



<u>Committee and Date</u>
Pensions Committee
30 September 2010

<u>Item</u>
3
Public

MINUTES OF THE MEETING HELD ON 21 JUNE 2010

10.00 am – 12.45 pm

Responsible Officer Martin Stevens

e-mail: Martin.Stevens@shropshire.gov.uk

Tel: (01743) 252722 Fax (01743) 252713

Present: Mr T H Biggins, Mrs A Chebsey, Mr A Davies, Mr M G Pate (Chairman), Mr M Smith, Mr R Pugh and Mr D Wright.

1. Election of Chairman

It was proposed, seconded and

RESOLVED: That Mr Malcolm Pate be elected the Chairman for the ensuing year.

2. Apologies for Absence and Substitutions

Apologies for absence were received from Mr Charles Tranter and Mrs Patricia Wilson.

3. Appointment of Vice-Chairman

It was proposed, seconded and

RESOLVED: That Mr David Wright be appointed the Vice Chairman for the ensuing year.

4. Declarations of Interest

There were no declarations of interest.

5. Minutes

RESOLVED: That the non-exempt minutes of the meeting held on 10 February 2010 be approved and signed by the Chairman as a correct record subject to Mr C Tranter being deleted from those present.

6. Public Questions

There were no public questions.

7. Corporate Governance - PIRC

- 7.1 Ms Janice Hayward (Client Services Director) and Mr Alan MacDougall (Managing Director) gave a presentation to the Committee on Corporate Governance. The Client Services Director stated that PIRC was set up to provide research and advice to pension funds on governance issues. The majority of their staff focused purely on corporate governance and social responsibility issues. They provided research and voting recommendations on companies around the world. They could also vote by proxy on behalf of clients with voting recommendations published on their website after the voting had taken place. They kept an extensive database holding historic data on companies' governance. They provided an expert consultancy service from tailored research through voting analysis to trustee training.
- 7.2 The Client Services Director stated that PIRC provided a number of services for the Shropshire Fund. They provided research and voting recommendations on all listed equities held by the Shropshire Pension Fund in each UK and USA equity portfolio held by the asset managers of the Fund. A proxy voting service was provided for each of the UK and USA equity portfolios, through an electronic platform proxy exchange. A quarterly Client voting report for Shropshire and weekly client newsletter was distributed. Two representatives of the Shropshire Pension Fund were able to attend each governance event organised by PIRC free of charge. PIRC offered expert consultancy advice when required.
- 7.3 They were particularly pleased with their voting record over bankers' remuneration. They cited other examples where PIRC had made a difference to Corporate Governance. This year there would be some Fundamental changes to corporate governance which included, a new FRC Stewardship agreement.

8. Emerging Market Equities – F & C

- 8.1 Mr Jeff Chowdhry and Mr Sam Mahtani from F & C Management gave a presentation to the Committee on emerging market equities. Mr Mahtani stated that the Fund has increased in capital value by just under £17 million with the Fund having a closing value on the 31 March 2010 of £60.6 million. In the past year the Fund had performed slightly under benchmark but over three and five year periods it was ahead of the benchmark.
- 8.2 The presentation then went on to cover performance attribution over the last 12 months in asset and stock selection and risk management.

9. Responsible Engagement Overlay – F & C

- 9.1 Mr Ian Biscoe and Ms Vicky Bakhshi gave a presentation to the Committee on responsible engagement overlay. They stated that their aim was to encourage companies to manage risk better. There were a total of eighteen people in the team which was well resourced with specialisms in particular sectors and issues. They referred to the draft stewardship code and the

importance of prioritising issues. Banking and Governance were currently considered a high priority along with climate change issues. Other particularly important areas were the pharmaceutical industry and the extractives industry. For F & C to engage with companies it was important that they understood their business models. F & C had engaged on a one to one basis with over 1,600 companies on wide-ranging issues.

9.2 The Chairman asked what process F & C would follow if they discovered that a company was employing minors. In response they stated that if they discovered this they would go to the company concerned and see what their practices were and whether they had the correct policies and the correct implementation plans. They would then evaluate the company's response. and report their findings. The Scheme Administrator stated that generally share prices were affected by negative circumstances and the Fund relied on the investment managers to make investment decisions.

9.3 F & C currently had 120 companies on their priority engagement list. They kept an extensive database which logged every contact with a company. Last year 376 milestones were achieved. They were always very happy to receive comments on how their service, which they provided to the Fund could be improved.

10. Additional Voluntary Contributions Prudential

10.1 Ms Moira Warner from Prudential gave a presentation to the Committee on additional voluntary contributions. She described in detail the various Funds which the company offered and their performance.

11. Pensions Administration Monitoring

The Exchequer Services Manager stated that the work to ensure that accurate data was sent to the actuary for the valuation of the Pension Fund, within the target deadline, was progressing well.

A seminar, run by Mercers would be arranged later in the year for all scheme members affected by the change in the tax rules. She was pleased to report that the annual retired members meeting had gone well. The Annual Meeting would be held on Tuesday, 2 November 2010.

RESOLVED: That the report be noted.

12. Statement of Investment Principles

RESOLVED: That the report be noted.

13. Additional Voluntary Contributions

RESOLVED: That the report be noted.

14. Corporate Governance

RESOLVED: That the report be noted.

15. Fund Discretion for the Payment of Death Grants

The Exchequer Services Manager introduced a report on the payment of death grants, a copy of which is attached to the signed minutes.

RESOLVED: That the policy on the local discretion for the payment of death grant is amended to:-

“The death grant will normally be paid to or amongst nominated beneficiaries. Where no nomination has been made, we will normally pay a death grant to the deceased’s personal representatives (in that capacity). Where both of these options are seen to be inappropriate or impossible, perhaps because nominees have died, circumstances appear to have changed since the nomination was made or other persons are claiming some or all of the death grant or would seem to have a claim, we may pay the grant as we see fit to or between surviving nominees or personal representatives or any person appearing to us to have been a relative or dependant of the deceased at any time.”

16. Exclusion of the Press and Public

RESOLVED: That under paragraph 10.2 of the Council's Access to Information Procedure Rules that the proceedings of the Committee in relation to Agenda Item Nos. 15 - 18 shall not be conducted in public on the grounds that they involve the likely disclosure of exempt information as defined by the categories specified against the items.

Chairman.....

Date.....