

Investment, Governance and Engagement Sub Committee

Item 2 – Paper A

ACTIONS AND AGREEMENTS

MEETING HELD ON 25th March 2019 – 11.00am to 1.00pm
At 18 Smith Square, Westminster, London SW1P 3HZ

PRESENT

Cllr Denise Le Gal	Chair
Peter Moore	CIPFA
Peter Wallach	Practitioner
Mark Wynn	Practitioner
Colin Meech	Members (Unison)
George Georgiou	Members (GMB)
Annemarie Allen	Actuaries (Barnett Waddingham)
Nigel Thomas	Actuaries (Mercer)
David Walker	Actuaries (Hymans)
Karen McWilliam	Actuaries (Aon)
Bob Holloway	Pensions Secretary, LGA
Jeff Houston	SAB Secretary, LGA
Liam Robson	Analyst, LGA

APOLOGIES

There were apologies from Rodney Barton, Dave Harrison was also absent. All other members (or substitutes) were present.

1. Welcome, introductions and declarations

The Chair welcomed all in attendance to the meeting and introductions were made.

Karen McWilliam declared that Aon were involved in Cost Transparency work and Local Boards.

2. Actions and agreements from meeting of 15th December 2018

The minutes of the previous meeting were agreed. It was also noted that the issued version of actions and agreements (draft/final etc) could be clearer.

The Chair apologised for the delay in reply to Unison's letter regarding member representation on Local Pension Boards.

Carried forward items included member representation on pools, and the SAB technical response to pooling guidance to be covered by item 6.

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3. Update from SAB meeting on the 16th January 2019

Bob Holloway (BH) provided an update on the previous SAB meeting. In addition to those items noted in the paper, Colin Meech (CM) confirmed that Unison had written to the Commission on IORPIL. Jeff Houston (JH) stated that a submission to Treasury would be made from all public service Scheme Advisory Boards regarding the Annual Allowance and managing accrual.

4. Cost Transparency - Update

Jeff Houston (JH) provided an update on the Cost Transparency Initiative, which had held two meetings. The (previously IDWG) templates were being tested and were expected to be launched in spring. These templates would be adopted by the SAB Code of Transparency and likely to be in place for the Scheme reporting year 2019/2020.

The process that had been run to procure a compliance system for the Code had to be stopped due to a technicality. This would be re-started as an open procedure on standard terms and conditions, and also include scope for LGPS pools report options.

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 latest view on publishing guidance and the plan for keeping guidance live and website-based, rather than keeping at static document up to date. This approach would also allow for linking with other work and reports.

Unison had commissioned Shareaction to report on the content of pension fund investment strategy statements ISS, ranking them in descending order of best practice, and provided this report to the committee.

The committee discussed how guidance could explain responsibilities that were moving to LGPS pool companies, but fiduciary duty on LGPS administering authorities remained.

AGREED and ACTION – that the Unison report could be published on the Board website, drawing out the suitably positive examples of good investment governance.

6. MHCLG Guidance on Pooling

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MHCLG had opened an informal consultation with the stakeholder group for LGPS Investment pooling guidance. General comments revolved around the consultation status and general definition of must, should and may; the meaning of specific investment terms, e.g. internal management/in-house investment; and the greater good clause.

AGREED and ACTION –the Secretariat to circulate the Scheme Advisory Board response to the committee (and Board) for comment by 28th March 2019.

7. Survey for Local Boards

The 2017 Local Pension Board Survey had been updated with new questions aiming to seek further insight into how Local Boards are working. Discussion points included: clarification of the constitution of Local Boards; highlighting areas of good practice from the previous survey; how the circulation could be maximised; validation of individual and group responses; and how the results could be published, suitably anonymised and summarised, to encourage wider engagement.

AGREED – SAB to be provided with a progress report and asked for delegated authority to publish survey and circulate once finalised.

8. Section 13 Report - Update

Meetings held with the actuaries covered data collation and how greater standardisation across the scheme could be achieved (annex to valuation reports), and assumptions made more consistent. The Cost cap calculations were also being considered as part of the process.

9. Good Governance Project - Update

The project team had begun a program of seeking view and planned a plenary session at the PLSA LA conference in May. A progress report was expected at the 8th April Board meeting and final report later in the summer.

10. AOB and date of next meeting

The sub-committee considered again whether any action could be taken regarding member representation.

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BH confirmed that a meeting had been arranged between the Pensions Regulator and secretariat to discuss a template for the LGPS on conditional data. Representatives from the Regulator were due to attend the Board meeting on 8th April.

ACTION – Secretariat to draft a governance letter (from the Chair of the Board) for Local authorities.

The date of the next meeting was to be confirmed.

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