



Pensions Committee

28 November 2014

10.30am

MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 19 SEPTEMBER 2014
10.30 AM - 12.20 PM

Responsible Officer: Sarah Townsend
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Present:

Members of the Committee:

Councillors Thomas Biggins, Andrew Davies, Malcolm Pate, Roger Evans (Substitute) (substitute for Anne Chebsey) and Rob Sloan (Substitute) (substitute for Malcolm Smith)

Co-Opted Members (Voting):

Bill McClements

Co-Opted Members (Non-Voting):

Jean Smith

20 Apologies for Absence and Substitutions

Apologies for absence were received from Councillor Anne Chebsey and Councillor Malcolm Smith.

Councillor Roger Evans substituted for Councillor Anne Chebsey and Councillor Rob Sloan substituted for Councillor Malcolm Smith.

21 Disclosable Pecuniary Interests

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.

22 Minutes

RESOLVED:

That the Minutes of the meeting held on 20 June 2014 be approved and signed by the Chairman as a correct record.

23 Public Questions

There were no public questions.

24 Harris Associates (Global Equities)

Mr Tony Coniaris and Mr Euan Maclaren gave a presentation on the performance of their Global Equity Strategy.

Members were firstly provided with an organisational overview and it was reported that an International Investment Analyst had joined the company during 2014. They were then reminded of the three key tenets of Harris Associates investment philosophy with their value proposition focusing on the combination of price and quality.

A review of performance was undertaken and Members were taken through the ten largest and smallest contributors between 30 September 2013 and 30 June 2014.

25 Investec Asset Management (Global Equities)

Mr Stephen Lee and Mr Ian Vose gave a presentation on the performance of the Investec Global Dynamic Fund.

Members were informed that since the inception of the Fund on 30 September 2013, it had outperformed its comparative index MSCI ACWI (All Country World Index) by 1.8%.

Members were advised on the process of how investment decisions were taken and implemented in order to determine which stocks to hold within the portfolio.

Recent significant purchases and sales transactions together with a review of the future outlook were also reported on.

26 PIMCO Europe Limited (Global Bonds)

Mr Edward Berry and Mr Ben Edwards gave a presentation on the performance of their two portfolio funds in which they invest on behalf of Shropshire County Pension Fund.

The blended performance of these two funds had consistently outperformed their benchmark indices since inception and to 30 June 2014, exceeded them by 2.16%.

A more detailed review of the two funds was given and Members were advised that there had been no change to PIMCO's investment process and philosophy.

27 Internal Audit Outturn Report for Shropshire County Pension Fund 2013/14

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 2014.

It was reported that final performance had been good with 100% of the annual audit plan being delivered. All assurances given were categorised as 'Good' and a total of 19 recommendations had been made in the five audit reports related to the year. One 'significant' recommendation was made in the Altair Pension Application Audit and the remaining recommendations were rated as requiring attention or best practice.

It was reported that on the basis of the work undertaken and management responses received, the Pension Fund's financial systems, internal control environment, governance framework and risk management procedures were sound and working effectively. The Audit Service Manager was therefore able to deliver a positive year end opinion on the Fund's internal control environment for 2013/14.

RESOLVED:

- (a) That performance against the Audit Plan for the year ended 31 March 2014 be endorsed.
- (b) That the Audit Service Manager's positive year end opinion on the Fund's internal control environment for 2013/14 on the basis of the work undertaken and management responses received be endorsed.

28 Grant Thornton - The Audit Findings Report for Shropshire County Pension Fund 2013/14

The Committee received the report of the External Auditor, Grant Thornton, (copy attached to the signed Minutes) which highlighted the key issues arising from the audit of Shropshire County Pension Fund's financial statements and Annual Report for the year ending 31 March 2014.

Mr Grant Patterson was in attendance and advised the meeting that it was proposed that an unqualified opinion on the Fund's financial statements should be issued and that the key messages arising from the audit were:

- That the draft and final version of the financial statements recorded net assets carried forward of £1,339,203,000 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.

Mr Patterson informed the meeting that two non-trivial adjustments that net to £0.4m had been identified in respect of discrepancies between the values of investments reported by the custodian and fund managers in respect of HarbourVest Private Equity investments and Aberdeen Asset Management but that Officers were not proposing to amend the 2013/14 financial statements.

It was reported that there was a typing error on page 20 of the report (page 38 of the actual agenda) and that the total audit fees were £21,433 and not £22,430 as stated.

RESOLVED:

- (a) That the content of the report of the External Auditor, Grant Thornton, be noted.
- (b) That the management's proposed treatment of the two non-trivial adjustments be approved.
- (c) That the signing of the Letter of Representation be approved.

29 Pension Fund Annual Accounts 2013/14

The Committee received the report of the Head of Finance, Governance and Assurance (copy attached to the signed Minutes) which provided Members with the Shropshire County Pension Fund Annual Report 2013/14 and an update on the annual audit.

RESOLVED:

That the Pension Fund Annual Report 2013/14 be approved.

30 Corporate Governance Monitoring

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 01 April 2014 to 30 June 2014.

RESOLVED:

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

31 Pensions Administration Monitoring

The Committee received the report of the Pension 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.

RESOLVED:

That the position as set out in the report be accepted.

32 Creation of New Pension Board

The Committee received the report of the Head of Finance, Governance and Assurance (copy attached to the signed Minutes) which provided an update on the introduction of a Pension Board under the requirements of the Public Service Pensions Act 2013 including information relating to the draft Local Government Pension Scheme governance regulations.

RESOLVED:

That the contents of the report be noted and in particular:

- (a) The content of the draft Local Government Pension Scheme governance regulations.
- (b) The progress made by the Task and Finish Group in implementing the changes for the Shropshire County Pension Fund.

33 Exclusion of Press and Public

RESOLVED:

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

34 Exempt Minutes

RESOLVED:

That the Exempt Minutes of the meeting held on 20 June 2014 be approved and signed by the Chairman as a correct record.

35 New Admission Bodies (Exempted by Category 3)

The Committee received the exempt report of the Pension Administration Manager (copy attached to the Exempt signed Minutes) which provided Members with details regarding an admission under Schedule 2 Part 3 Regulation 1(d)(i) of the Local Government Pension Scheme Regulations 2013, due to services transferring from a Scheme Employer, under a service contract.

RESOLVED:

That the recommendation in the exempt report be approved.

36 Investment Monitoring - Quarter to 30 June 2014 (Exempted by Category 3)

The Committee received the exempt report of the Head of Treasury and Pensions (copy attached to the Exempt signed Minutes) which provided Members with monitoring information on investment performance and managers for the quarter period to 30 June 2014, and reported on the technical meetings held with managers since the quarter end.

RESOLVED:

That the position as set out in the exempt report be noted.

Signed: (Chairman)

Date: 28th November 2014