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PENSIONS COMMITTEE

Wednesday, 23 February 2022

Present:

Councillor P Cleary (Chair)

Councillors	J Bird	AER Jones
	C Carubia	B Kenny
	H Collinson	L Rowlands
	JE Green	Joe Walsh

P Lappin, Sefton Council
Bannister, Unison retired
member representative

41 WELCOME AND INTRODUCTION

The Chair opened the meeting by welcoming members and officers.

42 APOLOGIES

Apologies were received from Councillor Cherry Povall who was deputised by Councillor David Burgess-Joyce and Councillor Tony Cox who was deputised by Councillor Simon Mountney. Apologies were also received from Councillor Jane Aston, Councillor Jane Corbett and Councillor Martin Bond.

43 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/ or any relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

The following declarations were made:

Councillor Les Rowlands	Pecuniary interest by virtue of his wife being a Member of Merseyside Pension Fund.
Councillor Helen Collinson	Pecuniary interest by virtue of her being a Member of Merseyside Pension Fund.
Roger Bannister	Pecuniary interest by virtue of him being a Member of Merseyside Pension Fund.
Councillor Jo Bird	Pecuniary interest by virtue of her partner being a Member of Merseyside Pension Fund.
Councillor Paulette Lapin	Pecuniary interest by virtue of her

	being a Member of Merseyside Pension Fund.
Councillor Jeff Green	Interest in Item 10 by virtue of his daughters employment by Peel Group.

44 **MINUTES**

It was reported by the Chair and Solicitor that the minutes of the previous meeting had been omitted from the agenda pack. The solicitor offered an apology for this error and confirmed that the minutes had been published to the Wirral Council website. As a result, members were unable to confirm the accuracy of the minutes and the item would be deferred to the next meeting of the committee.

Resolved – That the minutes of the previous meeting be deferred to the next meeting of the Pensions Committee where they will be approved.

45 **PUBLIC QUESTIONS**

45.1 **Public Questions**

The Chair reported that a question had been received but was deemed inadmissible due to the questioner living in Liverpool and based on the current constitution, only Wirral residents may address the committee. The Chair highlighted that due to the fact that the committee was responsible for the Merseyside Pension Fund, the matter had been referred to the Chair of Constitution and Standards Committee to see if the question could be addressed when the Constitution is reviewed.

45.2 **Statements and Petitions**

No statements or petitions were received.

46 **QUESTIONS BY MEMBERS**

47 **MERSEYSIDE PENSION FUND'S RESPONSIBLE INVESTMENT POLICY AND HUMAN RIGHTS**

The Chair read the following statement to members;

Merseyside Pension Fund (MPF) takes Environmental, Social and Governance (ESG) issues including human rights extremely seriously. Our recently revised Investment Strategy Statement includes our approach to Responsible Investment. This is primarily framed around engagement with stakeholders to ensure that issues of concern to pension scheme members are appropriately prioritised and acted upon, in accordance with our investment beliefs and objectives.

Accordingly, MPF has a long-standing track record of engagement with companies that the fund holds investments in. This is primarily conducted via our membership of the Local Authorities Pension Fund Forum (LAPFF) but

also, on occasion, via direct engagement with relevant companies. LAPFF's engagement work covers a broad spectrum of global human rights issues, encompassing modern slavery in global supply chains to the impacts of mining operations on local communities in Brazil. LAPFF is a member of the Investor Alliance on Human Rights, which is currently leading an investor engagement with companies with operations in Myanmar.

When credible concerns about human rights or breaches of international law are raised, MPF considers it right and proper that these are taken seriously with due regard to the legal framework and the principles of natural justice. MPF is mindful of the responsibility of investors to respect human rights as set out in the UN Guiding Principles on Business and Human Rights, of which the UK Government was a leading proponent.

Regarding MPF investments in companies with reputed commercial links to the Israeli settlements in the Occupied Palestinian Territories (OPT) which are generally regarded as contrary to international law, committee members have been presented with detailed advice and guidance via reports and workshops on the overall framework in which MPF conducts its responsible investment policy and the specific issues relating to the OPT. Based on this, officers have taken a view that further company engagement is required before any decision can be properly made on the Fund's continued investments in those companies. This advice forms the basis of the recommendations to Pensions Committee on this matter for its meeting on 23 February.

The Director of Pensions introduced the report which outlined actions that could be taken in response to concerns expressed to the Committee about the Pension Fund's investment in companies that are alleged to be facilitating the construction and maintenance of Israeli settlements in the Occupied Territories of Palestine (OPT).

A discussion ensued, Councillor Brian Kenny stated that human rights are universal and that the Labour Party applies its principles consistently and without discrimination and does not single out one country for differential treatment. It was highlighted that legislation currently going through parliament could affect the decision on the table at the committee.

Members noted that the report was generalised, and some echoed the concerns of Councillor Kenny. It was discussed that Robert Jenrick MP, had moved an amendment in Parliament which would affect the law on this matter.

The Chair stated that the Pensions Committee was not being asked to divest but to undertake further engagement with the investee companies in line with responsible investment policy and thanked the officers who had been involved in navigating the issue and who had brought a report that was consistent with research, the current legal framework and the responsible investment policy.

Councillor Jeff Green stated that he did not believe it was the role of the Pensions Committee to consider divestment in companies on political grounds and that he supported the aims of the Bill going through Parliament that would make it unlawful for public pension funds to do so.

A motion was put forward by Councillor Brian Kenny and seconded by Councillor Adrian Jones that the recommendations be withdrawn and deferred to a future meeting to give the Pensions Committee time to review the situation and questions about ethical investment for the future. This was put and lost 3:6.

The Committee then voted on the officer's recommendations from the report, this was moved by the Chair and seconded by Councillor Chris Carubia, this was put and lost 4:5.

Some Members expressed the view that they did not want the work done on this matter to disappear and that it should be brought back to a future meeting.

A further motion was then put by the Chair and seconded by Councillor Joe Walsh that the matter be deferred to a future meeting. The motion was carried 7:4.

Resolved - That the matter be deferred to a future meeting.

48 **LOCAL GOVERNMENT PENSION SCHEME (LGPS) UPDATE**

The Head of Pensions Administration introduced the report which informed members that the 2019 Local Government Pension Scheme valuations for England and Wales has been published by the Department for Levelling Up, Housing and Communities pursuant to Section 13 of the Public Service Pension Schemes Act 2013.

The Chair stated the importance of a consistent framework when reporting on climate risk and asked for an update on this. The Director of Pensions confirmed that targets were being implemented and that the fund devising consistent ways to measure its portfolio emissions and developing ways to reduce them over time with short-, medium- and long-term goals. It was also outlined that investment in climate solutions was taking place.

Resolved – That the outcome of the Section 13 report and the specific information relating to Merseyside Pension Fund be noted.

49 **MEMBERS' LEARNING AND DEVELOPMENT**

The Director of Pensions introduced the report which provided Members with an outline of the anticipated opportunities for learning and development in 2022.

Members praised the online learning service, and this was echoed by the Chair.

Resolved - That the report be noted and the outlined learning and development plan for 2022 be approved.

50 **MERSEYSIDE PENSION FUND BUDGET FINANCIAL YEAR 2022/23**

The Head of Finance and Risk introduced the report which requested that Members approve the budget for Merseyside Pension Fund for the financial year 2022/23.

Members queried that the proposed budget for public transport expenses was nearly double that of the current budget and it was explained that the budget took into consideration that public travel would likely resume and increase following covid restrictions being eased, although not back to pre-covid levels.

Resolved - That

(1) the budget for 2022/23 be approved, subject to review of charges from the administering authority for support services.

(2) a further report on the outturn for 2021/22 with finalised estimates, in particular for departmental & central support charges and any known changes in supplies and services for 2022/23 be received at a future meeting.

51 **CATALYST FUND UPDATE**

The Director of Pensions introduced the report which provided Members with an update on the progress of the Fund's local investment activities. It was outlined that the report was written prior to Levelling Up announcements and this fund is focused on the investment of the local area.

The Chair asked the Director of Pensions to comment on the ability to use the funds we have locally to find investments and issues arising from this. The Director of Pensions reported that five investments in as many years may not look particularly successful and outlined the issues which included that Local Authorities (LA) can borrow from the Public Works Loan Board more cheaply than the fund is willing to lend money to earn a commercial return but highlighted that regulations around Local Authority borrowing have been amended and so LA's may be encouraged to bring larger projects to the fund. It was also highlighted that the Metro Mayor of the Liverpool City Region and the availability of grant funding suggested that there may be a greater number of opportunities in the future for fund to consider. Overall, it was stated that the fund was satisfied that the projects were sensible and provided a commercial return.

Resolved – That the report be noted.

52 TREASURY MANAGEMENT POLICY FOR 2022/23 AND ANNUAL REPORT FOR 2020/21

The Head of Finance and Risk introduced the report which requested that Members approve the treasury management policy statement, and the treasury management practices for Merseyside Pension Fund for the year 2022/23.

Members commented that the annual report for 2020/21 included in the report stated over a twelve-month period, Northern Trust calculated the cash performance to be -1.59% and queried whether this meant the treasury management activity had lost money.

The Head of Finance and Risk clarified that the negative return is due to “noise” in the cash account but that no money had been lost. The Director of Pensions agreed that this was not an entirely satisfactory explanation from the custodian and that he would provide a more detailed response to members when possible.

Resolved - That

(1) the treasury management policy statement and the treasury management practices for Merseyside Pension Fund for the financial year 2022/23 be approved.

(2) the Director of Pensions will provide further information to members on the negative cash performance stated in the annual report 2020/21.

53 COMPLAINTS POLICY FOR MERSEYSIDE PENSION FUND

The Head of Resources introduced the report which informed Members of the introduction of a ‘Complaints Policy’ intended to formalise and enhance the operational practice adopted by Merseyside Pension Fund in responding to complaints. The policy outlined the methods and timeframes for recording, investigating, and implementing corrective actions in dealing with complaints from members, employers and other stakeholders.

The recommendations were moved by Councillor Pat Cleary and seconded by Councillor Brian Kenny.

Resolved – That the draft ‘Complaints Policy’ which formalised the Fund’s operational practice in responding to complaints from scheme members and employers be approved.

54 **NORTHERN LGPS UPDATE**

A report by the Director of Pensions provided Members with an update on pooling arrangements in respect of Merseyside Pension Fund (MPF) and the Northern LGPS. Minutes of the previous Northern LGPS Joint Committee meeting were appended for noting

It was moved by Councillor Pat Cleary and seconded by Councillor Joe Walsh.

Resolved – That the minutes of the previous Northern LGPS joint committee meeting be noted.

55 **LOCAL PENSION BOARD MINUTES**

A report by the Director of Pensions provided Members with the minutes of the Local Pension Board held since the previous meeting of the Pensions Committee.

It was moved by Councillor Pat Cleary and seconded by Councillor Jo Bird.

Resolved – That the Pensions Committee approve the minutes of the Local Pensions Board.

56 **MINUTES OF WORKING PARTY MINUTES**

A report by the Director of Pensions provided Members with the minutes of the Working Parties held since the previous meeting of the Pensions Committee.

It was moved by Councillor Pat Cleary and seconded by Councillor Joe Walsh.

Resolved – That the Pensions Committee approve the minutes of the working party meetings.

57 **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC.**

Resolved – That

1) under section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information as defined by paragraph 3 of Part I of Schedule 12A (as amended) to that Act. The Public Interest test had been applied and favoured exclusion.

58 **ITEM 6 - APPENDIX 1**

Resolved – That further to Minute No. 47, the content of the exempt appendix circulated with the agenda, be noted.

59 ITEM 13 - APPENDIX 1

Resolved – That further to Minute No. 54, the content of the exempt appendix circulated with the agenda, be noted.