



Committee and Date

Pensions Committee
27th November 2013
10.00 am

Item No

3

Public

MINUTES OF THE PENSIONS COMMITTEE HELD ON 20 SEPTEMBER 2013

10.00am – 11.55am

Responsible Officer Tim Ward

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Present: Mr M G Pate (Chairman)
Mr T H Biggins, Mrs A Chebsey, Mr A Davies, Mr B McClements
and Mrs J Smith.

1. Apologies for Absence and Substitutions

- 1.1 Apologies for absence were received from Mr M Smith and Mr R Pugh.
- 1.2 Mrs J Smith substituted for Mr R Pugh.

2. Disclosable Pecuniary Interests

- 2.1 Members were reminded that they must not participate in the discussion or voting on any matter in which they had a Disclosable Pecuniary Interest and should leave the room prior to the commencement of the debate.

3. Minutes

- 3.1 **RESOLVED:**
That the Minutes of the meetings held on 18 June and 22nd July 2013 be approved and signed by the Chairman as a correct record.

4. Public Questions

- 4.1 There were no public questions.

5. PIMCO Europe Ltd (Global Aggregate Bonds)

- 5.1 Ben Edwards and Edward Berry of PIMCO Europe Ltd gave a presentation, (copy attached to the signed minutes), on a review of current performance and an outline of future key themes and opportunities.

6. Global Infrastructure Partners (Infrastructure)

- 6.1 Mehrdad Noorani of Global Infrastructure Partners gave a presentation, (copy attached to the signed minutes) which summarised the activities which had taken place over the past twelve months and a review of current performance. Mr Noorani also went on to outline future opportunities within the sector.

7. Legal and General (Index Linked Bonds)

- 7.1 Glen Widdows of Legal and General gave a presentation, (copy attached to the signed minutes), on a review of current performance and an overview of the current bond market. He outlined the future opportunities for the fund.

8. Grant Thornton - Annual Governance Report

- 8.1 The Committee received a report by Grant Thornton (copy attached to the signed minutes) which highlighted the key issues arising from the audit of Shropshire County Pension Funds financial statements and Annual Report for the year ending 31 March 2013.
- 8.2 Mr Patterson advised the meeting that it was proposed that an unqualified opinion on the funds financial statements should be issued and that the key messages arising from the audit were:
- that the financial statements and associated Annual Report presented for audit were sound;
 - that the draft and final version of the financial statements recorded net assets carried forward of £1.235 billion, and that no material adjustments affecting the Fund's net assets position had been identified; and
 - that a number of minor adjustments to the notes to the financial statements had been agreed with officers.
- 8.3 Mr Patterson informed the meeting that two non-trivial adjustments totalling £0.135m had been identified in respect of discrepancies between the values of investments reported by the custodian and fund managers in respect of Global Infrastructure Partners (GIP) and assets managed by Aberdeen but that officers were not proposing to amend the 2012/13 financial statements.
- 8.4 **RESOLVED:**
- (a) That the content of the report by Grant Thornton be noted.
 - (b) That the management's proposed treatment of the non-trivial adjustments be approved.
 - (c) That the signing of the letter of representation be approved.

9. Internal Audit Outturn report for Shropshire County Pension Fund 2012/13

- 9.1 The Committee received the report of the Audit Service Manager (copy attached to the signed Minutes) which provided Members with details of the work undertaken by Internal Audit for the year ended 31 March 2013.

9.2 The Auditor Service Manager reported that the assurance level had been rated as good. She then drew attention to the work undertaken including a summary of the recommendations. She reported that three of the four significant recommendations had arisen out of the Axis IT audit which had highlighted the need to investigate errors on the backup logs; the need to remove access rights to the system for those members of staff that had left and the need to develop the interface reports from Resource link.

9.3 **RESOLVED:**

(a) That the performance against the Audit Plan for the year ended 31 March 2013 be noted.

(b) That the Audit Service Manager's positive year end opinion on the Fund's internal control environment for 2012/13 on the basis of the work undertaken and management responses received be noted.

10. Pension Fund Annual Accounts

10.1 The Committee received the report of the Head of Finance, Governance & Assurance and Scheme Administrator (copy attached to the signed Minutes) which provided Members with the Shropshire County Pension Fund Annual Report 2012/13 and an update on the annual audit.

10.2 The Head of Finance, Governance & Assurance and Scheme Administrator informed the Committee that Grant Thornton had given an unqualified opinion on the accounts and no recommendations had been made.

10.3 In the year to the end of March 2013 the fund had increased in value by £147.7 million and that total scheme membership had increased by 3.7%

10.4 In response to a question the Head of Finance, Governance & Assurance and Scheme Administrator informed the meeting that the increase of £2.4million in investment management fees was due to the large increase in the Fund value during the year which resulted in higher performance related fees paid to managers.

10.5 **RESOLVED:**

That the Pension Fund Annual Report 2012/13 be approved.

11. Pensions Administration Monitoring

11.1 The Committee received the report of the Pensions Administration Manager (copy attached to the signed Minutes) which provided Members with monitoring information on the performance of and issues affecting the Pensions Administration Team.

11.2 The Pensions Administration Manager informed the meeting that a lot of work had arisen during the voluntary redundancy exercise which had had a knock on effect on other work.

11.3 The Pensions Administration Manager advised that following the departure of the team leader in August the Pensions team had been restructured and drew members' attention to the new structure chart contained in the report. She

went on to say that as the 2014 scheme evolved there would be need to fill the vacant posts in the structure.

11.4 RESOLVED:

That the position as set out in the report of the Pensions Administration Manager be noted.

12. Corporate Governance Monitoring

12.1 The Committee received the report of the Head of Treasury and Pensions (copy attached to the signed Minutes) which informed Members of corporate governance and socially responsible investment issues arising in the quarter to 30 June 2013.

12.2 RESOLVED:

That the position as set out in the report, Manager Voting Reports (Appendix A) and F&C Responsible Engagement Overlay Viewpoint Reports (Appendix B) be noted.

13. Exclusion of the Press and Public

13.1 RESOLVED:

That under paragraph 10.2 of the Council's Access to Information Procedure Rules the proceedings of the Committee in relation to Agenda items 14 to 16 shall not be conducted in public on the grounds that they may involve the likely disclosure of exempt information as defined by the category specified against them.

14. Minutes (Exempted by category 3)

14.1 RESOLVED:

That the Exempt Minutes of the meetings held on 18th June and 22nd July 2013 be approved and signed by the Chairman as a correct record.

**15. Investment Monitoring - Quarter to 30 June 2013
(Exempted by Category 3)**

15.1 The Committee received the exempt report of the Head of Treasury & Pensions which provided members with monitoring information on investment performance and managers for the quarter period to 30 June 2013 (copy attached to the exempt signed minutes).

15.2 RESOLVED:

That the position as set out in the exempt report of the Head of Treasury & Pensions be noted.

**16. New Admission Bodies and Scheme Employers
(Exempted by Category 3)**

16.1 The Committee received the exempt report of the Pension Administration Manager which provided details of a new admission body, a potential new admission body and a new Part 1 Schedule 1 Scheme Employer (copy attached to the exempt signed minutes).

16.2 RESOLVED:

That the recommendations set out in the exempt report of the Pensions Administration Manager be accepted.

(The full version of Minutes 15 and 16 constitutes exempt information under category 3 of Paragraph 10.4 of the Council's Access to Information Rules and has accordingly been with-held from publication.)

Signed.....(Chairman)

Date: 27th November 2013