

MINUTES OF PENSION FUND COMMITTEE HELD ON 10 JUNE 2022

Present

Cheshire West and Chester: Cllrs Hogg (Chair), Lewis, Gould and Tonge
Cheshire East: Cllrs Stott, Bulman, Corcoran and Findlow
Warrington: Cllr Mitchell
Halton: Cllr Dennett

Apologies

Member Representative: Paul Matthews, GMB

In Attendance

Actuary: Hymans Robertson – Gemma Sefton
Investment Advisor: Mercer – Nick Page
External Auditor: Grant Thornton – John Farrar
CW&C Officers: Mark Wynn, Steve Wilcock, Heidi Catherall, Nick Jones, Debbie Darlington and Nigel Dorrington

PART A:

1. PROCEDURAL MATTERS

- 1.1 Declarations of Interest
- 1.2 Apologies were received from Paul Matthews.

2. MINUTES OF MEETINGS

- 2.1 The minutes of the Pension Fund Committee held on 11 March 2022 were reviewed, having previously been distributed and agreed by email.
- 2.2 The Committee noted the minutes from the Local Pension Board meetings which had taken place on 10 March, 3 May and 31 May 2022.
- 2.3 The Committee also noted the minutes of the LGPS Central Joint Committee meeting which took place on 14 January 2022.

3 STANDING ITEMS

Employer Changes

- 3.1 The Committee received a report detailing employers who had joined or exited the Fund over the period 1 March to 31 May 2022 (inclusive). They also received a verbal update on the increased take up of employers leaving the LGPS under a Deferred Debt Arrangement.

The Committee noted the changes to employers during the reporting period and requested that a table be included in future reports to show the breakdown of schools who have converted to academy status.

Compliance Update

- 3.2 The Committee received the Compliance Update including a summary of the breaches log for the period to 31 March 2022. Seventy-five breaches occurred in the year, of these seventy-four required no further action following investigation.
- 3.3 The Fund had reported a breach to the Pensions Regulator relating to Annual Benefit Statements which didn't meet the 100% target set by LGPS Regulations. The Committee received a briefing on this breach at the September 2021, December 2021 and March 2022 committee meetings.

The Committee noted the cumulative Breaches Log for the period to 31 March 2022.

Business Plan 2022/23

- 3.4 The Committee were presented with the Action Plan Tracker for 2022/23 setting out the actions to be achieved in each quarter of the year. The performance dashboard, outlining progress in achieving the planned actions for quarter one, was presented to the Committee with all actions on track.
- 3.5 The Committee also received an updated copy of the Fund's risk register.

The Committee noted: Progress in delivering the Action Plan and the updated risk register.

Regulatory Update

- 3.6 Committee received a report outlining an overview of regulatory changes and events, along with an update on expected future consultations which will impact the Local Government Pension Scheme.
- 3.7 The Committee noted the considerable workload that would result from the volume of consultations and regulatory changes which are due in 2022 and that resources will need to be considered in order to meet this demand.

The Committee noted the position as set out in the report and that officers will present details of additional resource requirements at the training session in July.

4. DRAFT STATEMENT OF ACCOUNTS 2021/22

- 4.1 The Committee received a report providing an overview of the draft Statement of Accounts for the Cheshire Pension Fund for the year to 31 March 2022. Officers outlined the main movement in the figures in the draft Statement of Accounts from the prior year and also explained that the report included full details of the responses of the Fund to a range of assurance questions from Grant Thornton.

4.2 The key dates for Committee to note are:

Date	Action
31 May	The draft accounts will be reviewed by the LPB prior to review by the Pension Fund Committee
10 June	The Pension Fund Committee will review the draft accounts, provide comment and recommend that the accounts are presented to Audit and Governance Committee for approval following the completion of the audit
Early July	Grant Thornton will commence the audit testing of the accounts
9 Sept	The majority of the audit will be completed by this date and Grant Thornton will produce their Audit Findings Report
9 Sept	The Draft Audit Findings Report and Annual Report, including the Statement of Accounts, will be presented to the Pension Fund Committee
TBC	The Final Audit Findings Report and audited Statement of Accounts will be presented to the Audit and Governance Committee (A&GC).
30 Nov*	Audited Statement of Accounts to be published on Cheshire West and Chester Council's website
1 Dec*	Annual Report including the Audited Statement of Accounts to be published on the Fund's website

*The Cheshire West and Chester Council Audit must be signed off before the Pension Fund Audited Accounts can be published. In the event that they are not signed off the Annual Report will still be published by the above deadline with the exception of the audit report.

- 4.3 If the audit is not complete by the Committee meeting on 9 September, any changes required to the accounts following this date will be circulated to the Committee for recommendation via an Electronic Decision Notice.
- 4.4 The Committee was reminded of the Local Pension Board's role to ensure the accounts are produced in compliance with statutory and best practice guidance. The Local Pension Board reviewed the draft Statement of Accounts at their meeting on 31 May 2022 and confirmed that, in their opinion, the accounts had been prepared in accordance with statutory and best practice guidance.
- 4.5 Members queried the year-on-year movement between lump sums and death benefit payments. Officers confirmed that these figures will fluctuate between years as they relate to the benefits of specific members. Hymans will consider this in detail as part of the valuation and will provide further update at the September Committee meeting.
- 4.6 Members of the Committee thanked the finance team for their work in preparing the accounts in line with the original 31 May deadline.
- 4.7 The report also included the final outturn for the 2021/22 Administration Budget, which showed an underspend of £525k.

The Committee:

- a) Provided comment on the draft Statement of Accounts for the year 2021/22 and agreed that they be presented to the Audit and Governance Committee following completion of the audit
- b) Noted the outturn position for 2021/22
- c) Reviewed and endorsed the management responses to the questions posed by Grant Thornton.

5 EXTERNAL AUDIT PLAN

- 5.1 The Committee received the external Audit Plan for 2021/22 from Grant Thornton, which included an explanation of the areas of significant risks that would be focused on during the audit. In addition, the Committee were informed that Grant Thornton would report to the Committee any misstatements they discovered in the accounts of a value greater than £3.48m.
- 5.2 Members questioned Grant Thornton on their approach to verifying investment valuation figures included in the Accounts and the level of resources the auditors had committed to the audit. Members also noted that the new Unit 4 payroll system had been identified as a potential risk area and questioned officers on the impact of the new system on the pensioner payroll.

The Committee: Noted the Audit Plan from Grant Thornton prior to the plan being presented to the Audit and Governance Committee.

6 COMMUNICATIONS STRATEGY

- 6.1 The Committee were presented with a draft of the Fund's communications strategy and communications plan. The Committee were advised that although the Fund's communication strategy was "digital first", members who opted out of electronic communications would still be able to receive communications via more traditional means. The Committee suggested some amendments in the use of acronyms and clarity about certain terminology. Officers would review the document to incorporate these suggestions before publishing and consulting with stakeholders.

The Committee:

- a) noted and provided comments on the communications strategy and high-level communications plan, and
- b) endorsed that Officers publish the Communications strategy and begin a consultation process with key stakeholders.

7 SECTION 13 VALUATION RESULTS

- 7.1 The Committee received an update on the outcomes from the Government Actuary's Department 2019 valuation under section 13 of the Public Service Pensions Act.

The Committee: Noted the contents of the report.

8 2022 TRIENNIAL VALUATION UPDATE

- 8.1 The Committee received a brief update on progress made in delivering the 2022 triennial valuation and a reminder of the high-level timetable and future key decision points for the Committee.

The Committee: Noted the update.

9 ANY OTHER BUSINESS

- 9.1 No matters were raised.
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PART B**The Committee resolved that:**

The details of the following items remain confidential on the grounds they/it involve the likely disclosure of exempt information as defined by Paragraph 3 Part 1 of Schedule 12A of the Local Government Act 1972 (as amended) and that the public interest would not be served in publishing the information. A non-confidential summary of the items discussed is provided for information.

10 PROCEDURAL MATTERS

10.1 The Committee noted the minutes from the Investment Sub-Committee meeting on 20 May 2022 which had been circulated via email.

11 FUND SURPLUS CASH

11.1 The Committee received a report which set out recommended options to invest the Fund's surplus cash for the short to medium term. The Fund's investment adviser's Mercer confirmed they were supportive of the proposed options.

The Committee endorsed:

- a) An investment of £85m to top up the Fund's existing investment in the Infrastructure index fund;
- b) To invest the majority of the Fund's temporary surplus cash balances (currently approx. £250m) in an enhanced liquidity fund to generate additional interest for the Fund.

12 ANY OTHER BUSINESS

12.1 No matters were raised.

MINUTES OF LOCAL PENSION BOARD – 12 July 2022

PRESENT

Board Members: Peter Raynes (Chair),
Cllr Robert Bisset (Employer Representative, CW&C)
Geoff Wright (Member representative, Unison),
Neil Harvey (Member representative, GMB)
Adrienne Laing (Employer representative, The Challenge
Academy Trust)

CW&C Officers: Heidi Catherall, Steven Wilcock, Chris Bujac, Nigel Dorrington,
Dan Harte and Aaron Austin

1. PROCEDURAL MATTERS

- 1.1 No declarations of interest were received.
- 1.2 The Board reviewed the minutes from meetings which took place on 3 and 31 May 2022 having previously approved them by email.
- 1.3 Officers confirmed that the Pension Fund accounts for 2020/21 had still not received their final audit opinion, due to the ongoing issues with the administering authority accounts, which had also been delayed.
- 1.4 The Scheme Advisory Board (SAB) are writing to the Department for Levelling Up, Housing and Communities (DLUHC) to request that Pension Fund accounts are separated from the administering authority in future, as in the case in Wales and Scotland.
- 1.1 Officers reminded Board members that they are invited to attend the Pension Fund Committee meeting on 9 September where the final accounts and annual report will be endorsed.
- 1.2 The Board also reviewed the minutes from the Pensions Consultative Forum from 24 June 2022.
- 1.5 The action tracker was reviewed, and the contents noted. One of the actions was for Board members to receive training on how the Fund applies its own and employer discretionary policies in administering scheme benefits. Officers confirmed that the online training facility, LOLA, includes an overview of discretions and that Board members should complete module 3 to attain this knowledge.

2. REVIEW OF PENSION FUND AND INVESTMENT SUB COMMITTEE MINUTES

- 2.1 The Board reviewed the minutes from the Pension Fund Committee meeting held on 10 June 2022 and the minutes from the Investment Sub Committee held on 20 May 2022.

RESOLVED that the Board: Noted the minutes of the Pension Fund Committee and Investment Sub Committee meetings.

3. PENSIONS PROGRAMME

- 3.1 The Board received a verbal update on the pension change programme and noted the progress which is being made.
- 3.2 Board members will be kept informed of progress in meeting the programme aims.

4. UPDATE FROM THE SCHEME ADVISORY BOARD

- 4.1 Board members noted the agenda from the recent SAB meeting, and those from the sub-committees.
- 4.2 The Board noted the introduction of the new Compliance and Reporting Committee, which will be reporting to both SAB and CIPFA.
- 4.3 Officers produced a summary of a number of topics covered at the meetings and highlighted a couple of areas of interest for the Board.
- 4.4 The Board also received a copy of a report which was presented to the Pension Fund Committee in June setting out the unprecedented number of regulatory changes that the Fund will need to address during 2022 and beyond.
- 4.5 The Fund will need to assess resource requirements to ensure it is in a position to deal with these changes whilst also completing the pensions programme and maintaining service standards.
- 4.6 The update provides more clarity on when the Board can make the changes to its Terms of Reference policy, which it has previously identified. The changes to the Terms of Reference will be revisited at the next meeting so they can be submitted for incorporation into the Council's constitution early next year.
- 4.7 The Board queried the proposed changes to academies and suggested the Fund revisit how it accounts for individual schools within multi academy trusts, as this may reduce the administrative burden.

5. PERFORMANCE MANAGEMENT FRAMEWORK Qtr 1 – 2022/23

- 5.1 The Board reviewed the Performance Management Framework (PMF) for quarter 1 (April to June 2022), which contained updates on key areas of performance and comparator information from previous quarters.
- 5.2 Board members noted that the red rating remains on administration casework with backlogs exceeding 10% of membership. Material progress is being made on reducing casework backlogs, but the balance remains above 10% of members and this position will continue in the medium term whilst the pension team continues to resolve old casework and implement the developments outlined in the pensions programme.
- 5.3 The Board received the Internal Audit report on the Fund's Transfer Out process. The report gave a positive rating and included some recommendations for improvement which the Fund is implementing.
- 5.4 The Board received a copy of the PLSA research report entitled The Local Government Pension Scheme: Today's Challenges, Tomorrow's Opportunities. Board members also received a link to the Pensions Regulators Corporate Plan for 2022/24 and the SAB Annual Report for 2021.
- 5.5 The Board received one direct submission from members during the quarter on the topic of the presentation of information on fund assets by LGPS Central Limited.

6. INTERNAL DISPUTE RESOLUTION PROCEDURE

- 6.1 The Board received a presentation on the IDRPs and the timescales which are set out in legislation.
- 6.2 Officers suggested a communication which could be sent to employers on an annual basis reminding them of their obligations under the IDRPs and suggesting some timelines that they may want to adopt.
- 6.3 The Board requested that a template IDRPs policy be drafted for employers which would assist them with adopting the principles more easily.
- 6.4 Board members accepted the suggestion and recommended that the Pension Fund Committee instruct officers to implement the annual communication and develop the template policy for employers.

RESOLVED that the Board: Recommend that the Pension Fund Committee instruct officers to implement the annual communication to employers and develop a template policy for their use.

7. COMMUNICATIONS STRATEGY AND PLAN

- 7.1 Board members have previously agreed that any changes to pension fund policy documents should be presented to the Board after they have been endorsed by the Pension Fund Committee.
- 7.2 The Committee reviewed and endorsed the updated Communications Strategy and Plan at their meeting on 10 June.
- 7.3 A copy of the report which was provided to the Committee was also presented to the Board, setting out the contents of the documents.
- 7.4 The Board noted the objectives set out in the strategy and would like to be kept informed of the Fund's progress in meeting them.
- 7.5 The Board also noted that a precis version of the strategy has now been issued for consultation, with a closing date of 26 July. Any material changes to the strategy will be communicated to the Board and Committee before final publication.

RESOLVED that: The Board reviewed the Communications Strategy and Plan and confirmed that they agree with the Committee's decision to endorse them.

8. DATA QUALITY

- 8.1 The Board were reminded of the Data Scores which have been provided to the Pensions Regulator for the past three years.

	TPR Scheme Return		
	1-Sep-19	25-Sep-20	1-Nov-21
Common Data	98.07%	98.73%	98.95%
Scheme Specific Data	74.18%	74.01%	80.09%

- 8.2 The common data percentage score as at July 2022 is 99.57%. This has been achieved as the Fund commissioned a company to complete the tracing of lost contact members.
- 8.3 Board members were advised that the Fund is in the process of updating the 2021/22 'per member' information so it is not yet possible to provide an update on the scheme specific scores for July.
- 8.4 The Fund has worked with its database provider to move to the new TPR measurement report which will provide the scores directly from the database.
- 8.5 The database provider has made the necessary changes to the report and the Fund hopes to implement a software update in order to implement the changes. Once implemented the Fund will need to retest the report to ensure that all of the data validation issues have been fixed before switching to the report.

- 8.6 Board members also received an update on the pension dashboards programme and a new 'deadline' campaign by TPR reminding Funds of the work they need to undertake to prepare for the Pensions Dashboards.

RESOLVED that: the Board noted the position on the common and scheme specific data scores and the position on the pension dashboards.

9. RISK REGISTER

- 9.1 Board members reviewed their risk register and suggested a few minor amendments.
- 9.2 The Board noted that a Fund wide conflicts of interest policy was developed last year and will undertake the annual review of this policy at the next meeting in October.
- 9.3 Board members also undertook a review of the Fund's risk register and did not have any comments to feedback.

RESOLVED that: The Board:

- Undertook a review of the Local Pension Board's Risk Register and identified any required amendments.
- Undertook a review of the Pension Fund's Risk Register which was updated in June 2022.

10. REGISTER OF INTERESTS

- 10.1 As part of their annual process Board members reviewed their register of interests and noted a couple of amendments.
- 10.2 Officers will update the register which is published on the Fund's website.

RESOLVED that: the Board reviewed and amended the register of interests.

11. COMPLIANCE UPDATE

- 11.1 The Board were presented with a summary of the breaches log for the period 1 April to 31 March 2022, noting that 75 breaches had been logged over the period.

RESOLVED that: Board members noted the summary breaches log covering the period 1 April to 31 March 2022.

12. FEEDBACK FROM EVENTS

- 12.1 PR attended a Joint Chairs meeting on 13 June with the chair of the Pension Fund Committee, Councillor Hogg. The Chairs discussed a range of topics which will be considered on future agendas of both the Board and Committee.
- 12.2 Officers fed back on a couple of topics which had been presented at the PLSA conference which took place between 13-15 June.

- 12.3 The conference provided a demonstration of Pensions Dashboards and outlined that Funds were likely to experience a considerable increase in enquiries once they go live in 2024.
- 12.4 Teresa Clay from DLUHC delivered a presentation on pooling and said that guidance would be issued in the autumn.
- 12.5 There was also a presentation on climate change which warned that significant global warming was now inevitable and successful companies needed to adapt their business plans accordingly to mitigate the impact.
- 12.6 Board members also have access to the Hymans online learning academy, known as LOLA, where they can keep their knowledge and skills up to date. The Chair encouraged Board members to work through the modules.

RESOLVED that:

- Board members will circulate copies of event slides to share knowledge.

13. REVIEW OF THE WORK PLAN

- 13.1 The Board reviewed the work plan.

14. AOB

- 14.1 The next Board meeting will take place on 18 October 2022.



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LGPS Central Joint Committee Minutes of the meeting held on Thursday 23 June 2022 Virtual Meeting – Publicly accessible

Present:

Councillors: Biggins (**Chair**) (Shropshire), Atkin (Derbyshire), Barkley (Leicestershire), Davies (Staffordshire), Hardman (Worcestershire), Jaspal (West Midlands), Kerry (Nottinghamshire), Stott (Cheshire), Sutherland (Staffordshire)
Scheme Member Representative: Malcolm Cantello (**MC**), Unison

Other Attendees:

Partner Fund officers: Justin Bridges (Shropshire), Rachel Brothwood (West Midlands), Chris Bujac (**Clerk**) (Cheshire), Heidi Catherall (Cheshire), Rachel Howe (West Midlands), Bhulesh Kachra (Leicestershire), Dawn Kinley (Derbyshire), Melanie Stokes (Staffordshire), Becky Taylor (Partner Fund Support Office), Steve Wilcock (Cheshire) (**SW**), Rob Wilson (Worcestershire) (**RW**)

LGPS Central Ltd (LGPSCL): John Burns, Victoria Clark, Mark Davies (**MD**), Mike Gillespie (**MG**), Hannah McCalla-Wycherley, Eithne McManus, Patrick O'Hara (**PO'H**), Satvinder Saini, Joanne Segars (**JS**), Karendeep Singh Dawet, Mike Weston (**MW**), Leigh White, Sam Woodward

Scheme Advisory Board: Joanne Donnelly (**JD**)

Observer: None

1 MEETING PROTOCOL

- 1.1 The Clerk explained the virtual meeting protocol that would apply to the meeting and advised that a recording of the meeting would be made available online in the next week.

2 WELCOME AND INTRODUCTIONS

- 2.1 The Chair explained that he was chairing this meeting as stand-in for the new Chair (Cllr Hogg) who was unable to make this meeting.

3 APOLOGIES FOR ABSENCE

- 3.1 It was noted that apologies had been sent by:
3.1.1 Cllr Hogg (Cheshire) and that Cllr Stott was deputising;



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3.1.2 Cllr Wilson (Derbyshire) and that Cllr Atkin was deputising; and

3.1.3 Cllr Eyre (Worcestershire) and that Cllr Hardman was deputising.

4 DECLARATIONS OF INTEREST

4.1 There were no declarations of interest.

5 MINUTES

5.1 **DECIDED:** That:

5.1.1 the minutes of the Committee's meeting held on 14 January 2022 be received; and

5.1.2 there were no matters arising or clarifications required from the minutes.

5.2 MC asked that a copy of the public questions and responses be included within the minutes. The Committee noted that the questions and responses are publicly available online but agreed that they could be included within the minutes going forwards.

6 PUBLIC QUESTION TIME/OPEN SESSION

6.1 One member of the public had submitted a written question prior to the meeting in the period prescribed under the public questions protocol adopted by the Committee.

6.2 The question was read out by the Chair and a response was read out by the Clerk on behalf of the Committee. A copy of the question and response is set out in the appendix to these minutes.

7 POOL RISK REGISTER

7.1 Members received a report from RW on the Pool Risk Register noting that the register relates to the Investment Pool in its widest sense and is not a reflection of the risk assessment of either LGPSCL or individual Partner Funds, as assessed by the Practitioners Advisory Forum in conjunction with LGPSCL.



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7.2 The Committee noted that Covid 19 risk had been closed and queried how LGPSCL would be prepared in the event of future pandemic situations. MW explained that LGPSCL had managed to keep business going as usual as staff were able to work remotely and that no noticeable issues cropped up as a result of people not being in the office, but learnings from the pandemic will be formally incorporated into a revised business continuity plan.

7.3 **DECIDED:** That the Investment Pool Risk Register report be noted.

8 SCHEME ADVISORY BOARD UPDATE

8.1 Members received a presentation from JD on behalf of the Scheme Advisory Board (SAB). JD highlighted several issues affecting LGPS pension funds which are anticipated to be introduced by the Government during the next year, as well as some key ongoing issues.

8.2 In relation to pooling, JD explained that Teresa Clay of the Department for Levelling Up, Housing and Communities (DLUHC) had given a presentation at the recent Pensions and Lifetime Savings Association conference and had said that:

- pooling is on track to delivery around £700 million savings by 2024, in line with expected progress;
- the government is committed to pooling and a consultation later in the year will be aimed at ensuring the progress continues and accelerates;
- DLUHC wants to see more transparency around reporting on the transition of assets from funds into pools;
- LGPS is the eighth largest pension scheme in the world and the government and DLUHC is concerned that it does not use the scale that it has to its advantage; and
- DLUHC would like to see more collaboration between the pools.

JD explained that very little detail was given and SAB are waiting for DLUHC to issue a consultation later in the year.

8.3 MC noted that the previous Secretary of State had suggested that the valuation cycle may change from three years to four years and queried whether this would be happening. JD said that the government had consulted on the change but SAB's understanding was that this is not something that DLUHC are currently considering.



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9 PRACTITIONERS ADVISORY FORUM UPDATE

9.1 Members received a report from SW updating them on the work of the LGPS Central Practitioners Advisory Forum, in particular:

- PAF had been involved in discussions over several months about LGPSCL's strategic business plan and budget for 2022/23 which had culminated in the company's business plan and budget being approved by the shareholder representatives at the company AGM in February;
- the Investment Working Group had continued its role working with LGPSCL to develop new investment products to meet the needs of the partner funds, resulting in five new products including a Global Sustainable Equity fund with an initial investment of just over £1 billion from four partner funds;
- the Investment Working Group had also regularly reviewed the strategic asset allocations of each partner fund to ensure that future requirements are fed in properly to the product development programme.

9.2 Members noted that the Finance Working Group had oversight of transitioning costs and queried whether such costs, which already seem quite high, would be an even higher burden on partner funds as more funds are transitioned into the pool. SW explained that each transition is overseen by both a transition advisor and a transition manager and their aim is to get best value for money and to minimise transition costs as far as possible, and the costs are also reviewed by the Investment Working Group and LGPSCL when each product is launched.

9.3 **DECIDED:** That the Practitioners' Advisory Forum report be noted.

10 LGPS CENTRAL UPDATE

10.1 Members received a presentation from LGPSCL on the company's investment and Client Key Performance Indicator (**KPI**) performance in the period to September 2021.

10.2 In relation to investments showing red, MD explained that the Emerging Market fund had provided an absolute return but had been behind its benchmark due to a certain degree by the Russian sanctions causing Russian investments to be priced to zero and the fact that the fund had greater Russian weighting than the benchmark. Conversely, the Emerging Market bond fund had performed well as it had been underweight in Russia.



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Members queried whether the performance targets should be reviewed in light of the unanticipated impact on Russian holdings and MD explained that the performance target is over a five-year period and that, as the funds were only three years old, the fund managers have sufficient time to deliver the performance target over the five-year period.

- 10.3 PO'H gave an update on the work of the Responsible Investment team and explained that Environmental, Social and Governance (ESG) due diligence is undertaken on all potential fund managers before appointing them, and then reviewed on an ongoing basis to make sure that they continue to deliver on LGPSCL's expectations in terms of their approach to responsible investment. It was noted that the company has undertaken significant engagements with companies such as Credit Suisse where it had filed a shareholder resolution asking Credit Suisse to disclose more information about its climate transition plan, and that resolution had received just under 25% of support from the investors that voted. It was also noted that LGPSCL is the Climate Action 100 lead investor for Glencore and had voted against Glencore's transition plan because of the lack of alignment with Paris goals and lack of ambition with short-term targets, and that Glencore had subsequently brought forward their reduction targets. MC asked what criteria is used to generate a shareholder motion. PO'H explained that the Responsible Investment industry works collaboratively, with investors taking the lead at different companies, so there is a good sweep across most climate-challenged industries. LGPSCL prioritise voting activity based on the ESG risk and the size of the holding in the portfolio and at the beginning of the voting season identifies which AGMs to focus on that year.
- 10.4 MW gave an update on KPIs and explained that LGPSCL continued to operate a zero tolerance to controlled environment issues but confirmed that the red KPIs had been resolved and had not had any negative financial impact on the funds, and that steps were being taken to address the underlying causes in line with the company's culture of continuous improvement.
- 10.5 There was discussion about recruitment and retention, which was seen as the key concern for the LGPSCL board. JS and MW explained that staff turnover was currently high and the company was reviewing how to address this. The problem had been made more challenging by the pandemic as remote working is more wide-spread and people can work for London or Edinburgh investment companies without having to be located in those cities, so LGPSCL has more competition when recruiting. Members shared their concerns and MW confirmed that this was a high priority issue for the



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LGPSCL executive, with focus being given to promoting non-financial benefits, such as the nice working environment, and the culture of the organisation and the exciting future for LGPSCL and its funds.



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APPENDIX

Item 6: Public Questions

Question 1: received 13/06/2022 from D Plunkett

September 2021 information by LGPS Central show that before Russia invaded the sovereign country Ukraine, LGPS Central holdings totalled at least £118 million in companies in Russia. Furthermore £8 million of this was in the Climate Fund, yet Russia’s invasion has now caused global climate damage. In the March 2022 statement LGPS Central suggests there will be a point when “the isolation of the Russian economy is deemed no longer necessary”. But it is now clear that any such investments in Russia have supported destruction, war crimes, millions of refugees, the EU energy crisis, global food and fuel shortages, and de-stabilised the world order.

Since LGPS Central is a UK organisation handling the UK pensions of UK local government staff, will LGPS Central set clear targets to divest from Russia, and invest here, in line with proper ESG principles, in the future of the UK and our communities, to support the national agendas for “Levelling Up”, net zero, healthcare, green energy, low-cost housing, home insulation, food security, and other projects supporting the future?

Response:

Following the invasion, LGPS Central took the decision to instruct its external managers not to increase its existing exposures to Russia (and Belarus) and engaged with managers to bring about an exit from existing Russian exposures subject to the challenges posed by market suspensions and the sanctions regime imposed by the international community. Since the invasion, LGPS Central has reduced its Russian exposures where possible, and will continue to do so as markets permit. We continue to monitor the situation in Russia closely and remain in close dialogue with our managers. An exit from the Russian market remains our objective, although the current sanctions regime means that it is extremely difficult or impossible to sell existing holdings. Therefore, it is not possible to set a timetable to sell remaining Russian holdings.

LGPS Central maintains a globally diversified investment portfolio on behalf of its investors. Many of the companies we invest in bring jobs and other positive economic impacts to the UK and the central region. In addition, LGPS Central’s infrastructure funds are investing in a range of projects including many in the UK and in the renewable energy sector. We have discussed investment opportunities presented by the UK Government’s levelling up agenda internally and with our



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Partners Funds and will continue to explore the potential opportunities presented as more information is disclosed by Government. The investment opportunities would need to be of a sufficient size and would need to offer attractive risk-based returns in order to be viable for a large institutional investor such as LGPS Central.