuation.

The date of the next meeting will be the 14th October 2019.

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