



PENSIONS COMMITTEE

11 DECEMBER 2023

REPORT TITLE:	ESTABLISHMENT OF WORKING PARTY
REPORT OF:	DIRECTOR OF PENSIONS

REPORT SUMMARY

The purpose of this report is to seek approval from Members for the establishment of an additional Working Party to consider responsible investment issues and stewardship activities.

RECOMMENDATION/S

That the Pensions Committee be recommended to approve the establishment of the Responsible Investment Working Party.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The establishment of a working party will increase the capacity for Pensions Committee to consider responsible investment matters.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The option to continue without an additional working party was considered. However, with the growing volume of stewardship and responsible investment matters, Members have recognised that the Investment Monitoring Working Party does not provide sufficient capacity to deal with present workstreams.

3.0 BACKGROUND INFORMATION

- 3.1 The Investment Monitoring (IMWP) and Governance & Risk (GRWP) Working Parties enable Members and their advisors to consider investment and administrative pension matters relating to Merseyside Pension Fund in greater detail. They are not decision-making bodies but minutes and action points arising are reported to Committee.
- 3.2 There is an increasing emphasis on responsible investment-related activities for pension funds with Taskforce on Climate-related Financial Disclosure requirements, Environmental, Social and Governance issues to be addressed and demands arising from stewardship and engagement activities.
- 3.3 With the appointment of Redington and the Fund's ongoing change programme, the emphasis of IMWPs has been on responsible investment policy, investment beliefs and the management of climate risk and climate targets. To support this additional work and the Fund's compliance with the Stewardship Code, it is proposed to establish an additional working party.
- 3.4 It is proposed that the Responsible Investment Working Party (RIWP) is subset of Pension Committee members comprising the Chair, Vice Chair and a representative from each political group. A further place will be available for a non-Wirral Committee member to be determined by ballot, if necessary. Officers and the Fund's Investment Advisor will also provide advice and support.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There will be an additional cost for the Fund's Investment Advisors to support the RIWP. This will be in line with existing contractual arrangements. Once the group is established and operating, it is anticipated that the frequency of meetings will reduce from four to two.

5.0 LEGAL IMPLICATIONS

5.1 Working parties are not decision-making bodies but minutes, recommendations and action points arising are reported to Committee. Advice taken from the Council's Legal and Committee officers indicate no constitutional or procedural issues arising.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 The additional working party will place additional demands on officers in relation to its organisation and operation.

7.0 RELEVANT RISKS

7.1 A failure to increase capacity to support the Fund's responsible investment activities could result in attention being taken from the oversight of the Fund's investment strategy and investment performance.

8.0 ENGAGEMENT/CONSULTATION

8.1 Members attending recent IMWPs have been involved in discussions on this additional working party.

9.0 EQUALITY IMPLICATIONS

9.1 There are no equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The RIWP will monitor progress on the Fund's climate targets and support the Fund's sustainability agenda.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 There are none arising from this report.

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APPENDICES

Appendix 1 Draft Working Party Terms of Reference.

BACKGROUND PAPERS

CIPFA: Managing Risk in the Local Government Pension Scheme

TERMS OF REFERENCE

This report is being considered by the Pensions Committee in accordance with Section A of its Terms of Reference:

(a) To be responsible for the overall investment policy, strategy and principles of the Fund and its overall performance of the Fund.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Minutes of all IMWP and GRWP meetings are brought to the subsequent Pensions Committee.	