

LGPS Scheme Advisory Board

Summary note of (hybrid) meeting held on 7th March 2022

Full details of the meeting and agenda papers can be found on the [board meetings page](#).

The minutes of the meeting on 13th December were approved.

The main points arising from the meeting are shown below:

Welcome and Introduction - In the absence of Cllr Roger Phillips, the meeting was chaired by Jon Richards. In response to recent events in Ukraine the Board was informed that a statement advising fund authorities to review their investments in Russia has been posted on the SAB website. Fund authorities have also been asked to submit details of any direct holdings in Russian assets over 1%.

Levelling Up White Paper - Members were informed that following publication of the White Paper on the 2nd February the Secretariat has met with the pensions team at DLUHC to clarify a number of issues. It has now been made clear that the 5% target for local projects is an ambition and not mandatory but that having a plan to achieve the 5% will be mandatory. Fund authorities may also exceed the 5% target if they wish. DLUHC has also confirmed that in the context of the White Paper's proposals local means the UK rather than just the area local to each individual fund authority.

Sharia Compliant Investments - Members were advised that the Investment Committee had recommended that the Board considers the advice from Counsel on issues for scheme employers around the Sharia compliance of LGPS investments. The advice covered whether scheme employers have the power to offer an alternative scheme. The commission was in response to representations from some authorities that a number of scheme members are opting out of the scheme because they feel that the nature of scheme investments does not comply with their religious beliefs.

PSPJO Bill – The Board was advised that the Queen's Speech had included reference to a new Boycotts, Divestment and Sanctions Bill relating to the expenditure, procurement and investments of all public bodies including the authorities administering the LGPS. Separately and in advance of that Bill, an amendment to the Public Service Pensions and Judicial Offices Bill was tabled by Robert Jenrick MP to create a new clause granting responsible authorities the power to issue guidance or directions on investment decisions which it is 'not proper for a scheme manager to make in light of UK foreign and defence policy' The amendment was successfully passed as contrary to earlier expectations, the government had changed its position and supported the amendment.

Board/Committee Membership - The Board approved a number of appointments to the Board and both committees that do not require formal approval from the Secretary of State. The Board also agreed that the Chair should send letters to former members thanking them for their service to SAB and its committees.

Board Budget, Workplan and Forward Look – The Board agreed that the proposed budget should be submitted to DLUHC for consideration, and that special "forward look" meetings should be held in April to discuss the Board's strategic priorities and annual workplan with the new Board Secretary once she is in post.

Cost Management, Benefit Design and Administration Committee Report - The Board agreed with the committee's recommendation that the Board's cost management process be amended in response to forthcoming changes to HMT's Cost Control Mechanism (CCM), as set out in the relevant committee paper.

Investment, Governance and Engagement Committee Report - The report to members covered a range of issues including the Levelling Up White Paper, the 2020 Stewardship Code, an update on the new Compliance and Reporting Committee, Sharia compliant investments, an update on compliance with the Code of Transparency and a report from the Chair of RIAG.

Date of Next Meeting – 6th June 2022