



Shropshire Council  
Legal and Democratic Services  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

Date: Thursday, 18 June 2015

**Committee:**  
**Pensions Committee**

**Date:** Friday, 26 June 2015

**Time:** 10.00 am

**Venue:** Shrewsbury Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

You are requested to attend the above meeting.  
The Agenda is attached.

Claire Porter  
Head of Legal and Democratic Services (Monitoring Officer)

**Members of the Committee:**

Thomas Biggins  
Anne Chebsey  
Andrew B Davies  
Malcolm Pate

**Co-opted Members (Voting):**

Charles Smith (Subject to confirmation by Telford & Wrekin Council's Cabinet meeting on 25<sup>th</sup> June 2015)

Malcolm Smith (Subject to confirmation by Telford & Wrekin Council's Cabinet meeting on 25<sup>th</sup> June 2015)

**Co-opted Members (Non-Voting):**

Jean Smith (Pensioner Representative)  
Nigel Neat (Employee Representative Shropshire Council)  
Vacancy (Employee Representative Telford & Wrekin Council)

**Substitute Members of the Committee:**

Joyce Barrow (SC)

Roger Evans (SC)

Stuart West (SC)

Michael Wood (SC)

Arnold England (Subject to confirmation by Telford & Wrekin Council's Cabinet meeting on 25<sup>th</sup> June 2015)

Rob Sloan (Subject to confirmation by Telford & Wrekin Council's Cabinet meeting on 25<sup>th</sup> June 2015)

Vacancy (Employee Rep SC)

Vacancy (Employee Rep T&W)

Vacancy (Pensioner Rep)

Your Committee Officer is:

**Sarah Townsend** Committee Officer

Tel: 01743 252803

Email: [sarah.townsend@shropshire.gov.uk](mailto:sarah.townsend@shropshire.gov.uk)

# AGENDA

**1 Election of Chairman**

**2 Apologies for Absence and Substitutions**

**3 Appointment of Vice-Chairman**

**4 Disclosable Pecuniary Interests**

Members are reminded that they must not participate in the discussion or voting on any matter in which they have a Disclosable Pecuniary interest and should leave the room prior to the commencement of the debate.

**5 Minutes (Pages 1 - 8)**

The Minutes of the meeting held on 20 March 2015 are attached for confirmation, marked 5.

Contact: Sarah Townsend (01743 252803)

**6 Public Questions**

**7 Exclusion of Press and Public**

To consider approving a resolution under paragraph 10.2 of the Council's Access to Information Procedure Rules that the proceedings of the Committee in relation to **AGENDA ITEMS 8 TO 12** only 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 them.

**8 Appointment of Unconstrained Bond Managers (Exempted by Category 3)  
(Pages 9 - 102)**

The exempt report of the Head of Treasury & Pensions is attached, marked 8.

Contact: Justin Bridges (01743 252072)

**9 Appointment of LDI Manager (Exempted by Category 3) (Pages 103 - 160)**

The exempt report of the Head of Treasury & Pensions is attached, marked 9.

Contact: Justin Bridges (01743 252072)

**10 Exempt Minutes (Exempted by Category 3) (Pages 161 - 162)**

The exempt Minutes of the meeting held on 20 March 2015 are attached for confirmation, marked 10.

Contact: Sarah Townsend (01743 252803)

**11 New Admission Bodies (Exempted by Category 3) (Pages 163 - 166)**

The exempt report of the Pension Administration Manager is attached, marked 11.

Contact: Debbie Sharp (01743 252192)

**12 Investment Monitoring - Quarter to 31 March 2015 (Exempted by Category 3) (Pages 167 - 212)**

The exempt report of the Head of Treasury & Pensions is attached, marked 12.

Contact: Justin Bridges (01743 252072)

***(From this point, the proceedings of the Committee will be conducted in public session in relation to Agenda Items 13 to 15).***

**13 Corporate Governance Monitoring (Pages 213 - 244)**

The report of the Head of Treasury & Pensions is attached, marked 13.

Contact: Justin Bridges (01743 252072)

**14 Pensions Administration Monitoring (Pages 245 - 252)**

The report of the Pension Administration Manager is attached, marked 14.

Contact: Debbie Sharp (01743 252192)

**15 Policy Update - Governance Compliance Statement, Communications Policy and Pensions Administration Strategy (Pages 253 - 298)**

The report of the Pension Administration Manager is attached, marked 15.

Contact: Debbie Sharp (01743 252192)



Pensions Committee

26 June 2015

10.00 am

## **MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 20 MARCH 2015 10.30 AM - 12.58 PM**

**Responsible Officer:** Sarah Townsend  
Email: sarah.townsend@shropshire.gov.uk Tel: 01743 252803

### **Present:**

#### Members of the Committee:

Councillors Thomas Biggins, Anne Chebsey, Andrew Davies and Malcolm Pate

#### Co-Opted Members (Voting):

Malcolm Smith (Chairman)

Bill McClements

#### Co-Opted Members (Non-Voting):

Jean Smith

### **50 Apologies for Absence and Substitutions**

There were no apologies for absence.

### **51 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.

### **52 Minutes**

#### **RESOLVED:**

That the Minutes of the meeting held on 28 November 2014 be approved and signed by the Chairman as a correct record.

### **53 Public Questions**

There were no public questions.

**54 Majedie Asset Management (UK Equities)**

Mr Simon Hazlitt and Mr Mark Hepburn gave a presentation on the performance of the UK Equities Portfolio.

The inception date of the portfolio was February 2005 and it is benchmarked against the FTSE All-Share Index. The Fund target is to exceed the benchmark by 2% net of fees per annum over rolling three years. In the last twelve months to 31 December 2014, it met its target and since inception, had exceeded its target by 2.1%.

A presentation on the positive and negative contributors to performance over the last twelve months was given. Mr Hazlitt advised that they felt the outlook for Europe was getting better, although they remained cautious on emerging markets. He advised that he would provide Mr Roger Bartley, Independent Advisor to the Committee, with a copy of their key assumptions document, once available, to enable greater understanding of expected returns going forward.

**55 MFS Investment Management (Global Equities)**

Mr Matt Hensher and Ms Nicole Neubelt gave a presentation on the performance of the Global Equities Portfolio.

The inception date of the portfolio was December 2009 and it is benchmarked against the MSCI World Index. The Fund target is to exceed the benchmark by 1% net of fees per annum over rolling three years. In the last twelve months to 31 December 2014, it had fallen short of its target. In the last three years, it has exceeded its target and since inception, had exceeded its target by 0.8% per annum.

Members were provided with an overview of MFS and it was reported that their business strategy had not changed during the last year. There had also been no internal changes to either their investment team, or investment process during the last year.

Members were also informed that MFS believed that through their exposure to high quality companies, the portfolio remained well positioned to outperform the market through cycles.

**56 Aberdeen Fund Management Ltd (Pan European Property)**

Mr Mike Dinsdale and Mr Tom Richardson gave a presentation on the performance of the European Property Portfolio.

Members were firstly reminded of the changes which had been made to the portfolio over the last twelve months.

It was reported that there was a continued focus on redeploying capital from Europe to the UK. As a result during 2014, weighting to the UK increased by 17% to 78% and would continue to increase during 2015. The portfolio remains primarily exposed to Offices and Retail assets. Acquisitions during the year had reduced the risk profile of the portfolio which was now exposed to lower levered, better quality properties.

Members were informed of the current situation in respect of CG Malls Europe and finally, it was noted that the priorities in respect of Shropshire's mandate for 2015 were to rationalise the UK element of the portfolio and to continue allocation of remaining capital to the UK.

#### **57 LDI and Unconstrained Bonds**

The Committee received the report of the Head of Finance, Governance and Assurance (Section 151 Officer) (copy attached to the signed Minutes) which reminded Members that the Committee, together with the Officers and Aon Hewitt had been reviewing the Fund's investment strategy. This included building a greater understanding of the Fund's investment risk relative to its liabilities. A number of potential improvements to the investment strategy had been discussed with the Committee during training sessions prior to Committee meetings and at the annual training day in July. Following a further training session, undertaken directly prior to the Pensions Committee meeting, two recommendations were outlined in the report for implementation.

The Head of Finance, Governance and Assurance (Section 151 Officer) confirmed that following the manager selection process to identify an appropriate LDI Manager and Unconstrained Bond Manager, a further report would be considered by the Pensions Committee outlining the next steps.

#### **RESOLVED:**

- (a) That the recommendation in Appendix A to the report to begin the process to put in place a Liability Driven Investment (LDI) Manager which would replace the current index linked gilt holding be approved. The Pensions Committee therefore authorised officers to undertake a manager selection process to identify an appropriate LDI Manager.
- (b) That the recommendation in Appendix A to the report to replace all or part of the investment grade corporate bond allocation with a more unconstrained bond mandate, for example multi asset credit or PIMCO's diversified income Fund be approved. The Pensions Committee therefore authorised officers to undertake a manager selection process to identify an appropriate Unconstrained Bond Manager.

#### **58 Grant Thornton - Informing The Audit Risk Assessment for Shropshire County Pension Fund 2014-15**

The Committee received the report of the External Auditor, Grant Thornton, (copy attached to the signed Minutes) which detailed responses received from the Council's Management in respect of a series of questions relating to the areas of fraud, laws and regulations, going concern, accounting estimates and related party transactions.

Mr Ashley Wilson, Pensions Audit Manager for Grant Thornton, was in attendance to present the report. He confirmed that he had no concerns with the responses that had been received and that nothing unexpected or unusual had been identified.

**RESOLVED:**

That the contents of the report by the External Auditor, Grant Thornton, be noted.

**59 Grant Thornton - Shropshire County Pension Fund Audit Plan 2014/15**

The Committee received the report of the External Auditor, Grant Thornton, (copy attached to the signed Minutes) which set out the Audit Plan for Shropshire County Pension Fund for the year ended 31 March 2015.

Mr Ashley Wilson, Pensions Audit Manager for Grant Thornton, was in attendance to present the report. In particular, Members' attention was drawn to the 'Significant risks identified' section and the comments detailed therein.

It was noted that the fee remained the same as last year and the Committee confirmed that they were happy with the contents of the report.

**RESOLVED:**

That the contents of the report by the External Auditor, Grant Thornton, be noted.

**60 Schedule of Committee and Other Meetings 2015/16**

The Committee received the report of the Head of Treasury and Pensions (copy attached to the signed Minutes) which set out a schedule of meetings of the Committee and outside bodies on which the Committee was represented. It also identified which managers and advisers would be attending the respective meetings.

During the training session which took place prior to the meeting, Members were asked to think about the future structure of Pensions Committee meetings and particularly, how the Committee's time was currently spent during these meetings and whether it was beneficial to spend the majority of the meeting receiving presentations from investment managers. The Head of Treasury and Pensions drew Members' attention to Appendix B of the report which proposed an alternative Committee meeting structure outlining how the Pensions Committee meeting time could be allocated in the future. Following a discussion, Members were in agreement that only one or possibly two Fund managers should be invited to present at future Pensions Committee meetings and that ideally, this would be because the Fund was either underperforming or not meeting the Committee's expectations. Further discussions on the future structure of Committee meetings would be discussed at the Members' training day in July.

**RESOLVED:**

- (a) That the schedule of Committee meetings for 2015/16, including the Annual Meeting, as set out in the report be agreed with the exception that only one or possibly two Fund managers will be invited to attend future Pensions Committee meetings and not three as was currently indicated in the schedule of Committee meetings in Appendix A.
- (b) That the representation at other conferences and training events as set out in the report be agreed.



- (c) That the alternative Committee meeting structure as set out in Appendix B to the report be approved.

#### **61 Governance Compliance Statement**

The Committee received the report of the Head of Finance, Governance and Assurance (copy attached to the signed Minutes) which outlined the requirement to produce and keep updated, a Governance Compliance Statement in line with the best practice principles published by the Communities & Local Government Department and recommended an update of the Governance Compliance Statement that was first published in February 2006 and was last updated and approved by the Committee in June 2014. The Head of Treasury and Pensions informed Members that it had now been updated to include the creation of the local Pension Board which came into affect on 01 April 2015.

**RESOLVED:**

That the revised Governance Compliance Statement (Appendix A to the report) be approved.

#### **62 Pension Fund Treasury Strategy 2015/16**

The Committee received the report of the Head of Treasury and Pensions (copy attached to the signed Minutes) which proposed the Pension Fund Treasury Strategy for 2015/16 for the small cash balances that the Administrating Authority maintained to manage the day to day transactions of the Fund.

**RESOLVED:**

- (a) That authority be delegated to the Scheme Administrator (Section 151 Officer) to manage the Pension Funds day to day cash balances.
- (b) That the Pension Fund Treasury Strategy be approved.
- (c) That the Scheme Administrator (Section 151 Officer) be authorised to place deposits in accordance with the Pension Fund's Treasury Strategy.
- (d) That the Scheme Administrator (Section 151 Officer) be authorised to add or remove institutions from the approved lending list and amend cash and period limits as necessary in line with the Administering Authority's creditworthiness policy.

#### **63 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 October 2014 to 31 December 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.

#### 64 **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.

Members' attention was drawn to Section 6 of the report relating to Guaranteed Minimum Pension (GMP) Reconciliation. It was reported that following the end of contracting out in April 2016, HMRC would be sending a statement to all individuals affected stating the amount of GMP they would receive and who was responsible for paying for it. Ahead of this, HMRC was advising that schemes should reconcile the GMP values they hold for members with those calculated by HMRC or face making overpayments to existing members and even individuals for whom they believed they had no liability.

It was noted that the reconciliation of GMP values was not a mandatory regulatory requirement, however, the Fund faced significant risks if it was decided not to reconcile values. Members questioned how much it would cost to undertake the work and the Pension Administration Manager stated that the initial work to understand the situation was approximately £5,000.

Finally, it was confirmed that this year's annual meeting would take place on 12 November 2015 in the Council Chamber, Shirehall.

**RESOLVED:**

- (a) That the position as set out in the report by the Pension Administration Manager be accepted.
- (b) That a Guaranteed Minimum Pension (GMP) Reconciliation exercise be carried out in line with the recommendations as set out in the report.

#### 65 **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, be not conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the category specified against them.

#### 66 **Exempt Minutes (Exempted by Category 3)**

**RESOLVED:**

That the Exempt Minutes of the meeting held on 28 November 2014 be approved and signed by the Chairman as a correct record.

#### 67 **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. The report also provided confirmation of two new Schedule 1 Part 1 Scheme Employer (Academies) joining the Fund.

**RESOLVED:**

That the recommendation in the exempt report by the Pension Administration Manager be approved.

**68 Investment Monitoring - Quarter to 31 December 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 31 December 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 by the Head of Treasury and Pensions be noted.

*(The full version of Minutes 67 and 68 constitutes exempt information under Category 3 of Paragraph 10.4 of the Council's Access to Information Rules and has accordingly been withheld from publication).*

Signed ..... (Chairman)

Date: .....

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<u>Committee and Date</u>
Pensions Committee
26 June 2015
10.00am

<u>Item</u>
<b>13</b>
Public

## CORPORATE GOVERNANCE MONITORING

**Responsible Officer** Ed Roberts

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Tel: (01743) 252078

Fax (01743) 255901

### 1. Summary

- 1.1 The report is to inform members of Corporate Governance and socially responsible investment issues arising in the quarter 1<sup>st</sup> January 2015 to 31<sup>st</sup> March 2015.

### 2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report, Manager Voting Reports at Appendix A and F&C Responsible Engagement Overlay Activity Report at Appendix B.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

- 3.1 Risk Management is part of the Pension Fund's structured decision-making process by ensuring that investment decisions are taken by those best qualified to take them.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.3 The Fund's Corporate Governance Policy enables it to influence the environmental policies of the companies in which it invests.
- 3.4 There are no direct Equalities or Community consequences.

### 4. Financial Implications

- 4.1 There are no direct financial implications arising from this report.

### 5. Background

- 5.1 The Shropshire County Pension Fund has been actively voting for over fifteen years at the Annual General Meetings and Extraordinary General Meetings of the companies in which it invests. Voting is carried out by individual Fund Managers on all equity portfolios.

5.2 The Fund is also addressing its social responsibility through a strategy of responsible engagement with companies. F&C Asset Management provide this responsible engagement overlay on the Fund's UK equities portfolio.

## 6. Manager Voting Activity

6.1 Details of managers voting activity during the quarter relating to equity portfolios are attached (Appendix A).

## 7. Responsible Engagement Activity

7.1 During the last quarter F&C have continued to actively engage with companies on the Fund's behalf. An update on the engagement activities for the quarter is attached at Appendix B in the REO Activity report.

### List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Corporate Governance Monitoring report, Pensions Committee 20 March 2015

#### Cabinet Member

N/A

#### Local Member

N/A

#### Appendices

A. Manager Voting Activity Reports.

B. F&C Responsible Engagement Overlay Reports.

# VOTING POLICY



We began to introduce our own customised voting policy in Q1 2014, run in parallel with ISS's policy. The majority of areas in which our policy differs from that of ISS are within the smaller company sector, in which we are a leading participant, and relates to capital raising with pre-emptive shareholder rights; these are by their nature often associated with smaller companies. It is not inconceivable that we will make exceptions and vote against our own policy; as with all our voting, we proceed on a case by case basis.

We regard a smaller company as having a market capitalisation of £1.5bn or less.

Below are the specifics of the policy:

Agenda Type	ISS policy	Majedie Policy
Smaller Company Board Structure	Where Non-Executive Directors (NEDs) are members of internal boards, or where members of the board sit on more than one internal committee, this is regarded as being against best practice, and therefore the recommendation is to vote against such proposals.	Give smaller companies greater flexibility in the composition of their boards for practical reasons, given personnel limitations, unless we take issue with one of the board members.
Issuances with Pre-emptive Rights	Proposals of greater than 33% of Issued Share Capital are against best practice and therefore the recommendation is to vote against.	As shareholders we will be given the right to take up the issuance, and therefore will not be diluted. We therefore vote for such proposals.
Issuances without Pre-emptive Rights	Proposals of greater than 10% of Issued Share Capital are against best practice and therefore the recommendation is to vote against.	Vote in line with ISS as such issuances are potentially dilutive for shareholders.
Political Contributions	Vote for.	Vote against. We like to maintain an independent stance.

# VOTING SUMMARY

Over the quarter, Majedie Asset Management voted at a total of 40 meetings on 411 resolutions.

Please see below a breakdown of the meetings and resolutions which pertain to the UK Equity Fund.

Number of meetings we voted at this quarter	38	
Number of resolutions	276	
Where we voted in line with Management	268	(97.1%)
Where we have not voted in line with Management	8	(2.9%)
Where we voted against ISS's recommendation	16	(4.0%)

Source: Majedie, ISS (Institutional Shareholder Services)

The table below is a breakdown of the number of resolutions where we have either voted against Management or against the recommendation of ISS.

RESOLUTION	AGAINST MANAGEMENT	AGAINST ISS
Routine/Business	5	7
Remuneration	2	5
Board election & related proposals	1	2
Reorg. and Mergers	0	2
Capitalisation	0	0
Miscellaneous	0	0
Total	8	16

Sources: Majedie, ISS (Institutional Shareholder Services)



# VOTING BREAKDOWN

SECURITY	MEETING DATE	MEETING TYPE	MAJEDIE VOTE	IN LINE WITH ISS
Aviva	26 Mar 2015	EGM	Voted for all	Yes
Britvic (1)	27 Jan 2015	AGM	Against Resolution 15	No
CareTech (2)	03 Mar 2015	AGM	Against Resolution 13	Yes
Chemring (3)	19 Mar 2015	AGM	Abstention on Resolution 2	No
Consolidated General Minerals	05 Mar 2015	EGM	Voted for all	Yes
Consolidated General Minerals	19 Mar 2015	AGM	Voted for all	Yes
Consolidated General Minerals	19 Mar 2015	EGM	Voted for all	Yes
Conygar Investment Company (4)	04 Feb 2015	AGM	Voted for all	No
Dunelm	02 Mar 2015	EGM	Voted for all	Yes
Fenner	14 Jan 2015	AGM	Voted for all	Yes
Grainger (5)	04 Feb 2015	AGM	Abstention on Resolution 2. Against Resolution 18	No
Gresham Computing (6)	24 Feb 2015	EGM	Voted for all	No
Innovation Group	25 Mar 2015	AGM	Voted for all	Yes
ITE Group	29 Jan 2015	AGM	Voted for all	Yes
Koninklijke	09 Jan 2015	EGM	Voted for all	Yes
Numis	03 Feb 2015	AGM	Voted for all	Yes
Paragon (7)	12 Feb 2015	AGM	Voted for all	No
Patisserie Holdings	05 Feb 2015	AGM	Voted for all	Yes
Petroceltic (8)	25 Feb 2015	EGM	Against Resolutions 1, 2, 3	Yes
RM Plc (9)	25 Mar 2015	AGM	Voted for all	No
RWS (10)	10 Feb 2015	AGM	Voted for all	No
Safestore (11)	19 Mar 2015	AGM	Against Resolution 12	No
Serco	30 Mar 2015	EGM	Voted for all	Yes
Standard Life	13 Mar 2015	EGM	Voted for all	Yes
Thomas Cook (12)	23 Feb 2015	AGM	Against Resolution 14	No
Urban&Civic (13)	11 Feb 2015	AGM	Against Resolution 20	No

Source : ISS (Institutional Shareholder Services)

# VOTING NOTES

- 1) Britvic: we voted in line with Majedie policy with regards to political donations.
- 2) CareTech: the proposed issuance of equity without pre-emptive rights exceeds recommended limits of 10%. We therefore voted against, in line with Majedie policy on the issuance of equity without pre-emptive rights.
- 3) Chemring: ISS recommended a vote against the remuneration report as it violated last year's policy which stated that bonuses linked to individual performance would not be paid unless wider company threshold targets had been met. Closer inspection revealed that this related principally to the Financial Director's remuneration package; Chemring's balance sheet was in a parlous state when he took over, and his work towards rectifying this has done much to turn the business around in the last 18 months. So, whilst we cannot support the principle of this payment, we also felt that we did not want to withdraw support for the work the Financial Director has done. We therefore chose to abstain.
- 4) Conygar Investment Company: Michael Wigley serves on both the Audit Committee and the Remuneration Committee. Whilst we would prefer to see directors serve on only one committee, we acknowledge that smaller companies need to be permitted greater leeway in the composition of their boards, so we chose to vote in favour, in line with Majedie policy on smaller companies.
- 5) Grainger: on Resolution 2, ISS recommended vote against the remuneration report due to the lack of discussion around remuneration and bonus targets. We feel that the increases are not excessive and we are supportive of management; however, we would like to see more disclosure, in particular around remuneration and the linkage to performance targets, so we decided to abstain. On Resolution 18, we voted in line with Majedie policy with regards to political donations.
- 6) Gresham Computing: on Resolution 1, ISS recommended a vote against amending the Enterprise Management Incentive Plan 2010, Unapproved Share Option Plan 2010 and Non-Employee Share Option Plan 2010 as the overall dilution limit would allow the Company to issue 14.3% of the issued share capital in 10 years which is in excess of best practice. The Board believes it is important to incentivise senior employees of the Group by way of share option grants and as such are seeking to increase the limit under the Share Option Plan. We felt that this policy warranted support, so voted in favour. On Resolution 2, ISS recommended a vote against the issue of equity with pre-emptive rights as the amount proposed (42%) exceeded the recommended amount (33%). We chose to vote in favour as we retain our shareholder rights should the issuance take place. On Resolution 3, ISS recommended a vote against the issue of equity without pre-emptive rights as the amount proposed (15%) exceeded the recommended amount (10%). We agreed and voted against.
- 7) Paragon: ISS recommended we abstain in the vote to authorise the payment of auditors, Deloitte LLP, as payment of non-audit fees paid exceed 100% of the audit fees, which is against best practice. We chose to vote in favour as we feel confident that Deloitte LLP were acting legitimately in carrying out the audit.
- 8) Petroceltic International: ISS recommended a vote against the proposals by Worldview Resolutions to remove CEO, Brian O'Cathain and appoint Maurice Dijols and Angelo Moskov. Worldview Resolutions put forward these resolutions due to their concern with the current state and strategy of the company. Following engagement with management and subsequently our own analysis, we did not agree with Worldview's concerns and therefore voted against their proposals.

- 9) RM Plc: on Resolution 11 & 12, ISS recommended a vote against the remuneration policy and report owing to the level of disclosure on remuneration provided not being in line with companies listed in the FTSE SmallCap Index. We discussed this with RM, during which time they made the point that that the company has only recently moved into this index, so would not have been required to disclose this information previously. We made the point that in future we would like to see an increased level of disclosure with regards to remuneration, but we supported them this time.
- 10) RWS: Andrew Brode serves on both the Audit Committee and the Remuneration Committees. Whilst we would prefer to see directors serve on only one committee, we acknowledge that smaller companies need to be permitted greater leeway in the composition of their boards, so we chose to vote in favour, in line with Majedie policy on smaller companies.
- 11) Safestore: we voted in line with Majedie policy with regards to political donations.
- 12) Thomas Cook: we voted in line with Majedie policy with regards to political donations.
- 13) Urban&Civic: we voted in line with Majedie policy with regards to political donations.



# Stewardship review

Quarter ended 31 March 2015

Investec Asset Management takes an active and transparent approach to voting and engagement with the companies in our portfolios. We aim to encourage and reward better corporate governance and business integrity. The goal of this is to benefit clients and also improve the broader environmental, social realms in which we invest.

2014 was the hottest year on record according to US government researchers, with global temperatures at 0.69 degrees celsius above the 20th century average. Some still argue that this is part of Earth's normal temperature cycle which fluctuates over time. To others, it is yet another critical indicator of how the earth is warming, citing greenhouse gas (GHG) emissions from human-controlled activities as the primary cause. The topic of climate change has been extensively covered by many groups in society, including investors. The debate has recently been dominated by the discussion around engagement with the largest GHG emitters versus divestment from these companies. This debate has been motivated by either the 'stranded assets argument', or simply as an ethical response to the long-term sustainability of the planet for future generations. So far there is no consensus on which route to take. We have seen some interest in our own strategy, from journalists, stakeholders (including NGOs) and clients.

At Investec Asset Management (IAM) our focus is on preparing our business to be able to respond to the likely increase in certainly around global climate policy, ensuring we are in a position to act more effectively, while understanding and measuring climate risks with a view to communicating these clearly to all stakeholders. To this end we are pleased to have reached a critical stage in our development of three key ESG (Environmental, Social and Governance) tools; the IAM ESG Toolkit, the Portfolio ESG Profiler and the Portfolio Carbon Character tools. The IAM ESG Toolkit will allow portfolio managers to carry out a proprietary ESG assessment of listed or private companies based on a defined methodology. The portfolio tools have been designed to analyse portfolios and consider the overall ESG portfolio footprint as well as carbon in terms of impact on P&L and strategy. This is an important focus area for some of our stakeholders, particularly clients, who are interested to better understand our approach.

On the governance side we are seeing increasing interest from companies wishing to engage with shareholders. Governance reform is still under way in Asia which has led to fresh discussions on issues such as board balance (independence), capital management and disclosure. On a positive note we have noted some progress with access to outside directors, especially independent directors. We believe that an important way to improve corporate governance and internal controls is by arranging a more transparent set up with quality non-executive directors. Staying engaged in these markets is a difficult but necessary job for Investec Asset Management. It facilitates our goal of helping influence and support companies that are becoming both more transparent and focused on engagement. Our focus for ESG in 2015 will remain on data systems and applications/institutionalisation, as well as corporate governance reform.

For further details of our ESG efforts, please visit:  
[www.investecassetmanagement.com/stewardshipreport](http://www.investecassetmanagement.com/stewardshipreport), where you can access the latest quarterly Stewardship report.

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# Voting

## Quarter ended 31 March 2015

### Voting policy

We believe in the importance of responsible corporate governance and vote the shares held in your portfolio.

For any queries specifically related to proxy voting, please email us on [proxyvoting@investecmail.com](mailto:proxyvoting@investecmail.com)

Over the period under review, the following votes were cast on your behalf:

Company Name	Meeting Type	Meeting Date	For	Against	Abstain	Withhold	Do Not Vote
Emerson Electric Co.	Annual	2015/02/03	11			1	
Medtronic, Inc.	Special	2015/01/06	4				
Mylan Inc.	Special	2015/01/29	3				
Novartis AG	Annual	2015/02/27	25	1			
Oshkosh Corporation	Annual	2015/02/03	13				

\* Due to POA markets or share blocking.  
Source: Investec Asset Management

**Vote Summary Report**

Date range covered: 01/01/2015 to 03/31/2015

Location(s): All Locations

Institution Account(s): 5984 -Shropshire County Pension Fund

**Family Dollar Stores, Inc.**

Meeting Date: 01/22/2015 Country: USA Primary Security ID: 307000109  
 Record Date: 10/30/2014 Meeting Type: Proxy Contest Ticker: FDO  
 Primary CUSIP: 307000109 Primary ISIN: US3070001090 Primary SEDOL: 2331225

Shares Voted: 12,900

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
	Management Proxy (White Card)	Mgmt				
1	Approve Merger Agreement	Mgmt	For	For	Refer	For
2	Advisory Vote on Golden Parachutes	Mgmt	For	For	Refer	For
3	Adjourn Meeting	Mgmt	For	For	Refer	For
	Dissident Proxy (Gold Card)	Mgmt				
1	Approve Merger Agreement	Mgmt	Against	Do Not Vote	Refer	Do Not Vote
2	Advisory Vote on Golden Parachutes	Mgmt	Against	Do Not Vote	Refer	Do Not Vote
3	Adjourn Meeting	Mgmt	Against	Do Not Vote	Refer	Do Not Vote

**Visa Inc.**

Meeting Date: 01/28/2015 Country: USA Primary Security ID: 92826C839  
 Record Date: 12/01/2014 Meeting Type: Annual Ticker: V  
 Primary CUSIP: 92826C839 Primary ISIN: US92826C8394 Primary SEDOL: B2PZN04

Shares Voted: 19,700

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
1a	Elect Director Mary B. Cranston	Mgmt	For	For	For	For
1b	Elect Director Francisco Javier Fernandez-Carbajal	Mgmt	For	For	For	For
1c	Elect Director Alfred F. Kelly, Jr.	Mgmt	For	For	For	For
1d	Elect Director Robert W. Matschullat	Mgmt	For	For	For	For
1e	Elect Director Cathy E. Minehan	Mgmt	For	For	For	For
1f	Elect Director Suzanne Nora Johnson	Mgmt	For	For	For	For
1g	Elect Director David J. Pang	Mgmt	For	For	For	For

## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): All Locations

Institution Account(s): 5984 -Shropshire County Pension Fund

### Visa Inc.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
1h	Elect Director Charles W. Scharf	Mgmt	For	For	For	For
1i	Elect Director William S. Shanahan	Mgmt	For	For	For	For
1j	Elect Director John A. C. Swainson	Mgmt	For	For	For	For
1k	Elect Director Maynard G. Webb, Jr.	Mgmt	For	For	For	For
2	Approve Amendments to the Certificate of Incorporation to Facilitate Stock Splits	Mgmt	For	For	Refer	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For	Refer	For
4	Approve Qualified Employee Stock Purchase Plan	Mgmt	For	For	For	For
5a	Remove Supermajority Vote Requirement for Exiting Core Payment Business	Mgmt	For	For	Refer	For
5b	Remove Supermajority Vote Requirement for Future Amendments to Certain Sections of Company's Certificate of Incorporation	Mgmt	For	For	Refer	For
5c	Remove Supermajority Vote Requirement for Approval of Exceptions to Transfer Certifications	Mgmt	For	For	Refer	For
5d	Remove Supermajority Vote Requirement for Removal of Directors	Mgmt	For	For	Refer	For
5e	Remove Supermajority Vote Requirement for Future Amendments to the Advance Notice Provision in the Bylaws	Mgmt	For	For	Refer	For
6	Ratify Auditors	Mgmt	For	For	For	For

### Apple Inc.

Meeting Date: 03/10/2015

Country: USA

Primary Security ID: 037833100

Record Date: 01/09/2015

Meeting Type: Annual

Ticker: AAPL

Primary CUSIP: 037833100

Primary ISIN: US0378331005

Primary SEDOL: 2046251

Shares Voted: 51,450

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
1.1	Elect Director Tim Cook	Mgmt	For	For	For	For
1.2	Elect Director Al Gore	Mgmt	For	For	For	For
1.3	Elect Director Bob Iger	Mgmt	For	For	For	For
1.4	Elect Director Andrea Jung	Mgmt	For	For	For	For



## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): All Locations

Institution Account(s): 5984 -Shropshire County Pension Fund

## Apple Inc.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
1.5	Elect Director Art Levinson	Mgmt	For	For	For	For
1.6	Elect Director Ron Sugar	Mgmt	For	For	For	For
1.7	Elect Director Sue Wagner	Mgmt	For	For	For	For
2	Ratify Ernst & Young LLP as Auditors	Mgmt	For	For	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	Against	Refer	For
4	Approve Qualified Employee Stock Purchase Plan	Mgmt	For	For	For	For
5	Report on Risks Associated with Repeal of Climate Change Policies	SH	Against	Against	Against	Against
6	Adopt Proxy Access Right	SH	Against	For	Refer	Against

## Franklin Resources, Inc.

Meeting Date: 03/11/2015

Country: USA

Primary Security ID: 354613101

Record Date: 01/14/2015

Meeting Type: Annual

Ticker: BEN

Primary CUSIP: 354613101

Primary ISIN: US3546131018

Primary SEDOL: 2350684

Shares Voted: 85,500

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
1a	Elect Director Peter K. Barker	Mgmt	For	For	For	For
1b	Elect Director Mariann Byerwalter	Mgmt	For	For	For	For
1c	Elect Director Charles E. Johnson	Mgmt	For	For	For	For
1d	Elect Director Gregory E. Johnson	Mgmt	For	For	For	For
1e	Elect Director Rupert H. Johnson, Jr.	Mgmt	For	For	For	For
1f	Elect Director Mark C. Pigott	Mgmt	For	For	For	For
1g	Elect Director Chutta Ratnathicam	Mgmt	For	For	For	For
1h	Elect Director Laura Stein	Mgmt	For	For	For	For
1i	Elect Director Seth H. Waugh	Mgmt	For	For	For	For
1j	Elect Director Geoffrey Y. Yang	Mgmt	For	For	For	For
2	Ratify PricewaterhouseCoopers LLP as Auditors	Mgmt	For	For	For	For
3	Amend Omnibus Stock Plan	Mgmt	For	For	Refer	For

## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): All Locations

Institution Account(s): 5984 -Shropshire County Pension Fund

### Samsung Electronics Co. Ltd.

Meeting Date: 03/13/2015 Country: South Korea Primary Security ID: Y74718100  
Record Date: 12/31/2014 Meeting Type: Annual Ticker: 005930

Primary CUSIP: Y74718100 Primary ISIN: KR7005930003 Primary SEDOL: 6771720

Shares Voted: 220

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
1	Approve Financial Statements and Allocation of Income	Mgmt	For	For	For	For
2.1.1	Elect Kim Han-Joong as Outside Director	Mgmt	For	For	For	For
2.1.2	Elect Lee Byung-Gi as Outside Director	Mgmt	For	For	For	For
2.2	Elect Kwon Oh-Hyun as Inside Director	Mgmt	For	For	Against	For
2.3	Elect Kim Han-Joong as Member of Audit Committee	Mgmt	For	For	Refer	For
3	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For	Refer	For

### Canon Inc.

Meeting Date: 03/27/2015 Country: Japan Primary Security ID: J05124144  
Record Date: 12/31/2014 Meeting Type: Annual Ticker: 7751

Primary CUSIP: J05124144 Primary ISIN: JP3242800005 Primary SEDOL: 6172323

Shares Voted: 22,300

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
1	Approve Allocation of Income, with a Final Dividend of JPY 85	Mgmt	For	For	For	For
2	Amend Articles to Authorize Public Announcements in Electronic Format	Mgmt	For	For	Refer	For
3.1	Elect Director Mitarai, Fujio	Mgmt	For	For	For	For
3.2	Elect Director Tanaka, Toshizo	Mgmt	For	For	For	For
3.3	Elect Director Adachi, Yoroku	Mgmt	For	For	For	For
3.4	Elect Director Matsumoto, Shigeyuki	Mgmt	For	For	For	For
3.5	Elect Director Homma, Toshio	Mgmt	For	For	For	For
3.6	Elect Director Ozawa, Hideki	Mgmt	For	For	For	For
3.7	Elect Director Maeda, Masaya	Mgmt	For	For	For	For

## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): All Locations

Institution Account(s): 5984 -Shropshire County Pension Fund

### Canon Inc.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
3.8	Elect Director Tani, Yasuhiro	Mgmt	For	For	For	For
3.9	Elect Director Nagasawa, Kenichi	Mgmt	For	For	For	For
3.10	Elect Director Otsuka, Naoji	Mgmt	For	For	For	For
3.11	Elect Director Yamada, Masanori	Mgmt	For	For	For	For
3.12	Elect Director Wakiya, Aitake	Mgmt	For	For	For	For
3.13	Elect Director Kimura, Akiyoshi	Mgmt	For	For	For	For
3.14	Elect Director Osanal, Eiji	Mgmt	For	For	For	For
3.15	Elect Director Nakamura, Masaaki	Mgmt	For	For	For	For
3.16	Elect Director Saida, Kunitaro	Mgmt	For	For	For	For
3.17	Elect Director Kato, Hanuhiko	Mgmt	For	For	For	For
4.1	Appoint Statutory Auditor Ono, Kazuto	Mgmt	For	For	For	For
4.2	Appoint Statutory Auditor Oe, Tadashi	Mgmt	For	For	For	For
5	Approve Annual Bonus Payment to Directors	Mgmt	For	For	Refer	For

### Halliburton Company

Meeting Date: 03/27/2015

Country: USA

Primary Security ID: 406216101

Record Date: 02/17/2015

Meeting Type: Special

Ticker: HAL

Primary CUSIP: 406216101

Primary ISIN: US4062161017

Primary SEDOL: 2405302

Shares Voted: 42,700

Proposal Number	Proposal Text	Proponent	Mgmt Rec	ISS Rec	Voting Policy Rec	Vote Instruction
1	Issue Shares in Connection with Acquisition	Mgmt	For	For	Refer	For
2	Adjourn Meeting	Mgmt	For	For	Refer	For



# Corporate Governance & Responsible Investment

## Policy and Practice

We aim to maximise and protect shareholder value on behalf of our clients by exercising their voting rights. We also engage with companies both directly and collaboratively with other investors to reduce risks of corporate failure and promote best practice. We comply with the principles set out in the UK Stewardship Code and are a signatory to the UN Principles of Responsible Investment (PRI) <http://www.unpri.org/uk/en/capabilities/corporate-governance/>

In order to demonstrate key governance issues, voting statistics are divided up into main voting categories. We engage on a range of Environmental, Social, Governance (ESG) and Financial issues and integrate all components where appropriate. All UK votes are disclosed on our website.

We have extended our public voting disclosure to cover the North American and Japanese markets. These can also be found on our webpage.

LGIM votes in all major developed markets including: Europe, North America, Japan and Asia Pacific, and have minimised abstentions. We also vote in the major emerging markets and have started reporting on our activities in this region.

## Latest News and Development

### CG Annual Report

We will shortly be releasing our 2014 Corporate Governance Annual Report. We provide lots of examples of our activities across a variety of topics. The report will be available on our website.

### Diversity

LGIM continues to work hard with companies on improving diversity on boards, especially in relation to gender, as we consider this an important board effectiveness issue. In the latest Women on Boards publication from the government's Davies Committee, LGIM has been recognised as an investor which "continues to lead the way" in pushing for positive change at companies.

### France – Double voting rights

In France, the *Florange Act* provides for the automatic granting of double-voting rights to any shares held in a registered form by the same shareholder for at least two years provided that the company does not prohibit double-voting rights in its bylaws. The Act allows companies to amend their bylaws with shareholders' approval to opt-out of this automatic granting of double voting rights. LGIM wrote to all companies in the CAC40 plus a further 50+ companies asking them to uphold the principle of one share one vote by opting out in their bylaws. We featured in the *Financial Times* on this issue.

### International Corporate Governance Network (ICGN) conference in Madrid

We were a speaker at the ICGN conference in Madrid on the importance of the role of company secretaries in promoting good governance. Over 120 European investors and corporates were in attendance.

### Global Law Summit

LGIM were specifically asked to talk at the summit on shareholder activism. Lawyers globally attended on different approaches to active ownership. It is pleasing to see LGIM as a major active investor.

### US climate change – disclosure

LGIM has signed up to a collaborative letter to the SEC asking for improved disclosure of carbon asset risks by oil and gas companies. The letter discusses the carbon asset risks to these companies and investor efforts to improve disclosure through letters, dialogues, resolutions and "disclosure expectations" documents.

### World Bank letter

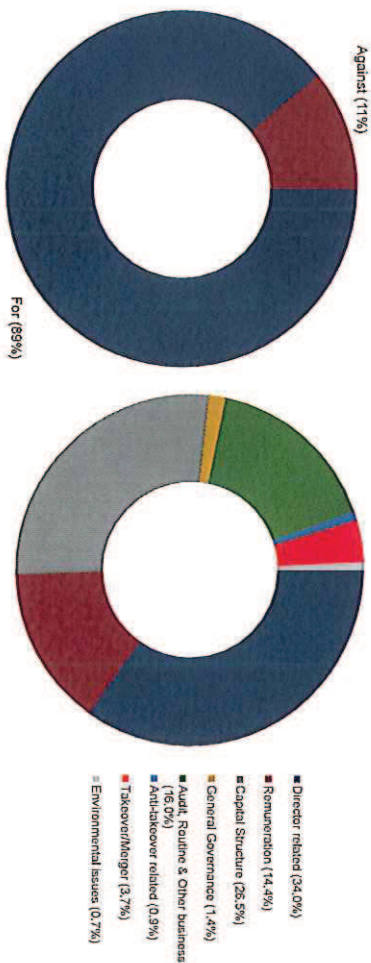
LGIM co-signed a letter sent to the World Bank regarding its draft Environmental and Social Safeguards Framework. We encouraged the World Bank not to loosen its environmental and social lending criteria, and make them more consistent with international human rights law, such as the Guiding Principles on Business and Human Rights and the UN Declaration on the Rights of Indigenous Peoples.

### Japan

A draft Corporate Governance Code was published last December by the Financial Services Authority, to which we submitted our response in their consultation in January. The Code has since been finalised and is now being incorporated into the listing rules at Tokyo Stock Exchange. We again submitted our view in their consultation, this time to the Stock Exchange, to push for progressive changes needed to transform the corporate cultures in Japan.

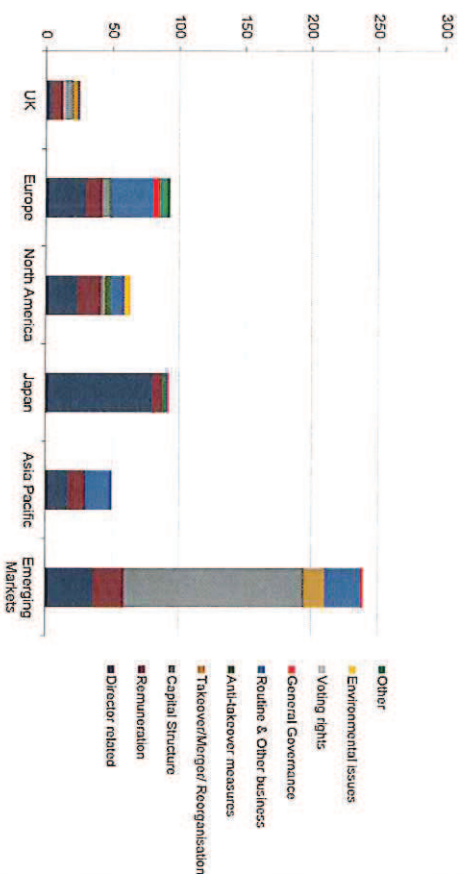
## Voting Decisions

## Against/Abstain Votes by Topic



# Corporate Governance & Responsible Investment

## Regional Breakdown of AGAINST Votes by Topic



## Key Voting Decisions

### United Kingdom

**Countrywide** M.Cap: £1.2bn **Real Estate** UK  
 We voted against the resolution at the EGM to approve a waiver on a tender-bid requirement since it could enable the major shareholder to gain creeping control without paying a bid premium to minority shareholders. 26% of investors voted against this resolution.

**Diploma** M.Cap: £925m **Industrials** UK  
 During the year to September 2014, the Remuneration Committee exercised its discretion to increase the CEO's bonus despite EPS targets not being met in full. The bonus enhancement came in the context of increases to bonus limits in 2014 and significant increases to base for 2015. We voted against the Remuneration Report due to the discretion applied to the annual bonus outcome. At the AGM, 37.4% of shareholders voted against and 13% abstained.

**Euromoney Institutional Investor** M.Cap: £1.5bn **Media** UK  
 At the company's AGM, we voted against the re-elections of four directors due to significant concerns over independence on the board and the composition of the key committees. These resolutions received between 8.6% and 10.4% votes against from investors. We also voted against the Remuneration Policy since it is not in line with best practice and the Remuneration Report due to a pay and performance disconnect and uncapped awards. These items received 12.1% and 3.1% respectively.

### US

**Apple** M.Cap:\$734bn **Technology** US  
 We continue our long term engagement with Apple and at their AGM in February, we had concerns around the remuneration awarded to Ms Angela Ahrentz in connection with her recruitment to the company. We discussed our concerns with the company expressing that such awards should be linked to the long term success of the company and that pay structures could potentially cause reputational damage. The vote received only 75% support from shareholders, down from the 97% received last year.

**Qualcomm** M.Cap:\$111bn **Technology** US  
 The company awarded a \$45m retention grant to the previous CEO which was purely time based rather than performance based. LGIM considers that retention issues should be handled within existing long term awards as discretionary extra awards are hard for us to link to performance and so difficult to approve. We voted against the say on pay vote as did 41% of shareholders, a significant vote.

### Japan

**Kyowa Hakko Kirin Co** M.Cap: JPY981bn **Pharmaceuticals** Japan  
 We voted against the election of four inside directors, as the candidates are affiliated with the controlling shareholder of the company and the board consists of less than one-third outside directors.

### Asia-Pacific

**CITIC Limited** M.Cap: HK\$359bn **Industrials** Hong Kong  
 We opposed the election of five non-executive non-independent directors because of lack of independence at board level. Even though one-third of independent directors featured on the board, in compliance with requirements outlined by the Listing Rules, one of the five independent directors had served for 21 consecutive years on the board of CITIC Limited. His extremely long tenure compromises his ability to make independent and objective judgements, and hence cannot be considered independent. We voted against 5 non-executive non-independent directors, as the independent director was not on the ballot.

**Daelim Industrial** M.Cap: KRW2.6tn **Construction** South Korea  
 We opposed management's proposal to amend the company's Articles of Incorporation, as it envisaged extending directors' term of office to three years instead of one, thus reducing their accountability to shareholders. Moreover, we voted against the election of three directors designated by management as independent, but who were employees of companies engaged in substantial transactions with Daelim Industrial. The potential conflicts of interest of directors could compromise their independence and objectivity.

**Guangzhou Baiyunshan Pharmaceutical** M.Cap: CNY42.4bn **Pharmaceuticals** China  
 We opposed management's proposals to issue A shares which represented 24.5% of total issued shares at a significant discount. The issuance of A shares was non-public and targeting exclusively the controlling shareholder and its connected companies which would have increased their stake in the company from 45.2% to 57.4%. Moreover, the share issuance would have had a considerable dilutive impact on our holdings.

# Corporate Governance & Responsible Investment

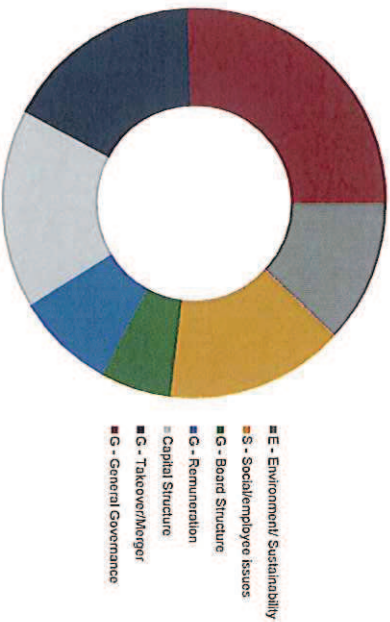
## LGM Voting Summary by Topic and Region

	UK		Europe		North America		Japan		Asia Pacific		Emerging Markets		Total					
	FOR	AGAINST	FOR	AGAINST	FOR	AGAINST	FOR	AGAINST	FOR	AGAINST	FOR	AGAINST						
Between 01/01/2015 and 31/03/2015	Director related	496	4	304	28	2	362	9	11	395	79	1	269	17	233	36	2246	
	Remuneration	132	9	61	11	73	12	20	7	121	13	25	23	507	25	23	507	
	Capital structure	260	6	91	6	15	2	4		6		213	135	738	213	135	738	
	Voting rights																	
	General governance																	
	Audit, Routine and company business	333	1	293	16	3	67	9	37	268	20	194	26	1267	333	1	1267	
	Anti-takeover related	54		2	1	22	1	3						83	54		83	
	Takeover/merger/reorganisation	19	4	4		16	1	12		8		133	16	213	19	4	213	
	Social issues																	
	SP – Anti-takeover measures																	
SP – Director related							2	4								4	10	
SP - Remuneration					1		1	5									7	
SP - Capital structure																		
SP - Voting rights																		
Shareholder Proposals																		
SP – Corporate Governance				5		1		1			1				1	2	10	
SP - Routine and company business				12		2	1	1			1				1	1	20	
SP – Health/Environment							4										4	
SP - Social issues							1										1	
SP - Other				8		3	4										15	
Total Votes	1294	24	757	88	5	564	53	11	468	91	1	672	50	804	239		5121	
Total number of resolutions	1318		850	82		628	46		560	722		1043		369			5121	
Annual General Meetings (AGM)	82		46	8		19	0		45	117		33		113			369	
Extraordinary General Meetings (EGM)	40		8	52		63	8		0	8		113		124			369	
Number of companies voted at	113		52	63		63	45		45	121		124		124			187	
																	517	

The above table details the voting that has been carried out for the PMC UK, Europe, North America, Japan, Asia Pacific and Emerging Markets – Equity Index Funds

# Corporate Governance & Responsible Investment

## Engagement Topics & Frequencies



Meetings covering one or more of ESG and F topics\*

Topic	E	S	G	F	Total
Environment/sustainability	36				36
Social/employee issues		45			45
Board Structure			120		120
Remuneration				48	48
Capital Structure					157
Takeover/merger					77
General Governance**					77

\*Please note meetings may be double counted as we often discuss more than one issue in a meeting.  
 \*\*General Governance category covers topics including general corporate governance issues, company performance and strategy, audit and risk, and voting rights.

## Key Company Engagements on E(Environmental), S(Social), G(Governance) and F(Financial) Topics

Standard Chartered M.Cap: £27.2bn Banks UK G

Subject: Board structure  
 In 2014 we engaged with the Senior Independent Director (SID) to understand the time line for change on the board of the company. At the end of 2014 we also met the executives to discuss business strategy as well as capital requirements and regulation in the US following significant lapses in its anti-money-laundering procedures which resulted in receiving a significant fine. We held a further meeting with the SID in January to discuss progress amid much press speculation. In February the company announced changes to the CEO later this year and the chairman in 2016, as well as reducing the size of the board to 14 members.

Microsoft M.Cap: \$341bn Technology US ES

Subject: Environmental and Social Issues  
 We have been engaging with Microsoft for several years not only on governance issues but also around their work on sustainability. We met the head of CSR to discuss issues such as cyber security and data surveillance, climate change, and the enhancement of the auditing process of their supply chain to improve transparency and accountability around this important area.

Chevron M.Cap: \$201bn Oil & Gas US E

Subject: Climate change  
 We are focused on the climate change issue with Chevron as we believe the company needs to be involved in the debate around how regulation in this area will affect their business strategy. The company states that they have done an assessment in this area but are reluctant to disclose this analysis to shareholders. We have warned the company that this could be translated as a lack of concern and focus. We also discussed general governance updates and the accountability on the board for environmental issues.

Mitsubishi Corp M.Cap: JPY4tn Industrial Japan EG

Subject: General Corporate Governance and Environment  
 At the beginning of the year, we engaged with Mitsubishi Corp, one of Japan's largest general trading companies, focusing especially on corporate governance-related issues, including board structure and independence. While we acknowledged the company's progressive approach towards corporate governance, compared to its Japanese peers, we have encouraged Mitsubishi to further introduce truly independent directors with business experience at other listed companies that have had no related transactions with Mitsubishi. Besides, given that the company owns stakes in fossil fuel projects, such as coal mines, and derives parts of its revenues from fossil fuel trade, we have questioned the long term viability of such activities and whether it recognises the risk of those assets becoming stranded.

Samsung Electronics M.Cap: KR₩245tn Technology South Korea G

Subject: Shareholder Rights

We met Samsung Electronics to assess whether the company made any progress in simplifying its complex ownership structure which is characterised by a web of cross-holdings involving companies within the Samsung universe. This allows the funding family to exercise control over 70 companies, including Samsung Electronics, in spite of owning only a small fraction of the outstanding shares. Although the company plans to sell its minority stakes in non-business related sectors, such as chemicals and defence, this move will do little to simplify the capital structure of the company and will not remove cross-holdings. The company failed to provide in-depth information on how it plans to approach the issue which seems to affect other large conglomerates in Korea. We will, thus, continue our conversation with the company.





## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015  
 Location(s): Massachusetts Financial Services  
 Institution Account(s): MFS Investment Fund - Global Equity Fund

### Medtronic, Inc.

**Meeting Date:** 01/06/2015      **Country:** USA      **Primary Security ID:** 585055106      **Meeting ID:** 930664  
**Record Date:** 11/18/2014      **Meeting Type:** Special      **Ticker:** MDT

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Approve Merger Agreement	Mgmt	For	For
2	Approve Reduction of Share Premium Account	Mgmt	For	For
3	Advisory Vote on Golden Parachutes	Mgmt	For	For
4	Adjourn Meeting	Mgmt	For	For

### Grupo Financiero Banorte S.A.B. de C.V.

**Meeting Date:** 01/21/2015      **Country:** Mexico      **Primary Security ID:** P49501201      **Meeting ID:** 935640  
**Record Date:** 01/09/2015      **Meeting Type:** Special      **Ticker:** GFORTEO

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
	Ordinary Business	Mgmt		
1	Approve Cash Dividends of MXN 0.2435 Per Share	Mgmt	For	For
2	Authorize Board to Ratify and Execute Approved Resolutions	Mgmt	For	For

### Visa Inc.

**Meeting Date:** 01/28/2015      **Country:** USA      **Primary Security ID:** 92826C839      **Meeting ID:** 933655  
**Record Date:** 12/01/2014      **Meeting Type:** Annual      **Ticker:** V

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Mary B. Cranston	Mgmt	For	For
1b	Elect Director Francisco Javier Fernandez-Carbajal	Mgmt	For	For
1c	Elect Director Alfred F. Kelly, Jr.	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS Investment Fund - Global Equity Fund

### Visa Inc.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1d	Elect Director Robert W. Matschullat	Mgmt	For	For
1e	Elect Director Cathy E. Minehan	Mgmt	For	For
1f	Elect Director Suzanne Nora Johnson	Mgmt	For	For
1g	Elect Director David J. Pang	Mgmt	For	For
1h	Elect Director Charles W. Scharf	Mgmt	For	For
1i	Elect Director William S. Shanahan	Mgmt	For	For
1j	Elect Director John A. C. Swainson	Mgmt	For	For
1k	Elect Director Maynard G. Webb, Jr.	Mgmt	For	For
2	Approve Amendments to the Certificate of Incorporation to Facilitate Stock Splits	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
4	Approve Qualified Employee Stock Purchase Plan	Mgmt	For	For
5a	Remove Supermajority Vote Requirement for Exiting Core Payment Business	Mgmt	For	For
5b	Remove Supermajority Vote Requirement for Future Amendments to Certain Sections of Company's Certificate of Incorporation	Mgmt	For	For
5c	Remove Supermajority Vote Requirement for Approval of Exceptions to Transfer Certifications	Mgmt	For	For
5d	Remove Supermajority Vote Requirement for Removal of Directors	Mgmt	For	For
5e	Remove Supermajority Vote Requirement for Future Amendments to the Advance Notice Provision in the Bylaws	Mgmt	For	For
6	Ratify Auditors	Mgmt	For	For

### Sally Beauty Holdings, Inc.

Meeting Date: 01/29/2015

Country: USA

Primary Security ID: 79546E104

Meeting ID: 932606

Record Date: 12/01/2014

Meeting Type: Annual

Ticker: SBH

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.1	Elect Director Katherine Button Bell	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS Investment Fund - Global Equity Fund

### Sally Beauty Holdings, Inc.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1.2	Elect Director John R. Gollither	Mgmt	For	For
1.3	Elect Director Robert R. McMaster	Mgmt	For	For
1.4	Elect Director Susan R. Mulder	Mgmt	For	For
1.5	Elect Director Edward W. Rabin	Mgmt	For	For
1.6	Elect Director Gary G. Winterhalter	Mgmt	For	For
2	Amend Omnibus Stock Plan	Mgmt	For	For
3	Ratify Auditors	Mgmt	For	For

### Rockwell Automation, Inc.

Meeting Date: 02/03/2015

Country: USA

Primary Security ID: 773903109

Meeting ID: 934442

Record Date: 12/08/2014

Meeting Type: Annual

Ticker: ROK

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
A1	Elect Director Betty C. Alewine	Mgmt	For	For
A2	Elect Director J. Phillip Holloman	Mgmt	For	For
A3	Elect Director Verne G. Istock	Mgmt	For	For
A4	Elect Director Lawrence D. Kingsley	Mgmt	For	For
A5	Elect Director Lisa A. Payne	Mgmt	For	For
B	Ratify Auditors	Mgmt	For	For
C	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
D	Adopt Majority Voting for Uncontested Election of Directors	Mgmt	For	For

### Accenture plc

Meeting Date: 02/04/2015

Country: Ireland

Primary Security ID: G1151C101

Meeting ID: 933848

Record Date: 12/09/2014

Meeting Type: Annual

Ticker: ACN

## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS Investment Fund - Global Equity Fund

### Accenture plc

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Jaime Ardila	Mgmt	For	For
1b	Elect Director Dina Dublon	Mgmt	For	For
1c	Elect Director Charles H. Giancarlo	Mgmt	For	For
1d	Elect Director William L. Kimsey	Mgmt	For	For
1e	Elect Director Marjorie Magner	Mgmt	For	For
1f	Elect Director Blythe J. McGarvie	Mgmt	For	For
1g	Elect Director Pierre Nanterme	Mgmt	For	For
1h	Elect Director Gilles C. Pellisson	Mgmt	For	For
1i	Elect Director Paula A. Price	Mgmt	For	For
1j	Elect Director Wulf von Schimmelmann	Mgmt	For	For
1k	Elect Director Frank K. Tang	Mgmt	For	For
2	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	For
3	Ratify Auditors	Mgmt	For	For
4	Authorize Issuance of Equity or Equity-Linked Securities with Preemptive Rights	Mgmt	For	For
5	Authorize Issuance of Equity or Equity-Linked Securities without Preemptive Rights	Mgmt	For	For
6	Authorize the Holding of the 2016 AGM at a Location Outside Ireland	Mgmt	For	For
7	Authorize Open-Market Purchases of Class A Ordinary Shares	Mgmt	For	For
8	Determine the Price Range at which Accenture Plc can Re-issue Shares that it Acquires as Treasury Stock	Mgmt	For	For

### Compass Group plc

Meeting Date: 02/05/2015

Record Date: 02/03/2015

Country: United Kingdom

Meeting Type: Annual

Primary Security ID: G23296190

Ticker: CPG

Meeting ID: 931274

## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS Investment Fund - Global Equity Fund

## Compass Group plc

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Accept Financial Statements and Statutory Reports	Mgmt	For	For
2	Approve Remuneration Policy	Mgmt	For	For
3	Approve Remuneration Report	Mgmt	For	For
4	Approve Final Dividend	Mgmt	For	For
5	Elect Carol Arrowsmith as Director	Mgmt	For	For
6	Re-elect Dominic Blakemore as Director	Mgmt	For	For
7	Re-elect Richard Cousins as Director	Mgmt	For	For
8	Re-elect Gary Green as Director	Mgmt	For	For
9	Re-elect Andrew Martin as Director	Mgmt	For	For
10	Re-elect John Bason as Director	Mgmt	For	For
11	Re-elect Susan Murray as Director	Mgmt	For	For
12	Re-elect Don Robert as Director	Mgmt	For	For
13	Re-elect Sir Ian Robinson as Director	Mgmt	For	For
14	Re-elect Paul Walsh as Director	Mgmt	For	For
15	Appoint KPMG LLP as Auditors	Mgmt	For	For
16	Authorise Board to Fix Remuneration of Auditors	Mgmt	For	For
17	Authorise EU Political Donations and Expenditure	Mgmt	For	For
18	Amend Long Term Incentive Plan 2010	Mgmt	For	For
19	Authorise Issue of Equity with Pre-emptive Rights	Mgmt	For	For
20	Authorise Issue of Equity without Pre-emptive Rights	Mgmt	For	For
21	Authorise Market Purchase of Ordinary Shares	Mgmt	For	For
22	Authorise the Company to Call EGM with Two Weeks' Notice	Mgmt	For	For

## Franklin Resources, Inc.

Meeting Date: 03/11/2015  
Record Date: 01/14/2015

Country: USA  
Meeting Type: Annual

Primary Security ID: 354613101  
Ticker: BEN

Meeting ID: 938461

## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS Investment Fund - Global Equity Fund

### Franklin Resources, Inc.

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Peter K. Barker	Mgmt	For	For
1b	Elect Director Mariann Byerwalter	Mgmt	For	For
1c	Elect Director Charles E. Johnson	Mgmt	For	For
1d	Elect Director Gregory E. Johnson	Mgmt	For	For
1e	Elect Director Rupert H. Johnson, Jr.	Mgmt	For	For
1f	Elect Director Mark C. Pigott	Mgmt	For	For
1g	Elect Director Chutta Ratnathicam	Mgmt	For	For
1h	Elect Director Laura Stein	Mgmt	For	For
1i	Elect Director Seth H. Waugh	Mgmt	For	For
1j	Elect Director Geoffrey Y. Yang	Mgmt	For	For
2	Ratify PricewaterhouseCoopers LLP as Auditors	Mgmt	For	For
3	Amend Omnibus Stock Plan	Mgmt	For	For

### The Walt Disney Company

Meeting Date: 03/12/2015

Country: USA

Primary Security ID: 254687106

Meeting ID: 937784

Record Date: 01/12/2015

Meeting Type: Annual

Ticker: DIS

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1a	Elect Director Susan E. Arnold	Mgmt	For	Against
1b	Elect Director John S. Chen	Mgmt	For	For
1c	Elect Director Jack Dorsey	Mgmt	For	For
1d	Elect Director Robert A. Iger	Mgmt	For	For
1e	Elect Director Fred H. Langhammer	Mgmt	For	Against
1f	Elect Director Aylwin B. Lewis	Mgmt	For	Against
1g	Elect Director Monica C. Lozano	Mgmt	For	Against
1h	Elect Director Robert W. Matschullat	Mgmt	For	For
1i	Elect Director Sheryl K. Sandberg	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS Investment Fund - Global Equity Fund

## The Walt Disney Company

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1j	Elect Director Orin C. Smith	Mgmt	For	For
2	Ratify PricewaterhouseCoopers LLP as Auditors	Mgmt	For	For
3	Advisory Vote to Ratify Named Executive Officers' Compensation	Mgmt	For	Against
4	Require Independent Board Chairman	SH	Against	For
5	Pro-rata Vesting of Equity Awards	SH	Against	Against

## Samsung Electronics Co. Ltd.

Meeting Date: 03/13/2015

Country: South Korea

Primary Security ID: Y74718100

Meeting ID: 942263

Record Date: 12/31/2014

Meeting Type: Annual

Ticker: 005930

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Approve Financial Statements and Allocation of Income	Mgmt	For	For
2.1.1	Elect Kim Han-Joong as Outside Director	Mgmt	For	For
2.1.2	Elect Lee Byung-Gi as Outside Director	Mgmt	For	For
2.2	Elect Kwon Oh-Hyun as Inside Director	Mgmt	For	For
2.3	Elect Kim Han-Joong as Member of Audit Committee	Mgmt	For	For
3	Approve Total Remuneration of Inside Directors and Outside Directors	Mgmt	For	For

## Carlsberg

Meeting Date: 03/26/2015

Country: Denmark

Primary Security ID: K36628137

Meeting ID: 943290

Record Date: 03/19/2015

Meeting Type: Annual

Ticker: CARL B

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Receive Report of Board	Mgmt		
2	Approve Financial Statements and Statutory Report; Approve Discharge of Directors	Mgmt	For	For

## Vote Summary Report

Date range covered: 01/01/2015 to 03/31/2015

Location(s): Massachusetts Financial Services

Institution Account(s): MFS Investment Fund - Global Equity Fund

### Carlsberg

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
3	Approve Allocation of Income and Dividends of DKK 9.00 Per Share	Mgmt	For	For
4	Approve Guidelines for Incentive-Based Compensation for Executive Management and Board	Mgmt	For	For
5.a	Reelect Flemming Besenbacher as Director	Mgmt	For	For
5.b	Reelect Richard Burrows as Director	Mgmt	For	For
5.c	Reelect Donna Cordner as Director	Mgmt	For	For
5.d	Reelect Elisabeth Fleuriot as Director	Mgmt	For	For
5.e	Reelect Cornelis van der Graaf as Director	Mgmt	For	For
5.f	Reelect Carl Bache as Director	Mgmt	For	For
5.g	Reelect Soren-Peter Olesen as Director	Mgmt	For	For
5.h	Reelect Nina Smith as Director	Mgmt	For	For
5.i	Reelect Lars Stemmerik as Director	Mgmt	For	For
5.j	Elect Lars Sorensen as Director	Mgmt	For	For
6	Ratify KPMG as Auditors	Mgmt	For	For

### Credicorp Ltd.

Meeting Date: 03/31/2015

Country: Bermuda

Primary Security ID: G2519Y108

Meeting ID: 939735

Record Date: 02/11/2015

Meeting Type: Annual

Ticker: BAP

Proposal Number	Proposal Text	Proponent	Mgmt Rec	Vote Instruction
1	Present 2014 Annual Report	Mgmt		
2	Approve Audited Consolidated Financial Statements of Credicorp and its Subsidiaries for FY 2014, Including External Auditors' Report	Mgmt	For	For
3	Appoint PricewaterhouseCoopers as External Auditors and Authorize Board to Fix Their Remuneration	Mgmt	For	For





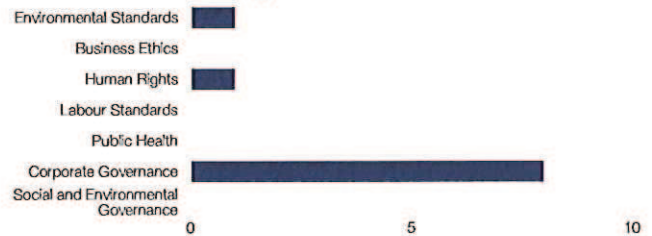
## Shropshire County Council

The purpose of the **reo**<sup>®</sup> (responsible engagement overlay)\* service is to engage with companies held in portfolios with a view to promoting the adoption of better environmental, social and governance (ESG) practices. The **reo**<sup>®</sup> approach focuses on enhancing long-term investment performance by making companies more commercially successful through safer, cleaner, and more accountable operations that are better positioned to deal with ESG risks and opportunities. Through a combination of constructive dialogue and active share voting, **reo**<sup>®</sup> works to drive behavioural change with companies, and records successful outcomes as 'milestones' – changes in corporate policies or behaviour following intervention.

### COMPANIES ENGAGED THIS QUARTER

Companies engaged	40
Milestones achieved	10
Countries covered	1

### Milestones achieved by issue



### Companies engaged by country







### Companies engaged by issue \*\*



# Company Engagement and Your Fund

Name	Country	Priority Company	Engagement	Milestones	In this report	Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Social and Environmental Governance
3i Infrastructure Plc	United Kingdom			✓	✓							
Alternativa Networks	United Kingdom		✓		✓							
Anglo American	United Kingdom	✓	✓		✓	🌍			👤			🌱
Barclays	United Kingdom	✓	✓		✓		🏢					🏢
BG Group	United Kingdom	✓	✓		✓							🏢
Bluecrest Alblue Fund Ltd	United Kingdom		✓		✓							🏢
BP	United Kingdom	✓	✓	✓	✓	🌍	🏢		👤			🏢
Brit Plc	United Kingdom		✓		✓							🏢
British American Tobacco	United Kingdom	✓	✓	✓	✓							🏢
Caledonia Investments	United Kingdom		✓		✓							🏢
Cambian Group plc	United Kingdom		✓		✓							🏢
Centamin Plc	United Kingdom		✓		✓							🏢
City of London Investment Trust Plc	United Kingdom		✓		✓							🏢
Daejan Holdings Plc	United Kingdom		✓		✓							🏢
Development Securities	United Kingdom		✓		✓							🏢
Diploma plc	United Kingdom		✓		✓							🏢
Domino Printing Services	United Kingdom			✓	✓							🏢
Edinburgh Worldwide Investment Trust	United Kingdom		✓		✓							🏢
Enterprise Inns	United Kingdom		✓		✓							🏢
Ferrexpo Plc	United Kingdom		✓		✓							🏢
Hellermann Tyton Group plc	United Kingdom		✓		✓							🏢
Henderson European Focus Trust plc	United Kingdom			✓	✓							🏢
Hikma Pharmaceuticals Plc	United Kingdom			✓	✓							🏢
Hill & Smith Holdings Plc	United Kingdom		✓		✓							🏢
HSBC	United Kingdom	✓	✓		✓	🌍	🏢					🏢
Iuka Resources Ltd	United Kingdom		✓		✓							🏢
James Fisher	United Kingdom			✓	✓							🏢
JD Sports Fashion plc	United Kingdom		✓		✓							🏢
Jupiter Fund Management	United Kingdom		✓		✓							🏢
Lloyds Banking Group	United Kingdom		✓		✓							🏢
Lowland Investment Company PLC	United Kingdom			✓	✓							🏢
Nostrum Oil & Gas	United Kingdom		✓		✓							🏢
Novae Group Plc	United Kingdom		✓		✓							🏢
Paypoint plc	United Kingdom		✓		✓							🏢
Perpetual Income and Growth Investment Trust plc	United Kingdom		✓		✓							🏢
Personal Assets Trust Plc	United Kingdom		✓		✓							🏢
Petra Diamonds Ltd	United Kingdom			✓	✓			👤				🏢
Premier Farnell	United Kingdom		✓		✓							🏢
Riverstone Energy Ltd	United Kingdom		✓		✓							🏢
Royal Bank of Scotland Group	United Kingdom		✓		✓							🏢
Royal Dutch Shell	United Kingdom	✓	✓		✓	🌍						🏢

# Company Engagement and Your Fund

Name	Country	Priority Company		Environmental Standards	Business Ethics	Human Rights	Labour Standards	Public Health	Corporate Governance	Social and Environmental Governance
		Engagement	Milestones in this report							
Safestore Holdings	United Kingdom	✓	✓							
Scottish Investment Trust Plc	United Kingdom	✓	✓							
SOCO International	United Kingdom	✓	✓							
SSE Plc	United Kingdom	✓	✓							
Synthomer plc	United Kingdom	✓	✓							
Télecom Plus plc	United Kingdom	✓	✓							

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Committee and date  
Pensions Committee

26 June 2015

10.00am

Item

**14**

Public

## PENSIONS ADMINISTRATION MONITORING REPORT

**Responsible Officer** Debbie Sharp

Email: [Debbie.sharp@shropshire.gov.uk](mailto:Debbie.sharp@shropshire.gov.uk)

Tel: 01743 252192

Fax: 01743 255901

### 1. Summary

- 1.1 The report provides Members with monitoring information on the performance of and issues affecting the Pensions Administration Team.

### 2. Recommendations

- 2.1 Members are asked to accept the position as set out in the report.

## REPORT

### 3. Risk Assessment and Opportunities Appraisal

#### 3.1 Risk Management

Performance is considered and monitored to ensure regulatory timescales and key performance indicators are adhered to. Administration risks are identified and managed and are reported to committee on an annual basis.

#### 3.2 Human Rights Act Appraisal

The recommendations contained in this report are compatible with the Human Rights Act 1998.

#### 3.3 Environmental Appraisal

There is no direct environmental, equalities or climate change consequence of this report.

#### 3.4 Financial Implications

Managing team performance and working with other Administering Authorities ensures costs to scheme employers for Scheme Administration are reduced. However, it must be noted that the introduction of the 2014 LGPS and the increased governance being introduced by the Public Services Pension Act 2013 will increase the resources required by the administration team. Reconciling the Funds Guaranteed Minimum Pension Liabilities with HMRC will have a direct cost for the Fund but if this is not undertaken the Fund risks taking on

financial liabilities it didn't need to and having its data called into question by the Fund Actuary.

#### 4. Performance and Team Update

- 4.1 The team's output and performance levels to the end of May 2015 are attached at **Appendix A**.
- 4.2 Over the last quarter the number of procedures outstanding has increased. This is as a result of a delay in being able to recruit to vacant posts and the increase in workload due to the collection and processing of year end data.
- 4.3 As previously reported a middleware service called I-Connect (supplied by I-connect Ltd) is being piloted for 2 years. A full data match between Shropshire Council payroll and the Pension Administration software was undertaken and mismatches have been shared with the Council. The same procedure has been undertaken with Telford and Wrekin and all mismatches have been corrected. It is hoped that live data may be able to be processed in July for Telford and Wrekin Council.
- 4.4 All Fund pensioners with a qualifying pension received the annual increase due under the Pension Increase (Review Order) 2015 (SI 2015/671) from 6<sup>th</sup> April 2015. The increase due was 1.2%. All records have been successfully updated.

#### 5. Help Desk Statistics

- 5.1 The following chart shows the number of queries received through the helpline number.

	February 2015	March 2015	April 2015
Telephone calls received	786	812	914
Queries dealt with by helpdesk at first point of contact %*	89.57%	94.58%	94.64%
Users to the Website	1054	1947	2472

\* Where queries have not been dealt with by helpdesk, this will usually mean that the calls have been picked up by the rest of the team outside of the helpdesk.

#### 6. GMP Reconciliation

- 6.1 As previously reported following the end of contracting out in April 2016, HMRC will be sending a statement to all individuals affected stating the amount of Guaranteed Minimum Pension (GMP) they will

receive and who is responsible for paying for it. Ahead of this, HMRC is advising that schemes should reconcile the GMP values they hold for members with those calculated by HMRC or face making overpayments to existing members and even individuals for whom they believe they have no liability.

- 6.2 The GMP Reconciliation exercise has now commenced. The initial match-up exercise has been awarded externally and initial results are due to be known by Mid July.
- 6.7 Next steps will then be investigated once the number of mismatches have been identified.

## **7. The Pension Regulator Code of Practice**

- 7.1 The Pensions Regulator has now issued a “Compliance and Enforcement Policy for public service pension schemes” which is effective immediately. This Policy clarifies that all Public Sector Schemes must comply with their Code of practice, reported on the 20 March 2015 to committee.
- 7.2 The policy shows how the Pensions Regulator will monitor whether the Fund is being run appropriately and the sanctions if not. Funds will need to show how it complies with the code in the following ways;
- Pension Board Knowledge and Understanding
  - That there are no conflicts of interest
  - That records are complete and accurate – this area is dependent on the Fund employers providing the employee data accurately in the first place.
  - That there are good internal controls in place; are risks identified then mitigated or managed?
  - Is member communication accurate, timely and clear? – Again this can rely on data being provided accurately and on time by employers e.g. Annual Benefit Statements.
  - Logging all Internal Disputes
- 7.3 The Pensions Regulator’s free e-learning programme aimed at those running public service pension schemes is to be trialled by officers; <https://education.thepensionsregulator.gov.uk/login/index.php>. The programme has seven courses covering the governance and administration of public service schemes; conflicts of interest, managing risk and internal controls, maintaining accurate member data, maintaining member contributions, providing information to members and others, resolving internal disputes and reporting breaches of the law.
- 7.4 Internal processes are being implemented to try and ensure the Fund will be able to show it is compliant with the Code. The policy makes clear that the Pension Regulator has real powers to investigate and intervene where standards are not complying with legal requirements

enforcing that governance and administration are more important in the LGPS than ever.

## **8. Pension Freedom and Choice - LGPS**

- 10.1 From April 2015, non-pensioner LGPS members are able to transfer their LGPS benefits to defined contribution (DC) arrangements. However for the first time, from the age of 55 or over, they will have full access to the cash transferred to those arrangements.
- 10.3 Scheme members are now obliged to take advice from an authorised Financial Conduct Authority (FCA) Independent Financial Advisor (IFA) at their own cost before making a transfer from safeguarded benefits (includes LGPS) to flexible benefits if the transfer amount is above £30,000. The Fund will have to check that a member has received independent advice and that it was from a reputable source. Our processes have been updated to ensure compliance.

## **9. Communications**

- 9.1 Two training sessions have recently been run. The first was provided to all Fund Employers on the Pension implications of staff transfers when service contracts are outsourced. John Livesey, Scheme Actuary, delivered the training together with his colleague Mark Wilson. Feedback from this session was very positive. The second was provided for Academies and covered their responsibilities in the LGPS with practical guidance of how to undertake them.
- 9.2 Retired scheme members received their P60, April payslip and pension increase notification in April as a combined document. This was introduced last year to reduce costs. This was issued with the Spring 2015 edition of Intouch.  
[https://shropshirecountypensionfund.co.uk/?page\\_id=1317](https://shropshirecountypensionfund.co.uk/?page_id=1317)
- 9.3 The team is currently setting up a website for the Fire Authority, for their Fire Fighters. This site will sit within the main Shropshire County Pension Fund site. The work required to implement the changes to firefighters Pension Scheme as a result of their new scheme in 2015 is now underway.
- 9.4 All Deferred Members will receive their Annual Benefit Statement by 30 June 2015. This statement provides them with the current value of their benefit, the date benefits are payable from together with the value of any dependants benefits that could be payable. A newsletter will accompany the statement.
- 9.5 Retirement presentations have been run on site for two Employers.
- 9.6 Annual Benefit Statements for Active members this year have to be issued by 31st August 2015 and will be the first year career average benefits accrued since the scheme reforms on 1<sup>st</sup> April 2014 will be



included. The increased complexity of the Scheme's benefits structure means that annual benefit statements that are helpful and easy to understand for the member are becoming ever more difficult to produce. Shropshire is leading on collaboration with neighbouring Funds to design and use one statement. This will help cut production costs of the statement and give consistency to employees across the region. Economies of scale will also reduce production costs for the smaller Funds within the collaboration.

## 10 Legislative Update

10.1 The Local Government Pension Scheme (Amendment) Regulations 2015 were made on 17th March and came into force on 11th April 2015. The Amendment Regulations made amendments to:

- the Local Government Pension Scheme Regulations 2013, and
- the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014

The amendments have been communicated to the membership and Fund Employers as required under Disclosure Regulations.

## 11 Annual Meeting

11.1 This year's annual meeting will be held in the Council Chamber, Shirehall, Shrewsbury, on the morning of 12<sup>th</sup> November. Please ensure the date is saved in your diaries.

## 12 Governance – Pension Board

12.1 Appointments have now been made to the roles on the Shropshire Pension Board. The Member Representatives are Mr M Morris and Mrs P Hockley. The Employer Representatives are Mrs E Furey and Mr S Wheeler. The first Board meeting is scheduled for Monday 27<sup>th</sup> July.

### List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)

Pensions Committee Meeting 20 March 2015 Pensions Administration Report

#### Cabinet Member (Portfolio Holder)

NA

#### Local Member

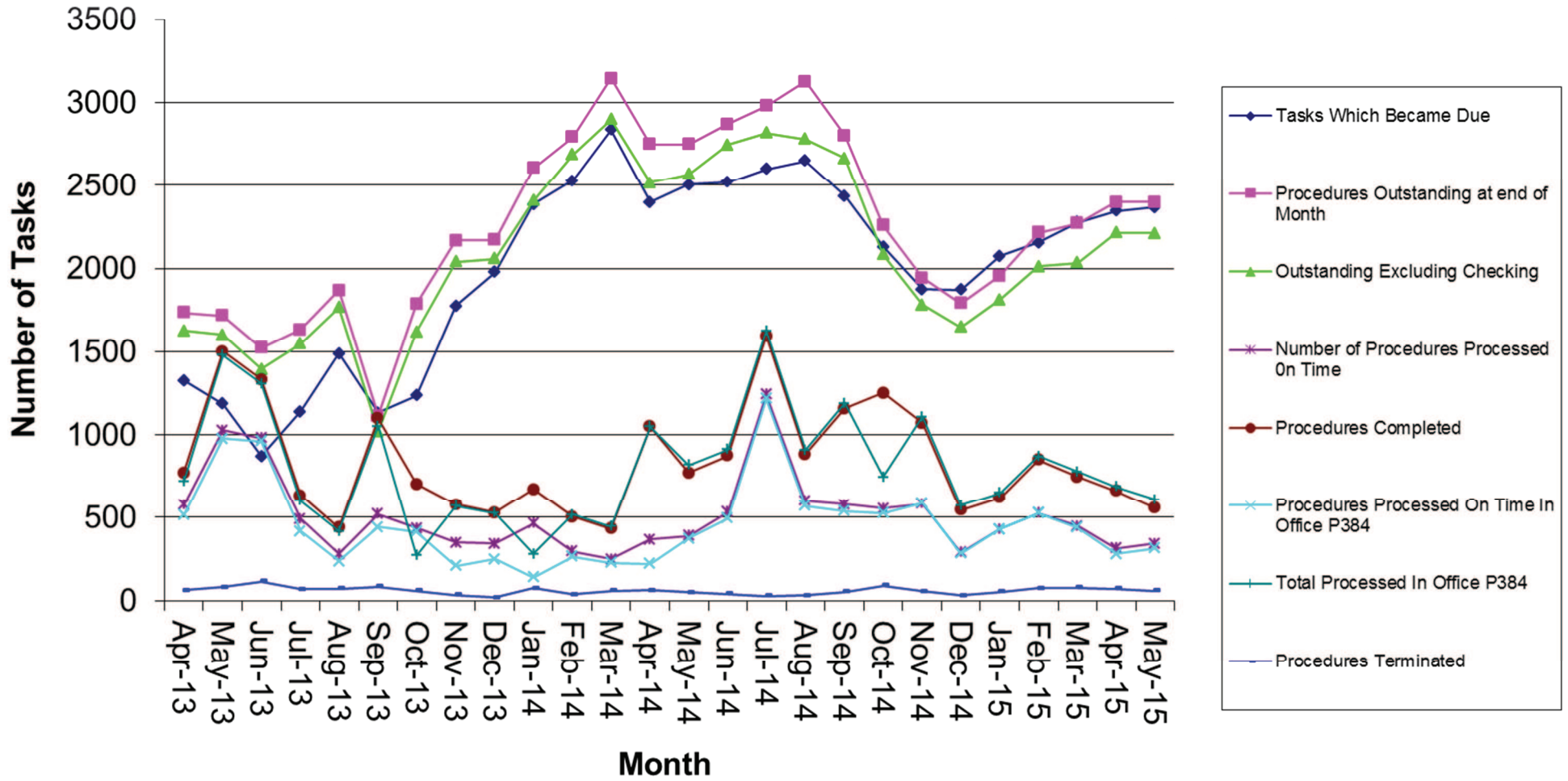
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#### Appendices

Appendix A – Performance Monitoring

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### Task Statistics



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<u>Committee and Date</u>	<u>Item</u>
Pensions Committee	<b>15</b>
26 June 2015	
10.00am	Public

## **POLICY UPDATE - GOVERNANCE COMPLIANCE STATEMENT, COMMUNICATIONS POLICY AND PENSIONS ADMINISTRATION STRATEGY**

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### **1. Summary**

1.1 The report outlines the requirement to produce and keep updated certain Policies under the Local Government Pension Scheme legislation and in line with the best practice principles published by the Communities & Local Government Department. This report recommends updates to three policies; the Governance Compliance Statement, the Communication Policy and Pensions Administration Strategy.

### **2. Recommendations**

- 2.1 The Committee is asked to approve, with or without comment, the revised Governance Compliance Statement at Appendix A. and
- 2.2 The Communication Policy at Appendix B. and
- 2.3 The Pensions Administration Strategy at Appendix C

## **REPORT**

### **3. Risk Assessment and Opportunities Appraisal**

- 3.1 Risk management is considered by Committee in making decisions under the governance arrangements outlined.
- 3.2 The recommendations contained in this report are compatible with the provisions of the Human Rights Act 1998.
- 3.3 There are no direct environmental, equalities or climate change consequences of this proposal.

- 3.4 The reviewed policies will be issued to employers and published on the Scheme's website.

## 4. Financial Implications

- 4.1 There are no direct financial implications arising from this report.

## 5. Background

### Governance Compliance Statement

- 5.1 In February 2006 Members approved the Governance Compliance Statement for the Shropshire Fund which outlined the governance arrangements that had been in existence since 1994. This document was published following consultation with employers.
- 5.2 The Governance Compliance Statement was last updated and approved by Committee in March 2015 following the creation of the Pensions Board.

### Communication Policy

- 5.3 The Local Government Pension Scheme Regulations 2013 states that an administering authority must prepare maintain and publish a written statement setting out its policy concerning communications with members, representatives of members, prospective members and scheme employers.
- 5.4 The Communications Policy was last reviewed in June 2014 to take account of changes in legislation from the introduction of the new LGPS Regulations and other relevant legislation. Fund Employers were advised on the changes.

### Pension Administration Strategy

- 5.5 The Local Government Pension Scheme Regulations 2013 enables the Pension Fund Administering Authorities to publish a strategy for the sole purpose of improving the processes with their Fund.
- 5.6 The Shropshire County Pension Fund introduced its Pension Administration Strategy in June 2012 and the latest version was approved at committee in June 2014.

### Statement of Investment Principles

- 5.7 There are no changes currently required to the Statement of Investment Principles which was approved by Committee on 20 March 2014. This document is due to be updated later in the year when the changes in relation to unconstrained bonds and Liability Driven Investment have been implemented.

## 6. Annual Review

- 6.1 The Governance Compliance Statement was recently updated to take account of the creation of the local pension board. However this was prior to the annual review being undertaken.
- 6.2 Over the last year the application of the Administering Authority discretions have been monitored to ensure they are relevant and being applied. As a result several discretions have been removed as they are no longer relevant and a couple need to be rewritten.
- 6.3 Of note is the discretion that where an Employer no longer exists within the Fund the Employer's discretion passes to the Fund. A discretion has been added that should the Fund be asked to exercise these discretions then the case will be looked at individually however additional costs will be given a significant relevance in reaching the decision. The decision in these circumstances is recommended to be delegated to the Scheme Administrator.
- 6.4 Also the Fund can charge employers interest on late payments. The current Policy states interest will be charged. As interest rates are currently so low it is recommended that, as it is no longer always cost effective to collect small interest amounts, cases be looked at on a case by case basis and interest charged when it is cost effective to do so.
- 6.5 The revised Governance Compliance Statement is attached at **Appendix A.**
- 6.6 The Communications Policy has been reviewed to ensure all changes in legislation from the introduction of the new LGPS Regulations and other relevant legislation have been incorporated e.g. Annual Benefit Statements have to now be issued by 31 August at the latest. It has also been updated to ensure the changes in methods of communication are recognised. The revised Statement is attached at **Appendix B.**
- 6.7 The Administration Strategy Statement has been updated to take account of new practices introduced as a result of the changes in legislation from the introduction of the new LGPS last year and other relevant legislation. The revised Statement is attached at **Appendix C**
- 6.8 Following approval these documents will be issued to all employers and published on the website.

**List of Background Papers (This MUST be completed for all reports, but does not include items containing exempt or confidential information)**

Pensions Committee, 20 March 2015-Governance Compliance Statement and 20 June 2014 \_ Communication Policy and Pensions Administration Strategy.

**Cabinet Member**

N/A

**Local Member**

N/A

**Appendices**

A – Governance Compliance Statement (revised June 2015)

B \_ Communications Policy (revised June 2015)

C – Pension Administration Strategy Statement (revised June 2015)



# Shropshire County Pension Fund

# GOVERNANCE COMPLIANCE STATEMENT

Agreed by Pensions Committee on 26 June 2015



**SHROPSHIRE COUNTY**  
PENSION FUND

## INTRODUCTION

1. This Statement has been prepared by Shropshire Council (the Administering Authority) to set out the governance compliance statement for the Shropshire County Pension Fund (the Scheme), in accordance with The Local Government Pension Scheme Regulations 2013 (Regulation 55 refers), and its predecessor, Regulation 31 of the Local Government Pension Scheme Regulations 2008 (as amended).

2. It has been prepared by the administering authority in consultation with appropriate interested persons.

## PURPOSE OF GOVERNANCE COMPLIANCE STATEMENT

3. The regulations on governance compliance statements require an administering authority, after consultation with such persons as they consider appropriate, to prepare, maintain and publish a written statement setting out ...

- a) whether it delegates its functions, or part of its functions, in relation to maintaining a pension fund to a committee, sub-committee or officer of the authority;
- b) and, if so, it must state:
  - the terms of reference, structure and operational procedures of the delegation;
  - the frequency of any committee/sub-committee meetings;
  - whether the committee/sub-committee includes representatives of employing authorities (including non-scheme employers) or scheme members and, if there are such representatives, whether they have voting rights.
- c) the extent to which delegation, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying.
- d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 106 (local pension boards: establishment).

4. Thus, the policy statement should include information about all of the administering authority's pension fund governance arrangements. Information

about the representation of employers should cover any arrangements for representing admitted body employers (non-scheme employers).

## Governance of Shropshire County Pension Fund

5. Under the cabinet structure in local government, management of the pension fund is a non-executive function and this is reflected in the Shropshire Council governance structure that is set out below.

6. The Pensions Committee was established in 1994 with responsibility for all matters relating to the management and administration of the Shropshire County Pension Fund. The Pensions Committee is a standing committee of the Council and is linked to Full Council by virtue of the Chairman or Vice Chairman being a Shropshire Council member.

7. The Shropshire County Pension Fund local Pension Board was established by Shropshire Council in 2015 under the powers of Section 5 of the Public Service Pensions Act 2013 and in accordance with regulation 106 of the Local Government Pension Scheme Regulations 2013. The local Pension Board operates independently of the Pensions Committee, details of which are set out in its terms of reference (summarised below).

## SHROPSHIRE COUNCIL

### Pensions Committee (non-executive committee)

The Pensions Committee reports to Full Council. It meets formally at least quarterly and more frequently if formal decisions are required. In between meetings Chairman's approval may be sought.

### Terms of Reference:

- a) To advise the Council on the arrangements for the proper administration of the Shropshire County Pension Fund in accordance with the Local Government Regulations 2013 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009;
- b) To advise employing organisations and employees within the Fund of their benefits, contributions and the financial performance of the Fund;
- c) To advise and assist the Council on the determination of any matters of general policy relating to the investment of the Pension Fund;

- d) To approve the annual report and accounts of the Fund and hold an Annual Meeting.

**8. The Pensions Committee formal terms of reference (above) are interpreted as including:**

- Admission of employing organisations to the Fund where discretion is permitted;
- Appointment of external advisors and actuaries to assist with the administration of the Fund, and of external managers for the management of the Fund’s portfolio of assets;
- Approval of the periodic formal valuation of the Fund;
- Consideration of the advice of the Council’s external investment advisers and of the Scheme Administrator;
- Determination of the objectives and general investment approach to be adopted by external fund managers;
- Review and monitoring of investment transactions and the overall investment performance of the Fund;
- To develop and implement shareholder policies on corporate governance issues;
- To review and approve on a regular basis the content of the Statement of Investment Principles and to monitor compliance of the investment arrangements with the Statement;
- To review the Funding Strategy Statement in detail at least every three years ahead of the triennial valuations being carried out, in order to inform the valuation process;
- To review and approve on a regular basis the Communications Policy for the Fund;

**REPRESENTATION**

**9. Representation on the Pensions Committee is as follows:**

Organisation	Allocation
Shropshire Council	4
Borough of Telford and Wrekin Council (co-opted)	2
Employees (co-opted)	2 (non-voting)
Pensioners (co-opted)	1 (non-voting)

The Administering Authority (Shropshire Council) always holds either the Chairmanship or Vice

Chairmanship. The position of Chairman and Vice Chairman rotate between Shropshire Council and the Borough of Telford & Wrekin on a one year basis.

The Committee is supported by the advice from an independent advisor and investment consultant – one advises on strategic issues and overall investment approach and the investment consultant provide analysis and advice of a technical nature in relation to portfolio construction, interpretation of performance measurement and the monitoring of investment managers.

The role of Scheme Administrator is held by the officer who has responsibilities under S151 of the Local Government Act 1972 and provides financial (non-investment) advice to the Committee, including advice on financial management, issues of compliance with internal regulations and controls, budgeting and accounting and liaison with independent advisers.

Legal advice is provided by the Head of Legal and Democratic Services.

The remit for the LGPS vests formal statutory responsibility for the LGPS and fund investment with the administering authority which is answerable for the effective and prudent management of the scheme.

**10.** The power to co-opt rests with the Council in full assembly and not with committees; although in practice the selection of persons to serve as co-opted members is usually left to committees. The co-opted members from the Borough of Telford & Wrekin are voting members.

**11. The Pensions Committee can, if so minded, elect a co-opted member as its Chairman but in this instance the Chairman is unable to:**

- attend council meetings and pilot Pension Committee proposals through the full assembly;
- answer questions put to him/her there;
- represent the Pensions Committee on other committees

However, a Shropshire Council Vice-Chairman is able to deputise for the co-opted member Chairman.

## REASONS FOR CURRENT REPRESENTATION

**12.** Myners' first principle states that decisions should only be taken by persons or organisations with the skills, information and resources necessary to take them effectively. Where trustees elect to take investment decisions, they must have sufficient expertise and appropriate training to be able to evaluate critically any advice they take. All members of the Pensions Committee are offered the Employers Organisation training.

The Fund holds an annual training day when members of the Committee are exposed to presentations on topical issues, such as hedge funds, private equity, actuarial valuations, infrastructure etc.

### **13. In the CIPFA Guidelines relating to the governance regulations, it states that...**

*'As things stand, Section 7 of the Superannuation Act 1972 does not permit the Secretary of State to make regulations which impact on the constitution and membership of local authority committees. There are no plans at present to amend local government law to change the provisions regarding the composition of investment or pension committees. This must be a matter for individual fund administering authorities to consider, reflecting local circumstances and choice. But in exercising that choice, it is important that authorities recognise the desirability of achieving an effective and comprehensive level of stakeholder representation within the LGPS nationally.'*

*'The challenge for pension fund panels is to find ways of engaging those people with an interest in decisions made without undermining the operation of the Panel. The Funding Strategy Statements will encourage greater emphasis on consultation and if local authority employers contributing to a fund do not have representation on the panel or committee, be it voting or non voting, then there would be a need to demonstrate they were being engaged in other ways.'*

*For example by the holding of*

- *bi-lateral discussions, or similar forums, involving employers and other stakeholders;*
- *an annual general meeting for all employers;*
- *a triennial meeting between all employers and the actuary to discuss the results of the actuarial valuation'.*

**14.** The Myners principle, the CIPFA guidance and the statutory position have led the Council as administering authority to conclude that current representation provides the appropriate balance between accountability and inclusion.

## LOCAL PENSION BOARD

### Introduction and Role

**15.** The Shropshire County Pension Fund local Pension Board was established by Shropshire Council in 2015 under the powers of Section 5 of the Public Service Pensions Act 2013 and in accordance with regulation 106 of the Local Government Pension Scheme Regulations 2013.

**16.** The role of the local Pension Board as defined by regulation 106 (1) of the LGPS Regulations, is to assist Shropshire Council, the Administering Authority, as Scheme Manager;

- to secure compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the LGPS
- to secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator
- to ensure the effective and efficient governance and administration of the LGPS for the Shropshire County Pension Fund.

The Council considers this to mean that the Pension Board is providing oversight of these matters and, accordingly, the Pension Board is not a decision making body in relation to the management of the Pension Fund but merely makes recommendations to assist in such management.

In undertaking its role, the Pension Board will ensure it:

- is done effectively and efficiently
- complies with relevant legislation and
- is done by having due regard and in the spirit of the Code of Practice on the governance and

administration of public service pension schemes issued by the Pension Regulator and any other relevant statutory or non-statutory guidance.

### **Composition and Appointment**

**17.** The Pension Board shall consist of 4 voting members and be constituted as follows:

- i) 2 employer representatives
- ii) 2 scheme member representatives.

Employer representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. Subject to restrictions as set out in the LGPS Regulations, Employer representatives can also include elected members. Member representatives shall be scheme members of the Shropshire County Pension Fund and have the capacity to represent scheme members of the Fund.

**18.** An independent member and substitute members may also be included in the composition of the Pension Board at the discretion of the Appointment Panel. Substitute members for employer and scheme member representatives will have voting rights but an independent member or any other members appointed to the Pension Board by the Appointment Panel will not.

**19.** The Appointment Panel, made up of the Legal Monitoring Officer and the Head of Finance, Governance & Assurance at Shropshire Council (or their deputies) will determine any eligibility and/or selection criteria that will apply to Pension Board members having due regard to the LGPS Regulations and any other relevant Code of Practice and guidance (statutory or otherwise). The selection process for representative members will be:

- Employer representatives – each employer will be invited to nominate one representative to represent employers on the Pension Board.
- Scheme member representatives – all active, deferred and pensioner scheme members will be invited to submit applications to join the Pension Board.

The applications and nominations will then be subject to a selection process determined and carried out by the Appointment Panel. The Chair and Deputy Chair will be determined by the Appointment Panel.

The term of office will be for 4 years with a possible extension for up to 2 years.

Former or existing members of the Pension Board can be reappointed (under the appointment procedures) with no limit on the number of terms they may have.

### **Operational Procedures**

**20.** Full details of the operational procedures are set out in the local Pension Board's Terms of Reference.

This includes:

- circumstances where membership may be terminated prior to the end of the member's term of office
- Duties and role of the chair insofar as they:
  - i. will ensure all meetings are productive and effective
  - ii. ensure opportunity for all views to be heard, and
  - iii. seek to reach consensus and that decisions are properly put to vote where necessary.
- A quorum constituting as 2 members, made up of 1 employer and 1 member representative.
- The reporting of any concerns over a decision made by the Pension Committee to the Pension Committee subject to the agreement of at least 50% of voting Pension Board members if all voting members are present. If not all voting members are present then the agreement should be of all voting members who are present, where the meeting remains quorate.
- Escalation route and procedures if necessary, regarding a breach of regulation / the regulator's code previously reported to the Pensions Committee but not rectified in a reasonable time period.
- Meetings will normally be held at the offices of Shropshire Council and will be a minimum of twice in each calendar year.
- Compliance with Shropshire Council's Conflict of Interest Policy including

declarations of interest of members which may lead to a conflict.

- The ability to access advice and information, either from Fund officers, or other professional advisers as appropriate.
- The requirement of members to be able to demonstrate their appropriate knowledge and understanding and to refresh and keep their knowledge up to date. In addition to the requirements under the Public Service Pensions Act, it includes compliance with the Pension Fund's Training Policy insofar as it relates to Pension Board members.
- A requirement for members to have the highest standards of conduct in accordance with the Council's Constitution.
- The right for members of the Pensions Committee to attend in an observer capacity.
- The publication of information relating to the local Pensions Board in accordance with the Public Service Pensions Act requirements.
- Details of reimbursement, remuneration and allowances.

#### **DELEGATION TO OFFICERS**

**21.** Under the Local Government Pension Scheme Regulations 2013 the Shropshire Fund was required to formulate a policy on local discretions. These discretions were originally approved by Pensions Committee in March 1998 and have been updated following subsequent regulation changes. The latest version taking into account LGPS Regulations 2013 is listed in Appendix A.

**22.** In addition to these local fund-wide discretions there are certain employer discretions, which under regulations, employers have the authority to determine. These discretions are employer specific.

#### **ARRANGEMENTS OUTSIDE OF FORMAL GOVERNANCE**

The Council is committed to the widest inclusion of all stakeholders in consultation and communication

outside of the formal governance arrangements. The arrangements include:

#### **WITH EMPLOYING AUTHORITIES**

**23.** The Fund's primary long term investment objective is to achieve and maintain a funding level at, or close to, 100% of the Fund's estimated liabilities; and within this to endeavour to maintain stable employers' contribution rates. Employing Authorities are pro-actively consulted on the Funding Strategy Statement on which the valuation and employer contribution rates are based.

**24.** The ratio of membership from the various employing authorities in the Shropshire County Pension Fund is:

Organisation	Contributors %
Shropshire Council	48
Borough of Telford and Wrekin Council (co-opted)	27
Parish / Town Councils	1
Other Scheme Employers	14
Admitted Bodies	10
<b>Total</b>	<b>100</b>

The Shropshire County Pension Fund involves all employers, irrespective of size, in consultations and communications.

The information to be supplied by employers to enable the Administering authority to discharge its functions is outlined in the Pensions Administration Strategy Statement and can be found on the fund's website.

**25.** Over the last decade, consultation with employing authorities on pension fund investment, actuarial matters and proposed central government changes to the regulations has evolved. A large step forward was afforded by the introduction of Statements of Investment Principles and Funding Strategy Statements, the consultation process surrounding them, and their accessibility to the Council's web site.

**26.** All employers are invited to regular employer meetings which provide information on changes in regulations, investment matters and actuarial valuations. All employing authorities are also kept abreast of events, by e-mail, and they are encouraged to get in touch if they have questions.

**27.** The Fund undertakes annual monitoring of its actuarial valuation position. Employer organisations are kept up to date of the latest position and its likely impact on employer contributions at the next formal valuation. At triennial valuations the Scheme Actuary presents to the employers meeting to explain changes in the funding level and implications on employer contribution rates. Employers meetings are also used to discuss the Funding Strategy Statements and data requirements for FRS17.

**28.** An annual meeting is held each year to which all employers are invited. The meeting outlines investment performance and any changes to the Fund's investment strategy as well as regulation changes and administration issues. A Fund Manager also presents at the meeting and allows employers and scheme members the opportunity to ask questions.

#### **WITH SCHEME MEMBERS**

**29.** Employees are represented on the Pensions Committee by two non-voting members (both Union members) who have an active role in the selection of managers, performance monitoring, investment strategy and responses to consultations on regulation changes. Pensioners are represented by a non-voting pensioner member.

**30.** All employees, as well as representatives from employer organisations, are invited to the Annual Meeting each year. All pensioners and deferred members also receive an invite to the Annual Meeting which is usually held in November in the county. The meeting is filmed and made available online to enable members unable to attend in person to watch. The meeting is well attended and provides a useful opportunity for members to meet their Employee or Pensioner Representative, learn about the fund and ask questions.

**31.** Where possible every member of the scheme receives Pensions Newsletters. The fund's annual report and a financial summary of the scheme are published on The Pension Fund's web site and in September an email notifications (where an email address is held) is issued notifying the website update. The full communication policy can be found on the website. This outlines the fund approach on communicating with members, representatives of members, prospective members and employing authorities including the format, frequency and method of communications.

The Pension Fund's website includes further information on:

- Full annual report and financial summary
- Statement of Investment Principles
- Myners Compliance
- Funding Strategy Statement
- Communication Policy
- Actuarial Valuation
- Investments
- Pensioner meetings

**32.** The Pensions Section has a very good informal working relationship with the unions, and is always there to assist with any problems in understanding the regulations.

**33.** In light of the requirements following the LGPS Governance changes emerging from the Public Service Pensions Act 2013, Fund Officers are currently reviewing the Training Policies in order to ensure that all stakeholders are well equipped to carry out their duties as effectively and efficiently as possible. The Training Plan includes:

- Pension Fund Officers and Managers
- Pensions Committee Members
- Local Pensions Board Members.

Once this review has been completed, the updated Training Policy will be adopted and steps taken to ensure all parties meet their requirements.

#### **COMPLIANCE AGAINST BEST PRACTICE GUIDELINES**

34. The current governance arrangements which were established in 1994 and updated since to take account of the latest regulatory change, adhere to the best practice guidance given by the Secretary of State.

The extent to which delegation complies with the best practice guidance is shown in Appendix B.

**APPENDIX A: SHROPSHIRE COUNTY PENSION FUND POLICY ON LOCAL DISCRETIONS**

- **The Local Government Pension Scheme Regulations 2013 [prefix R]**
- **The Local Government Pension Scheme (Amendment) Regulations 2015**
- **The Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 [prefix TP]**
- **The Local Government Pension Scheme (Administration) Regulations 2008 [prefix A]**
- **The Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007 (as amended) [prefix B]**
- **The Local Government Pension Scheme (Transitional Provisions) Regulations 2008 [prefix T]**
- **The Local Government Pension Scheme Regulations 1997 (as amended) [prefix L]**

<b>Regulation</b>	<b>Discretion</b>	<b>Guideline</b>	<b>Delegated To</b>
A52 (2) TP17 (5) TO (8) R40 (2) R43 (2) R46 (2) R82 (2) LGPS 1997 38 (1) & 155 (4) R17 (12)	Payment of death grant	The death grant will normally be paid to or amongst nominated beneficiaries. Where no nomination has been made, we would 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 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.	Scheme Administrator
R17 (12)	Decide to whom any AVC/SCAVC monies (including life assurance monies) are to be paid on death of the member	The approach for this discretion will be the same as stated above in ‘Payment of death grant’	Scheme Administrator
Rsch1 & TP 17 (9)	Decide to treat child as being in continuous education or vocational training despite a break	To be reinstated where break does not exceed one academic year	Scheme Administrator
B27 (5)	Split of children’s	To be paid in equal proportions to the children	Scheme



	pensions		Administrator
A52 (A) B27 (5)	Payment of children's pensions to parent or guardian	To be paid to child and only paid to parent or guardian in exceptional circumstances.	Scheme Administrator
R30(8) TP3 (1), TPSch2, paras 2 (1) and 2 (2) B30 (5) and B30A (5)	Whether to waive, in whole or in part, actuarial reduction on benefits which a member voluntarily draws before normal pension age including any actuarial reduction on pre and/or post April 2014 benefits	Due to the potential costs of waiving actuarial reduction it is recommended that it be applied only on strong compassionate grounds e.g. where evidence shows that long-term care is being given to a dependent relative (solely dependent on the employee) and that this is likely to continue for many years. However, the cost of pension strain will be given significant relevance in reaching a decision.	Scheme administrator (where Employer has become defunct)
TPSch 2, paras 1 (2) and 2 (2)	Whether to 'switch on' the 85 year rule for a member voluntarily drawing benefits on or after age 55 and before age 60	The Fund will not agree to apply the 85 year rule where members choose to voluntarily draw their benefits on or after age 55 and before age 60 except in circumstances where the <b>interests of the employer has been considered and</b> it is in its financial or operational interests to do so. Each case - will be considered on the merits of the financial and / or operational business case put forward, and - will require the approval of the Scheme Administrator.	Scheme administrator (where Employer has become defunct)
R30 (8)	Whether to waive, in whole or in part, actuarial reduction on benefits paid on flexible retirement	The Fund will not agree to flexible retirement except in circumstances where <b>the interests of the employer considers and</b> it is in its financial or operational interests to do so. Each case - will be considered on the merits of the financial and / or operational business case put forward, - will set out whether, in addition to any pre 1 April 2008 benefits, the member will be permitted, as part of the flexible retirement agreement, to take a) all, some or none of their 1 April 2008 to 31 March 2014 benefits, and /or b) all, some or none of their post 31 March 2014 benefits, and - will require the approval of the scheme administrator	Scheme administrator (where Employer has become defunct)

B39 & T14 (13) R34 (1)	Commutation of small pensions	To be commuted in all cases where annual value is below Inland Revenue limits other than in exceptional circumstances. The member must make a formal request including the exceptional circumstance they wish to be taken into account. Each formal request to not commute benefits will be assessed on its circumstances and merits	Scheme Administrator
A56 (2) R 36 (3)	Medical requirements	To be based on advice from the Council's Occupational Health Physician or one of the doctors on the list as approved by the pensions committee for the giving of certificates regarding permanent incapacity.	Scheme Administrator
LGPS97 - 60 (5)	Minimum level of Additional Voluntary Contribution	NONE	Scheme Administrator
R71 (1)	Employer's Contributions	To be paid with employees contribution by the 19 <sup>th</sup> of month following the month to which they relate. If contributions are overdue by a month or more than interest may be charged depending on the individual circumstances.	Scheme Administrator
A28 (2) TP15 (1) (d) A28 (2)	Charge for estimate of transfer of AVC to main scheme	First calculation free thereafter £25 per estimate	Scheme Administrator
LGPS97 - 92	Recovery of Contribution Equivalent Premium	To be recovered in all cases permitted by the regulations	Scheme Administrator
A83 (9) R100 (7)	Acceptance of transfer value	To be refused if insufficient to meet Guaranteed Minimum Pension liability	Scheme Administrator
R100(68)	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	The Fund will only extend the 12 month time limit within which a scheme member must make an election to transfer other pension rights into the LGPS after joining the LGPS:  - where the member asked for transfer investigations to be commenced within 12 months of joining the LGPS but a quotation of what the transfer value will purchase in the LGPS has not been provided to the member within 11 months of joining the LGPS. The time limit for such a member to	T

		<p>make a formal election to transfer pension rights into the LGPS will be extended to one month beyond the date of the letter issued by the Pension Fund administering authority notifying the Scheme member of the benefits the transfer will buy in the LGPS;</p> <ul style="list-style-type: none"> <li>- where the available evidence indicates the member made an election within 12 months of joining the LGPS, but the election was not received by the Pension Fund administering authority (e.g. the election form was lost in the post);</li> <li>- where the available evidence indicates the member had not been informed of the 12 month time limit due to maladministration.</li> <li>- The Funds decision would also be to support employers decision where is reasonable</li> </ul>	
Financial Rules of the Administering Authority, Shropshire Council.	Overpayment of pension	Overpayments of less than £100 not to be recovered where they occur during the month of death and recovery is likely to cause hardship or be impractical.	Scheme Administrator
R69 (1)	Decide frequency of payments to be made over to Fund by employers and decide form and frequency of information to accompany payments	All payments must be made by the 19 <sup>th</sup> of the month following the month they were deducted. The formal procedure employers must adhere to is set out in the Administration Strategy Statement.	Scheme Administrator
A60 (8) R76 (4)	Procedure to be followed by Admin Authority when exercising its stage two IDRP functions	Full procedure can be found on: <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a>	Scheme Administrator
R100 (68)	Extend normal time limit for acceptance of a transfer value beyond 12 months from joining the LGPS	The fund will generally support employers who wish to allow an employee to transfer in pension rights outside of the standard 12 month election period. However, where the Fund considers that such a transfer would have a significantly adverse effect on an individual employers funding position and/or there is a possibility that the additional liability will fall to a sponsoring employer or some	Scheme Administrator

		other employing authority a late transfer will not be permitted.	
LGPS97 - 109 & 110 (4) (b) TP3 (13) A70 (1) A71 (4) (c) T12	Abatement of pensions following re-employment	From the 1 June 2006 the abatement and suspension of pension policy operated by the Council changed and since this date no adjustments are required to funded pensions in respect of re-employment, regardless of the level of earnings.  This policy applies to the funded element of the pension only and not the added year's compensation. This will still be subject to adjustment as per the regulations.	Scheme Administrator
B10 (2) TP3 (6) TP4 (6)(c) TP8 (4) TP10 (2) a TP17 (2)(b) Tsch1 L23(9)	Where a member dies before making an election of average of 3 years pay for final pay purposes.	Election to be made by the Fund on behalf of the deceased member.	Scheme Administrator
A52 A B27 (5) R83	Payments for persons (other than an eligible child) incapable of managing their affairs	If it appears that a person (other than an eligible child as defined in the appropriate regulations is entitled to the payment of benefits under the Scheme but is, by reason of mental disorder or otherwise, incapable of managing his or her affairs, taking regard to the circumstances of the case and medical guidance where appropriate the following will be considered;  (a) paying benefits or any part of them to a person having care of the person entitled, or such other person as the Scheme Administrator may determine, to be applied for the benefit of the person entitled as the Scheme Administrator may direct, or  (b) applying the benefits in such manner as the Scheme Administrator may determine for the benefit of the person entitled, or his/her beneficiaries and is authorised to implement the Regulation subject to any third parties who are not the legal partner of the pension benefit recipient being required to provide Power of Attorney where the annual pension payable exceeds £1000 (linked to CPI from 2014); in cases where the annual pension benefit is below £1000, medical and documentary evidence as applied for legal partners would be deemed acceptable.	Scheme Administrator
B25	Evidence required to	A signed declaration form is required confirming	Scheme

RSch1 TP17 (9)(b)	determine financial dependence of co-habiting partner	the conditions which have been met and supported by the appropriate evidence.	Administrator
TSch 1 & L23 (9) B42 (1) (c) R49 (1) (c)	In the absence of an election from the member, which benefit is to be paid where the member would be entitled to a benefit under 2 or more regulations in respect of the same period of Scheme membership	Benefit which is more beneficial to member to be used.	Scheme Administrator
31 (2)	Recharging payments to employers for annual compensation	A 1% handling fee of the total recharge of compensation being paid on behalf of the Employer, will be levied.	Scheme Administrator
R36 (3)	Approve medical advisors used by employers (for ill health benefits)	The medical advisors used by the employers for opinion on ill health benefits must meet the requirements set out in the LGPS regulations and have been approved by the Pensions Committee.	Scheme Administrator
TPSch 2, para 2 (3)	Whether to require any strain on Fund costs to be paid 'up front' by employing authority following flexible retirement or release of benefits before age 60	All strain is required to be paid up front. The process is outlined in 'Administration Strategy Statement'. The Fund may agree, on request from an Employer, to an alternative repayment period if exceptional circumstances are shown.	Scheme Administrator
R16 (1)	Whether to turn down a request to pay an APC/SCAPC over a period of time where it would be impractical to allow such a request (e.g where the sum being paid is very small and could be paid as a single payment)	Requests to pay an APC/SCAPC via a lump sum will be refused if cost is less than £50.	Scheme Administrator

## APPENDIX B: GOVERNANCE COMPLIANCE

### STATEMENT

The best practice guidelines on pension fund governance that has been issued by Communities and Local Government and the extent of the Council's compliance with each of the guidelines is set out below.

#### 1. STRUCTURE

a) The management of the administration of benefits and strategic management of fund assets clearly rests with the main committee established by the appointing council.

##### **Fully compliant**

The Council delegates the management of the Shropshire County Pension Fund to the Pensions Committee.

b) That representatives of participating LGPS employers, admitted bodies and scheme members (including pensioner and deferred members) are members of either the main or secondary committee established to underpin the work of the main committee.

##### **Fully compliant**

The Pensions Committee includes a representative from Shropshire Council and Borough of Telford and Wrekin Council. Representatives of employees and pensioners are also members of the Pension Committee.

c) That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.

##### **Not applicable.**

The Shropshire County Pension Fund does not have any secondary committee or panel. It is felt that including all members including employee and pensioner representatives on the main Pensions Committee is more inclusive.

d) That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.

##### **Not applicable**

The Shropshire County Pension Fund does not have any secondary committee or panel. It is felt that including all members including employee and pensioner representatives on the main Pensions Committee is more inclusive.

#### 2. REPRESENTATION

- a) That all key stakeholders are afforded the opportunity to be represented within the main committee or advisory panel. These include:
- i. *employing authorities (including non-scheme employers, eg admitted bodies)*
  - ii. *scheme members (including deferred and pensioner scheme members),*
  - iii. *independent professional advisors*
  - iv. *expert advisors (on an ad-hoc basis)*

##### **Fully compliant**

The Pension Committee includes representatives from its main employers which represent 75% of active members. The Committee includes two co-opted employee representatives and a pensioner representative. The Committee is supported by the advice of an independent advisor and investment consultant.

b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights.

##### **Fully compliant**

All Pension Committee members have equal access to all papers and meetings, and are able to participate in training, and contribute to the Committee's decision-making process.

#### 3. SELECTION AND ROLE OF LAY MEMBERS

a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee.

**Fully compliant**

All Pension Committee members are given training on their responsibilities and are aware of the terms of reference and remit of the Pensions Committee.

- b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda

**Fully compliant**

All Pension Committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda at the start of each committee meeting.

**4. Voting**

- a) The policy of individual administering authorities on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.

**Fully compliant**

The elected councillor representatives, from Shropshire Council and Borough of Telford and Wrekin Council representative all have voting rights. The Constitution of the Administering Authority requires voting members to be democratically elected. The employee and pensioner representatives are therefore co-opted non-voting members of the Committee.

**5. TRAINING/ FACILITY TIME/ EXPENSES**

- a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses for members involved in the decision-making process.

**Fully compliant**

The Pensions Committee hold an Annual Training day to which all Committee members and substitute members are invited. Training is also provided to new members and on an ad hoc basis as required. All Pensions Committee members are covered by their

respective Council's scheme for reimbursement of expenses for committee members.

- b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum.

**Fully Compliant**

All Pensions Committee members have equal access to training and reimbursement of expenses.

**6. MEETINGS (FREQUENCY/QUORUM)**

- a) That an administering authority's main committee or committees meet at least quarterly.

**Fully compliant**

The Pensions Committee meets quarterly. Additional meetings are arranged for specific items of business as required.

- b) That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.

**Not applicable**

The Shropshire County Pension Fund does not have any secondary committee or panel. It is felt that having all members including employee and pensioner representatives on the main Pensions Committee is more inclusive.

- c) That administering authorities who do not include lay members in their formal governance arrangements, provide a forum outside of those arrangements by which the interests of key stakeholders can be represented

**Fully compliant**

The Fund includes employee and pensioner representatives on its main Committee. The Fund also hold an Annual Meeting to which all employers, employees, deferred members and pensioners are invited.

## **7. ACCESS TO INFORMATION, DOCUMENTS AND ADVICE**

- a) That subject to any rules in the Councils constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that fails to be considered at meetings of the main committee.

### **Fully compliant**

All Pensions Committee members have equal access to all papers and meetings.

## **8. SCOPE**

- a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements

### **Fully compliant**

The Pensions Committee terms of reference are multi-disciplined and include the monitoring of investments, scheme administration and general scheme issues.

## **9. PUBLICITY**

- a) That administering authorities have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements.

### **Fully compliant**

The Pension Fund Governance Policy Statement is published on the Administering Authority's web-site and hard copies are available on request.



# Shropshire County Pension Fund

# COMMUNICATIONS POLICY STATEMENT

Agreed by Pensions Committee on 26 June 2015



**This statement has been prepared by Shropshire Council (the Administering Authority) to set out the communications strategy for the Shropshire County Pension Fund (the scheme), in accordance with Regulation 61 of the Local Government Pension Scheme (Administration) Regulations 2013.**

Shropshire Council, in its capacity as an Administering Authority deals with over 120 employers and approximately 15,000 scheme members, 13,000 deferred members and 10,000 pensioners in relation to the Local Government Pension Scheme (LGPS). The delivery of benefits involves communication with the membership and a whole range of other interested parties. This statement provides an overview of how we communicate and how we intend to measure whether our communications are successful.

This statement is effective as of 26 June 2015 and the membership details were correct as of that date.

**Any enquiries in relation to this Communications Policy Statement should be made to:**

Debbie Sharp  
Pensions Administration Manager  
Shropshire Council  
Shirehall  
Abbey Foregate  
Shrewsbury  
SY2 6ND

## **1 INTRODUCTION**

- 1.1.** The principal aim of the Shropshire County Pension Fund is to provide secure pensions, effectively and efficiently, administered at the lowest cost to the contributing employers.
- 1.2.** The Fund is committed to providing comprehensive information to all stakeholders, through the most appropriate communication methods. Effective communication cannot be left to chance and this document outlines the ways in which the Fund aims to meet this objective.
- 1.3.** The Shropshire County Pension fund has experience of using innovative communication techniques and intends to continue using a wide variety of communication tools in the future.

- 1.4.** The Fund is now part of a Joint Communications Group with neighbouring Local Government Pension Fund Authorities. Thus the funding and resourcing of elements or our communication service is shared, such as the development and production of newsletters and Annual Benefit Statements. This has already, and will continue to, provide Fund efficiency savings.
- 1.5.** The Fund Officers will endeavour to ensure that value for money and quality of service is obtained from sourcing both imaginative, cost effective designers and reliable printing departments.

## **2. PRINCIPLES OF COMMUNICATION**

**2.1.** The Fund has adopted five key principles that support all of its communication. The Fund is committed to ensuring that:

- *Communication is factual and presented in plain language*
- *Communication is designed in a manner appropriate to its audience*
- *Communication is looked upon as involving a dialogue with others*
- *Communication takes on the developments and improvements in new technology and different channels.*
- *Communication is planned, Co-ordinated and evaluated*

- 2.2** The Fund will make every effort to make communication materials available in large print, Braille, audio tape and different languages if requested.
- 2.3** The local Government Pension Scheme is a useful tool in attracting employees to work in local government. For Employers it is a key part of their recruitment and retention package. Pension Services are also the last, and often the only, link between former staff members and their employers. The Fund therefore has an important role in ensuring that it communicates effectively with all its stakeholders.
- 2.4** Pension Services work to maintain a thorough knowledge of the regulations in order to retain the confidence of its members. Pension Services should always be the first place staff

members turn for pension information during their working life and in retirement.

- 2.5** Pension Services are committed to responding promptly to members' requests for information, whether it's by face to face communication, email or by letter. Information is provided within set timescales. Our turnaround time for dealing with requests is normally ten days.

### **3. HOW DOES THE FUND COMMUNICATE WITH STAKEHOLDERS?**

#### **3.1 Printed /Electronic Literature**

Any paper or electronic based communications is produced using the Fund branding, be that newsletters, guides or individual letters.

#### **3.2 Drop in Service**

For those members who prefer 'face to face' communication the Fund's office is situated at the Shirehall and is easily accessible by public transport from all areas of Shropshire.

Appointments can be made to discuss specific pension options or problems, but generally this is not necessary as members of the team are available during office hours. If members do drop in, appointments held are confidential and private.

#### **3.3 Telephone**

All Fund communications have a published telephone number. The number may be the general helpdesk number (01743) 252130 or the direct telephone number of the staff member responsible for carrying out the individual request.

#### **3.4 Website**

The Fund has a website ([www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk)) that is extremely popular amongst members and other stakeholders as a source of information. Electronic copies of Fund Literature, policies and reports are available for download: such as this Communications Policy Statement.

The Fund provides a secure area on the site which allows Scheme members to access their own records, calculate benefit estimates, projections and to update home address

information. This is called Member Self Service or MSS.

#### **3.5 Contacting the Fund by post or email**

For general communications, the Fund has an email account and postal address. These details can be found on the back cover of this statement.

#### **3.6 Email alerts**

The Fund asks all new members for an email address and has made efforts to capture the email addresses of deferred and pensioner members. This is so all members can be sent out email notifications when there has been a significant update to the website or an upcoming event.

#### **3.7 Presentations and courses**

The Fund delivers standard or tailored presentations on a wide range of subjects for both employers and their staff. These presentations are provided at the request of employers at geographically convenient locations by Fund staff and other specialists.

Presentations are held around the county to keep members informed of any changes that may alter their benefits.

#### **3.8 Roadshows and Member Consultations**

The Fund organises events on a consultation/surgery basis with time slots for members and prospective members. This is particularly useful for employers with small numbers of staff.

Fund membership is dispersed over a large rural area and therefore these consultations are an ideal way to reach members. These consultations are generally held after Annual Benefit Statements have been sent.

#### **3.9 Newsletters**

'Pension update' is the Fund's in-house newsletter and is sometimes produced in conjunction with our Joint Communications Group. This in-house newsletter is issued periodically. With an audience of Scheme and eligible non-members the newsletter aims to provide topical news, articles and the latest information about the Scheme and pensions in general.

InTOUCH is the Funds in-house newsletter for retired members. Published twice a year, the newsletter proves to be a useful way of providing updates on relevant changes in legislation, topical news, competitions and member's articles.

Deferred members also receive a newsletter, normally sent with their Annual Benefit Statements. These newsletters are sent when information needs to be communicated to them, again providing updates on relevant changes in legislation, topical news and reminding the member to keep the Fund notified of any future changes in address.

Newsletters or email bulletins are also issued to Scheme Employers frequently. These provide legislation, operational items and technical updates and support. They also advertise upcoming training and events.

#### **Annual Report, Accounts & Meeting**

The Annual report is a financial reporting document showing the Funds accounts over the previous twelve months, along with details on both investments and administration performance.

The report and accounts are the main focus of the Annual Meeting held in November.

All retired, active and deferred members are invited to attend the Annual Meeting. The meeting gives members the opportunity to meet the Pension Committee and the members of staff who administer the Scheme on a one to one basis. Also, the Funds management team provide updates on the latest Fund news. The Fund is committed to making the meeting widely accessible to the membership and ensuring its content is of both interest and relevance. The Annual Meeting regularly covers scheme benefit changes, valuation position and investments in an interesting and informative manner.

## **4. WHO ARE THE STAKEHOLDERS OF THE FUND AND WHAT IS PROVIDED TO THEM?**

### **4.1 Active & Deferred Scheme Members Certificate of Membership**

Within thirteen weeks of joining the Fund, each member receives a Statutory Notification detailing the information

recorded on the Pension Administration System about them, such as date they joined the Scheme and whether or not they have transferred service into the Fund from elsewhere. A new notification is issued every time a member's record is amended.

### **Annual Benefit Statement**

An Annual Benefit Statement is provided to all active and deferred members. The statements include various pension details such as the current value of benefits, how they are calculated, and when they become payable. The format of the statements is continually being developed to provide members with the information they require in a clear and concise manner.

### **Scheme Literature**

A large range of literature, including scheme guidance and frequently asked questions, is produced by the Fund and is made available to both Employers and Scheme members.

A different guide is available for councillors to whom different rules apply. Councillor members of the scheme also have a different section of the Funds website.

### **Retirement Booklet**

All active members on reaching retirement receive a comprehensive booklet providing information on the Scheme and the retirement process.

## **4.2 Prospective Scheme Members Scheme Booklet**

The Fund produces a Brief Scheme Guide on the Local Government Pension Scheme. This should be provided by Scheme Employers to all new employees as part of their letter of employment, terms and conditions – some employers choose to email this to new employees.

### **Scheme Website**

The Fund's website contains specific information on joining the Scheme and the benefits of membership.

### **Promotional Campaigns**

Periodically the Fund produces dedicated marketing literature that is sent to those who choose not to join or opt to leave the Scheme. This literature promotes the benefits of

having an occupational pension and gives an option to join the Scheme to members who have opted out.

#### **Corporate Induction Courses**

Officers of the fund are invited to attend or to contribute to Corporate Inductions (including e-learning) for prospective members.

#### **Other Employer Communications**

The increasing role of communication within all organisations means that more employers have staff newsletters, intranets and other communication facilities. The Fund actively works to provide their employees with the best information and opportunities in regard to the Scheme and often provides information to be made available on intranets and websites.

### **4.3 Retired Members**

#### **Pay Advices**

The Fund issues a pay advice slip to scheme pensioners only when net pension payments vary by £5 or more from the previous month.

#### **Online access to Payslips and P60s**

Members can view P60's and payslips by logging onto a secure area on the Fund website.

#### **Combined P60 Payslip and P.I.**

Every retired member and/or their dependents will receive a P60, Payslip and P.I. notification normally at the end of April.

The pension increase notification informs them of the inflation increase on their pension, if any.

#### **Retired Members Meeting**

Every summer a dedicated meeting is held for retired members. These include a presentation from an outside speaker on a non-pension related subject and an update on the latest pensions news.

#### **Cards & Flowers**

The Fund sends Birthday Cards and Flowers to all our retired members' age 100 years and over.

#### **Validation - Retired Members Living Abroad**

The Fund undertakes a regular exercise conducted through correspondence in order to establish the continued existence of pensioners living abroad.

### **4.4 Employing Authorities Employer Meetings & Training Sessions**

Meetings and training sessions are arranged for employers on a regular basis. They are used to communicate issues with employers, specifically benefit regulation changes, any administration changes, employer contribution rates and the funding level of the Shropshire Fund.

#### **Employers' Guide**

An Employers' Guide is available to all employers, detailing the processes, procedures and forms required to effectively discharge their pension administration responsibilities. The employers guide is held on the employers area of the website [www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk)

#### **Employers Bulletins**

Regular email bulletins are periodically sent out to all employers. These aim to inform employers on latest news, issues, events and regulatory changes. The bulletin is also used to communicate any consultations in regard to policy and regulations.

#### **Monthly returns and end of year procedure**

There is data that employers must submit to the Pensions Team in respect of Scheme members on a monthly basis to ensure their pension record is accurate. The monthly return template can be found in the employers pages of the pension's website and the notes on completion are contained within the spreadsheet. The spreadsheet should be securely sent to the Pensions Team to update member records each month.

Each year employers are required to submit a year end return. Employers are emailed towards the end of the financial year with the year-end template and instructions for completion.

Some employers in the Fund are using a "middleware" facility called I-Connect that assists the fund and employers by improving the flow of member data between the two

parties. It is equipped for the 2014 CARE scheme requires and addresses automatic enrolment obligations together with minimizing the risk of fines from the Pension Regulator. The main cost of this system falls on the Pension Fund with a small cost to the employer.

#### **4.5 Pension Committee & Fund Staff Pensions Committee**

The Committee is comprised of 9 members representing the principal employing authorities, trade union representatives representing the Fund employees and a retired member representative. The Fund has an ongoing training programme for Members and Officers to ensure that decision making is on an informed basis.

Knowledge building and training is provided via the Fund's Officers, advisors and external training courses. An annual training day is held for all Pension Committee Members and their substitutes.

Pension Committee reports are available on the council's website [www.shropshire.gov.uk](http://www.shropshire.gov.uk) and by following the link for 'Committees, meetings and decisions' and on the 'Pension Committee' page or at [www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk)

#### **Pensions Board**

In accordance with the LGPS Governance Regulations 2015, a Pension Board has been introduced from 1 April 2015 to ensure effective governance and administration of the Scheme.

The Local Pension Board is be responsible for assisting Shropshire Council, the Scheme Manager, to: -

Secure compliance with:

- The Local Government Pension Scheme Regulations;
- Any other legislation relating to the governance and administration of the Scheme, and;
- Requirements imposed by The Pensions Regulator in relation to the Scheme, and; to ensure the effective governance and administration of the Scheme.

From the date of its set up on the 1<sup>st</sup> April 2015 the Board will be an oversight body and not decision making. It does not replace existing governance arrangements in place in the Shropshire County Pension Fund in respect of the administration of the Local Government Pension Scheme.

The Pension Board shall consist of 4 voting members and be constituted as follows:

- 2 employer representatives
- 2 scheme member representatives

Pension Board reports will be available on the council's website [www.shropshire.gov.uk](http://www.shropshire.gov.uk) and by following the link for 'Committees, meetings and decisions' and on the 'Pension Board' page or at [www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk)

#### **Service Management Team**

The Scheme Administrator (s 151 officer) is responsible for the Pensions Administration and Pension Investment Teams. The Pensions Management Team meets on a monthly basis to discuss items in relation to the running of the team and regulation changes. It comprises the Pensions Administration Manager and Team Leaders. A similar monthly meeting is held between the Head of Treasury & Pensions, the Pensions Administration manager and investment staff. Any items raised from such meetings can be escalated to the Scheme Administrator.

#### **Team Meetings**

Team Meetings involving all staff are held on a monthly basis. Notes of all meetings and items arising from such meetings are passed through to the Head of Treasury & Pensions and to the Scheme administrator if necessary.

#### **Training**

The Fund seeks to continually improve the ability of staff to communicate effectively and to understand the importance of good communication. Both general and pension-specific training is provided to all staff as part of the Fund's commitment to staff development. The Fund conducts performance appraisals for its entire staff.

### **Intranet and E-Mail**

Each member of staff has access to e-mail and the storage drive which contains electronic copies of many of the Key documents, manuals, minutes and circulars.

### **Local Authority Pensions Web**

All senior members of the pension's team have access to the Local Authority Pensions Web where information can be exchanged with other Local Authority Pension colleagues.

## **4.6 Communication with Other Bodies Mercer (Pension Fund Actuary)**

The Fund performs and Actuarial Valuation every three years as required by the Regulations. Mercer also deals with Interim valuations when required and information and advice on a range of issues affecting the Fund, such as new employers, bulk transfers and regulatory changes.

### **Legal Advice**

The Fund obtains legal advice from Shropshire Council as appropriate on benefits administration and investment matters. External legal advice is also obtained as and when required.

### **DCLG**

The Fund communicates with the Department of Communities and Local Government (*DCLG*) while in consultation on proposals for change to the scheme and with regard to providing information under disclosure regulations.

### **Trade Unions**

Trade Unions are valuable ambassadors for the Pension Scheme. They ensure that details of the Local Government Pension Scheme's availability are brought to their member's attention and assist in negotiations under TUPE, in order to ensure, whenever possible, continued access to the Local Government Pension Scheme.

### **Press & Media**

The Fund in conjunction with the Council's Communications Unit, actively engages with the press and other media organisations in order to ensure clarity, facts and fair representation.

## **Shrewsbury Regional Pension Officer's Group (SPOG)**

The Shropshire County Pension Fund (*SCPF*) hosts the Shrewsbury Pension Officers Group which meets on a quarterly basis. The group which comprises a number of local authority funds discuss technical queries and legislation matters of common interest.

### **Joint working with other pension funds**

To reduce costs the Fund leads on collaborative working with other pension funds. Representatives from each fund meet quarterly to discuss communications issues.

### **Investment Practitioner Group**

The Fund has an active involvement in the Investment Practitioner Group for the region where common investment issues between Funds are discussed.

### **Software Provider Group**

Members of the team attend meetings with the pension's administration software provider, to ensure the computerised administration system is able to deal with regulation changes when they occur.

## **4.7 Measure of Successful Communication Service Quality Questionnaire**

A questionnaire is issued to members with various correspondences, including retirements and benefit quotes. This allows the fund to evaluate the service provided. Survey responses are collated and reviewed twice a year.

### **Employer Satisfaction Survey**

A survey is issued to employers, periodically to allow the fund to evaluate the service and methods of communication provided to employers. The responses are collated and used to identify any employer requirements and possible areas for improvement.

### **Compliments, Complaints and Comments**

Any compliments, complaints or comments made in letter, e-mail or verbal format are recorded on a monthly basis. The fund aims to always learn from the feedback received and continue to make improvements to the service provided.

## 5. CONFIDENTIALITY

To protect any personal information held on computer the Administering Authority is registered under the data Protection Act 1988. This allows members to check that their details held are accurate. The Fund may, if it chooses, pass certain details to a third party, if the party is carrying out an administrative function of the Fund.

Members who wish to apply to access their data on Data Protection Grounds should contact the Data Protection Officer on (01743) 252774.

## 6. INFORMATION GOVERNANCE

### Data Agreement

To protect any personal information held electronically the Administering Authority is registered under the Data Protection Act 1998. This allows members to check that their details held are accurate. The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund.

Members who wish to apply to access their data on data protection grounds should contact the Data Protection Officer on: (01743) 252774

Shropshire Council is the Administering Authority for the Shropshire County Pension Fund and is registered with the Information Commissioner's Office as a Data Controller. Your information is processed for the sole purpose of administering your pension.

The Fund may, if it chooses, pass certain details to a third party, where the third party is carrying out an administrative function of the Fund or where we are legally obliged to do so.

Members who wish to see a copy of information held about them by the

Shropshire County Pension Fund should make a subject access request under the Data Protection Act 1998 to the Information Governance Team at Shropshire Council. For details ring 01743 252774 or 01743 252179, email;

[information;governance@shropshire.gov.uk](mailto:information;governance@shropshire.gov.uk) or visit the website at:

[www.shropshire.gov.uk/access-to-information/](http://www.shropshire.gov.uk/access-to-information/)

### Protecting Information Staff Training

Information is vital to the work undertaken by the Pension Funds administrators and each member of staff is responsible for safeguarding information held by the Fund. Staff who come into contact with, or use, personal information about members of the public are required complete a formal data handling training on an annual basis. This training helps to ensure personal information is handled appropriately and every member of the pensions team completes this training once a year.

### Freedom of Information Requests

The Freedom of Information Act (FOI) means that members of the public and organisations have new rights of access to information held by public bodies. Upon request we must tell individuals if we hold information and if so, provide it within 20 working days.

For requests of information under the Freedom of Information Act or similar legislation, please forward your request to: [information.request@shropshire.gov.uk](mailto:information.request@shropshire.gov.uk)

## 7. FURTHER INFORMATION

Further information can be obtained from:  
Pensions Helpline: (01743) 252130  
Email: [pensions@shropshire.gov.uk](mailto:pensions@shropshire.gov.uk)  
Website: [www.shropshirecountypensionfund.co.uk](http://www.shropshirecountypensionfund.co.uk)



## FUND PUBLICATIONS AND COMMUNICATIONS

Communication Document	When Issued	Available To	Format	When Reviewed
Brief Scheme Guide	Upon commencing employment/ when requested	Prospective/Active/Deferred/ Retired Members/Dependents	Paper/ PDF on Website	As regulations change
Topical Booklets	When required	Active/Deferred/ Retired Members/ Dependents	Paper/ PDF on Website/	As regulations change/ new leaflets introduced regularly
Benefit Statements	Annually by 31 <sup>st</sup> August (rolling programme)	Active/Deferred Members/ Pension Credit	Paper /online via Member	Annually
Encouraging New Members Campaign	When Required	Prospective Members	Paper-Flyer	When required
Members Newsletter	As Required	Active/Deferred Members	Paper/PDF	As regulations change/as required
Pension Consultations	As Required	Active Members	Face to face	As required
Retirement Process Booklet	To Retiring Members	Prospective/Active/Deferred/ Retired Members on website	Paper/PDF on website	As regulations change/as required
Service Quality Survey	Continually	Active/Deferred/ Retired Members	Paper/email	As required
Presentations	As Required	Prospective/Active Members	Presentation/ Face to face	As required
Induction Presentations	When requested by employer	Prospective/Active Members	Face to face	As required
Statutory notification	When member record changed	Active Members	Paper	As regulations change/as required

Website	Continually	All Members/ Employers/Fund Managers/Non Scheme Members	Website	Monthly
Annual Meeting	Annually (November)	All Members/ Employers/Fund Managers	Presentation/ Face to face/film	Annually
Annual Report	Annually	All Members/ Employers/Fund Managers	Paper/ Website/ Intranet	Annually
Helpdesk	Continually (within Office Hours)	All Members/ Employers/Fund Managers	Face to face/ Telephone/ Paper/E-mail	As required
Correspondence	Continually (within Office Hours)	All Members/ Employers/Fund Managers	Face to face/ Telephone/ Paper/E-mail	As required
Payslip	Monthly	Pensioner Members/ Dependents	Paper/ MyView	Paper copy issued when £5 variation in net pay
P60	Annually (April)	Pensioner Members	Paper/ MyView	Annually
Pensions Increase Notification	Annually (April)	Pensioner Members	Paper	Annually
InTouch-Pensioner Newsletter	Biannually (April/October)	Pensioner Members	Paper/ Website	Biannually
Retired Members Meeting	Annually (June)	Pensioner Members	Invites by Paper/Face to face/ Website	Annually
Age 100 Pensioners	As Required	Pensioner Members	Paper/Gift	As required
Pensioners Living Abroad	Annually	Pensioner Members	Paper	Annually
Employers Guide including PEN forms	As Required	Employers	Held on Pensions Website	As regulations change/as required
Employers Bulletin	As Required	Employing Authorities	Email alerts	As regulations change/as required

Employer Meetings and Training	As Required	Employing Authorities	Face to face/ Training videos on website	As regulations change/as required
Pension Administration Strategy	Annually and as required	Employing Authorities	PDF on website	Annually
Employer Satisfaction Survey	As Required	Employing Authorities	Paper/ Online survey	Annually
iconnect	As Required	Employing Authorities	Electronic	As required
Data Transmission	As Required	Employing Authorities	Electronic	As required
Annual Report and Accounts	Annually (October)	All Members	Paper/Website/ Intranet/ Email	Annually
Valuation Report	Every three years	Employing Authorities/ all Stakeholders	Paper/ Website (Overview)/ AGM	Every three years
Statement of Investment Principles (SIP)	Annually	All Members/ Stakeholders	Website	As required
Governance & Compliance Statement	Quarterly	All Members	Website	Quarterly
Pension Committee Training Day	Annually	Committee Members/Fund Staff	Face to face	Annually
Other body Communications inc. SPOG, NIF, Media/Press, Trade Unions, Joint Communication meeting	As Required	All Relevant Bodies	Paper/ Website/ Face to face	As required
Fund Staff Training and Meetings	Monthly/ as required	Fund Staff	Face to face/ Paper	As regulations change/as required
Email alerts	As required when there is a significant	All members	Email	As required

	website update /event/ regulation change			
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# Shropshire County Pension Fund

# PENSION ADMINISTRATION STRATEGY STATEMENT

Agreed by Pensions Committee 26 June 2015



**SHROPSHIRE COUNTY**  
PENSION FUND

## 1. INTRODUCTION

Shropshire County Pension Fund (“the Fund”) is responsible for the administration of the Local Government Pension Scheme (“the Scheme”) within the geographical area of Shropshire. The Fund also administers the Scheme on behalf of a number of qualifying employers who are not situated within the Shropshire area. The service is carried out by Shropshire Council (“the administering authority”) on behalf of qualifying employers and ultimately the Scheme members.

This document is the Pensions administration Strategy statement outlining the policies and performance standards towards providing a cost-effective, inclusive and high quality pensions administration service.

Delivery of such an administration service is not the responsibility of one person or one organisation, but is rather the joint working of a number of different stakeholders which between them are responsible for delivering the pensions administration service to meet the diverse needs of the membership.

## 2. COMPLIANCE

Developed in consultation with employers within the Fund, this statement seeks to promote good working relationships, improve efficiency and ensure agreed standards of quality in delivery of the pension administration service amongst the employers and the Fund. A copy of this strategy is issued to each of the relevant employers and can be found in the employer area of our website.

The undertakings set out within this Pension Administration Strategy will be reviewed annually by the Fund. In no circumstances does this strategy override any provision or requirement of the Regulations nor is it intended to replace the more extensive commentary provided by the Employers’ information on the Funds website.

## 3. REVIEW

The Fund will review this policy statement and make revisions as appropriate following a material change in its policies in relation to any of the matters contained in the strategy. Employers will be consulted and informed of the changes.

## 4. REGULATORY FRAMEWORK

Regulation 69-(1) of the LGPS Regulations 2013 enables an LGPS administering authority to prepare a document (“the pension administration strategy”) detailing administrative standards, performance measures, data flows and communication with employers.

In addition, Regulation 70.-(1) of the LGPS Regulations 2013 allows an administering authority to recover costs from an employing authority where costs have been incurred because of that employing authority’s level of performance in carrying out its functions under these Regulations. See section on Poor Performance.

This document has been presented, considered and ratified by the Pensions Committee on the 26th June 2015 and, as such, the contents of which apply to all existing and future employers of Shropshire County Pension Fund from that date.

## 5. LIAISON AND COMMUNICATION

The delivery of a high quality, cost effective administration service is not the responsibility of just the administering authority, but depends on the joint working of the administering authority with a number of individuals employed in different organisations to ensure Scheme members, and other interested parties, receive the appropriate level of service and ensure that statutory requirements are met.

Each Employing authority will designate a named individual to act as the main point of contact with regard to any aspect of administering the LGPS.

### **Their key responsibilities will be to:**

- to act as a conduit for communications to appropriate staff within the employer - for example, Human Resources, Payroll teams, Directors of Finance;
- to ensure that standards and levels of service are maintained and regulatory responsibility is complied with.
- to ensure that details of all nominated representatives and authorised signatures are correct and to notify the Fund of any changes immediately;
- to arrange distribution of communications literature as and when required;

- to inform the Fund of any alternative service arrangements required;
- to assure data quality and ensure the timely submission of data to the Fund; and
- to assist and liaise with the Fund on promotional activities.

### **Employer Training**

The Fund holds annual training for employers where its officers provide information on Fund Finances, Investment Performance and also Administration Performance. Attendance by each employer's main contact and Senior Management is actively encouraged. Usually the meeting content is communicated to the relevant staff to attend.

### **Policy Discretions**

Each employer is required by statute to produce, publish and maintain a statement of policy regarding the exercise of certain discretionary functions available to them within the LGPS regulations. The policy statement must be kept under review and, where revisions are made, the revised policy statement must be sent to the Fund and made readily available to all employees within the employing authority within one month of the effective date. The Local Government Association has produced a list of discretions employers have in the LGPS. The document can be found on the website [www.lgpsregs.org](http://www.lgpsregs.org)

### **Notification of employee's rights**

Under Regulation 72 of The Regulations any decisions made by an employing authority affecting an employee's rights to membership or entitlement to benefits must be made as soon as is reasonably practicable and notified to the employee in writing including a reference to their right of appeal in line

with Regulation 74. Every decision that a person is not entitled to a benefit must contain the grounds for the decision and how they can obtain further information about the decision.

**Internal Disputes Resolution Procedures (IDRP)** Each employing authority is required to nominate and name the person to whom applications under Stage 1 of the Internal Disputes Resolution Procedures should be made. The name, job title and contact details of this nominated person must be kept up-to-date with the Fund. Employers must also notify the Fund of any first stage appeal responses.

### **Computer Links**

The Fund will, to appropriate large employers, provide the links in order for employing authority staff to produce retirement estimates and enquire on their employees' record of membership.

The Fund will ensure that the Pensions Administration computer system is available for use during normal office hours with the exception of any necessary scheduled maintenance of the system.

## **6. SERVICE STANDARDS TO SCHEME MEMBERS**

Overriding legislation dictates minimum standards that Pension Schemes and Employers should meet in providing certain pieces of information to the various associated parties – not least of which the Scheme member. The LGPS Regulations also identifies a number of requirements for the Fund and Employers, which may not have been all covered in this document.

Some of these performance standards are held within the following tables overleaf but not all:

## NEW APPOINTMENTS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To ensure that pensions information is included as part of any induction process including in contracts of employment and appointment letters.</p> <p>To provide each new employee with a 'Brief Scheme Guide' and 'New Member Form' with their contract of employment.</p>	<p>To provide to employers on request appropriate tools for inductions.</p> <p>To update pension information in accordance with regulatory changes and to keep electronic versions up to date on the website <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a></p>

## NEW STARTERS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To ensure that all employees subject to automatic/contractual admission are brought into the Scheme from the date of appointment, and provide the Pension Administration Team, with accurate details within 4 weeks of their start date by electronic monthly interface.</p> <p>To assist the Fund in ensuring that all new starters complete the Scheme application form containing information including National Insurance Number, Date of Birth and Home Address on either electronic interface or approved form to the Fund within four weeks of the employees first pay date.</p> <p>Where there is more than one contract of employment with the same employer, each membership shall be maintained separately and the Fund notified.</p> <p>To send the Fund notification in agreed electronic format of any eligible employees subject to automatic entry, who opt out of the scheme within three months of appointment.</p>	<p>To accurately record and update associated member records on the pension administration system.</p> <p>To apply for any Transfer Value details within two weeks of receipt of all the relevant information from the member and to produce Membership Certificates and forward them to member's home address, within thirteen weeks of joining the Scheme. As stated within the Regulations.</p> <p>To accurately record these member records on the pension administration system within four weeks of receipt of documents.</p> <p>To accurately record and update member records on the pension administration system within four weeks of receipt of the notification.</p>



## CHANGES IN CIRCUMSTANCES FOR ACTIVE MEMBERS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To ensure that the Fund is informed of any changes in the circumstances of employees on approved electronic template within four weeks of the change. Guidance can be found in the Employers Guide at: <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a></p> <p>These include:</p> <p><b>Status</b></p> <ul style="list-style-type: none"> <li>• Change of Name</li> <li>• Marital Status</li> <li>• National insurance Number</li> </ul> <p><b>Conditions of service</b></p> <ul style="list-style-type: none"> <li>• Contractual Hours (for members who meet the underpin requirements only)</li> <li>• Remuneration changes due to promotion and down grading (pre April 2014 members only)</li> <li>• Actual pay (including overtime)</li> <li>• Contribution Rate</li> <li>• Employee Number and/or Post Number</li> <li>• Date Joined Scheme (if adjusted)</li> <li>• Confirmation of 50/50 or 100/100 scheme entry</li> </ul> <p>NB. An Employee can easily exceed HMRC Annual Allowance if their pay increases. You therefore are asked to inform the Fund of :</p> <ul style="list-style-type: none"> <li>• Augmentation,</li> <li>• Honorariums</li> <li>• AVC contributions</li> </ul> <p>Further information is available from the fund on this issue or visit the page on 'Monthly returns' on the website <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a></p> <p><b>Absence</b></p> <p>During periods of reduced pay or nil pay as a result of sickness, injury or relevant child related leave Assumed Pensionable Pay (APP) should be applied for pension purposes.</p> <p>Employer contributions should be deducted from pay and any APP. If the employee receives no pay the employer contributions should still be deducted from APP. This change was introduced by the 2013 LGPS Regulations.</p> <p>Should the employees wish to purchase Additional Pension Contribution (APC) or Shared Cost (SCAPC)</p>	<p>To provide templates for recording any key changes in circumstance and to provide advice on the secure submission of data electronically.</p> <p>To accurately record and update member records on pension administration systems within four weeks of notification or any shorter period as requested by the employer with regard to specific requirements.</p> <p>To highlight Annually if an individual has exceeded their Annual Allowance.</p>

<p>contract to buy back the pension 'lost' during the absence, the APP amount will need to be calculated and provided to the members by employer. Employers must bring to the attention of the member before a period of absence that they can buy back the 'lost' pension. Employers should also direct members to the website <a href="http://www.lgps2014.org">www.lgps2014.org</a> so they can calculate the cost to buy back the 'lost' pension.</p> <p>Types of absences include:</p> <ul style="list-style-type: none"> <li>• Maternity, Paternity and Adoption</li> <li>• Paid &amp; Unpaid leave of absence</li> <li>• Industrial Action (SCAPC not available)</li> <li>• Any other material period of absence</li> </ul> <p>See section '<b>ADDITIONAL PENSION CONTRIBUTIONS (APCs) and SHARED COST APC's</b>' for further information.</p>	
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**ANNUAL RETURN, VALUATION & ANNUAL BENEFIT STATEMENTS**

<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To provide the Fund with year-end information to 31 March each year in an approved format no later than 30 April or the next working day.</p> <p>The information should be accompanied by a final statement, duly signed, balancing the amounts paid during the year with the total amounts on the year end return data file.</p> <p>To provide any additional information that may be requested for the production of Annual Benefit Statements for service up until the 31st March in each particular year by the end of April of each year.</p> <p>To provide the Fund with up to date and correct information as requested in accordance with agreed timescales and the regulations.</p> <p>To ensure that all errors highlighted from the annual contribution and pensionable pay posting exercise are responded to and corrective action taken promptly.</p>	<p>To process employer year end contribution returns within three months of receipt i.e. 30th April, or within three months of receipt of the information if later.</p> <p>To produce annual benefit statements for all active members by 31<sup>st</sup> August and to provide Annual Allowance information by the 5<sup>th</sup> October each year.</p> <p>Statements will also be produced for deferred members, but no information from employers will be required. Employers must ensure that all leavers are notified to the pensions team.</p> <p>To provide data to the Fund Actuary and Government Actuary's Department to enable employer contribution rates to be accurately determined.</p> <p>To provide an electronic copy of the valuation report and contributions certificate to each employer.</p>

**RETIREMENT, TRANSFER, DIVORCE ESTIMATES / OUT SOURCINGS etc**

<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To submit a request using forms PEN010 by post or attaching it to an e-mail.</p> <p>For larger bulk estimates, requests can be made in alternative agreed formats.</p> <p>To provide information as requested, when required either on an individual or group basis for;</p> <ul style="list-style-type: none"> <li>• Employee requests e.g. Transfer requests, divorce requests, retirement.</li> <li>• Actuary Requests e.g. Triennial Valuation, FRS17/IAS 19</li> <li>• Staff transfers e.g. Outsourcings etc.</li> </ul>	<p>To issue the individual quotations within seven working days of receiving the request or by separate agreed timescales for bulk requests.</p> <p>To provide large employers links to the appropriate software to produce retirement estimates without the resource of Fund staff.</p>

**ACTUAL RETIREMENTS**

<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To submit the appropriate PEN007 form to the Fund as soon as final pay information is available which confirms members pay information and decision as to type of benefit is paid to member.</p> <p>Further information can be found in the Employers Guide via <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a></p>	<p>To issue the member with a letter and retirement information within seven days of notification.</p> <p>To make payment of any lump sum within Seven working days of receipt of all relevant forms and certificates from the member, if later than retirement date.</p> <p>To pay any pension payment on the 29th of each month into the bank, following retirement, unless this falls on a weekend or bank holiday when the payment will be made on the last working day before.</p>

**ILL HEALTH RETIREMENTS**

<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To determine based on medical evidence and opinion of one of the Administering Authorities approved Independent Medical Registered Practitioners (IMRP) whether an ill health award is to be made and to determine which benefit tier 1, 2 or 3 is to be awarded.</p> <p>Arrange for completion of the PEN007 or PEN006 and then submit to the Fund with all related paperwork and signatures.</p>	<p>To calculate and pay required benefits in line with actual retirement timescales.</p> <p>To assist the employer in performing their legislative responsibility to review Tier 3 ill health cases at eighteen months.</p> <p>To notify employers three months prior to scheduled discontinuation of benefit payments and before updating the members records as becoming a</p>

<p>To keep a record of all Tier 3 ill health retirements, particularly in regard to the 18 month review of their gainful employment and any subsequent appointment with an (IMRP) approved by the Administration Authority for a further medical certificate.</p> <p>To recover any overpayment of pension benefits following subsequent re-employment and notify the Fund, where appropriate.</p> <p>To review all Tier 3 ill health retirement cases prior to discontinuance at three years. Further information on Ill health retirements can be found on the employers pages on our website  <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a></p>	<p>“pensioner member with deferred benefits from the date of the suspension”.</p>
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### MEMBERS LEAVING EMPLOYMENT BEFORE RETIREMENT

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To notify the Fund of the employee's date and reason for cessation of membership and all other relevant information on approved forms within four weeks of the event at the latest.</p>	<p>To accurately record and update member records on the pension administration system.</p> <p>To inform members who leave the Scheme, who are not entitled to immediate payment of benefits, the options available and deferred benefit entitlement within one month of receiving all relevant information.</p>

### FORMER MEMBERS WITH DEFERRED BENEFITS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To keep adequate records of the following for members who leave the Scheme with deferred benefits as early payment of benefits may be required:</p> <ul style="list-style-type: none"> <li>• Name &amp; Last known address</li> <li>• National Insurance Number</li> <li>• Payroll Number</li> <li>• Date of Birth</li> <li>• Last job including job description</li> <li>• Salary details</li> <li>• Date and reason for leaving</li> </ul> <p>To determine, an application from the former employee to have their deferred benefits paid early, as to whether or not they are eligible for early payment on ill health grounds after</p>	<p>To record and update member records on pension administration system.</p> <p>To provide former members, where possible, an annual benefit statement of their deferred benefits updated by accrued annual pensions increase awards.</p> <p>To provide estimates of benefits that may be payable and any resulting employer costs within seven days of request.</p>

seeking a suitable medical opinion from an (IMRP) approved by the Administering Authority, to determine whether benefits should be released early on compassionate grounds and whether any early retirement reduction should be waived.	
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## DEATH IN SERVICE & TERMINAL ILLNESS

EMPLOYERS' RESPONSIBILITY	FUND'S RESPONSIBILITY
<p>To inform the Fund immediately on the death of an employee, or when a member is suffering from a potentially terminal illness and provide details of next of kin.</p> <p>Further information can be found on the employers pages of our website <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a></p>	<p>To assist employers, employees and their Next of Kin in ensuring the pension options are made available and that the payment of benefits are expedited in an appropriate and caring manner.</p>

## FINANCIAL OBLIGATIONS

EMPLOYERS' RESPONSIBILITY	FUNDS RESPONSIBILITY
<p>To pay the Fund all contributions deducted from payroll (not including AVCs) of its employees and employer contributions and any deficit Lump Sum payments due on a monthly basis, no later than the 19th day of the month following the period of deductions. Further information can be found in the Employer Guide via <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a></p> <p>Each payment must be accompanied by a statement providing the breakdown of the payment, at employee level, in the prescribed format. In line with Regulation 69.</p> <p>To apply the correct employee contribution rate according to the scheme the member is in – either the 50/50 or 100/100 scheme. To alter employee contribution rates at all other times in line with the employers' discretionary policy on adjusting employee contribution rates.</p> <p>To pay all rechargeable items to the Fund within Four weeks of the invoice.</p>	<p>To allocate the received contributions to each employers record.</p> <p>Interest may be charged for late payment as detailed in Regulation 71.-(1) of the LGPS Regulations 2013.</p> <ul style="list-style-type: none"> <li>• Employer contributions are overdue if they are received a month later than the due date specified.</li> <li>• All other payments are overdue if they are not received by the due date specified.</li> </ul> <p>Inform each employer of any new contribution bandings tables.</p> <p>Inform employers of any rechargeable items as they become due.</p>

**ADDITIONAL PENSION CONTRIBUTIONS (APCs) and SHARED COST APC's**

<b>EMPLOYERS' RESPONSIBILITY</b>	<b>FUND'S RESPONSIBILITY</b>
<p>To communicate to employees regarding the option of SCAPC's to cover periods of 'lost pension' and the timeframe they must elect to purchase a SCAPC. Members must elect within thirty days of returning to work following the absence but employers have the discretion following the Amendments Regulations 2015 to extend this period.</p> <p>To calculate and collect from the employee payroll contributions and to arrange the prompt payment to the Fund, according to the published schedule and to be no later than the 19th of the month following deduction, as stated in the 2013 Regulations (Reg 69.-(1). More Information can be found in the Employers Guide via <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a></p>	<p>To provide information on APCs to members/employers through <a href="http://www.shropshirecountypensionfund.co.uk">www.shropshirecountypensionfund.co.uk</a> where a modeller can be found.</p>

## STANDARDS OF DATA

**Overriding Legislation in performing the role of administering the LGPS, The Fund and Employers will comply with the overriding legislation, including:**

- the Occupational Pensions Schemes
- (Disclosure of Information) Regulations 2015;
- The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015
- the Pensions Act 1995, 2004 and 2014;
- any Transitional Regulations currently in place;
- the Discretionary and Compensation Regulations 2006;
- the Data Protection Act 1998;
- the Freedom of Information Act 2000;
- the Disability Discrimination Act 1995;
- the Age Discrimination Act 2006;
- the Finance Act 2004;
- Health and Safety legislation;
- Employment Rights Act 2010;
- HMRC Legislation and Current GAD Guidance
- Public Service Pensions Act 2013

**and any future amendments to the above legislation.**

### Data Protection

To protect any personal information held electronically the Administering Authority is registered under the Data Protection Act 1998. This allows members to check that their details held are accurate. The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund.

Members who wish to apply to access their data on data protection grounds should contact the Data Protection Officer on: **(01743) 252774**

Shropshire Council is the Administering Authority for the Shropshire County Pension Fund and is registered with the Information Commissioner's Office as a Data Controller.

Your information is processed for the sole purpose of administering your pension and your personal details will be retained.

The Fund may, if it chooses, pass certain details to a third party, where the third party is carrying out an administrative function of the Fund or where we are legally obliged to do so.

Members who wish to see a copy of information held about them by the Shropshire County Pension Fund should make a subject access request under the Data Protection Act 1998 to the Information Governance Team at Shropshire Council. For details ring 01743 252774 or 01743 252179, email information; [governance@shropshire.gov.uk](mailto:governance@shropshire.gov.uk) or visit the website at: [www.shropshire.gov.uk/access-to-information/](http://www.shropshire.gov.uk/access-to-information/)

### Secure Data Transfer

The Fund will follow Shropshire Council's data security guidelines when sending any personal data in bulk, including its published data sharing policy. This means that if data is shared:

- We will agree an authentication process and confirm that it is an appropriate person and contact number in the receiving organisation.
- Encryption software will be used, which will be self-extracting, and allow the recipient to open the file,
- Without the need for the software, it should be password protected and we will follow delivery guidelines if the data is sent by courier.
- The appropriate agreed person will confirm the data has been received, request the password and confirm the file is successfully opened.

The full guidelines can be made available on request.

## 8. FUND ADMINISTRATION PERFORMANCE MEASURES

In performing the role of administering the LGPS, The Fund and Employers will comply with the overriding legislation, including:

PERFORMANCE MEASURE	TARGET (WORKING DAYS)
Payment of retirement benefits	7 DAYS
Payment of monthly pensions on the appropriate day of the month	1 DAY
Payment of transfer values	7 DAYS
Provision of inward transfer quotes	10 DAYS
Notification of deferred benefits	30 DAYS
Respond to members general postal / email/ telephone enquiries	5 DAYS

All these measures start from the date of receipt of all relevant information. The annual figures for the Fund's performance measures across all employers are recorded in the Annual Report.

### Audit

The Fund is subject to an annual audit of its processes and internal controls. Employers are expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations will be considered and where appropriate implemented with Employing authority cooperation.

### Benchmarking

The Fund will regularly monitor its costs and service performance by benchmarking with other administering authorities. Details of the costs of administration, quality measures and standards of performance will be published in the Annual Report.

## 9. EMPLOYER PERFORMANCE REPORTING

As part of this Pensions Administration Strategy the Fund will develop, with employer consultation, arrangements for quarterly reporting on key

performance measures as contained in section 6 of this document

This approach to reporting will facilitate early engagement with employers and also provide a mechanism for service level review and recognition of best practice.

### Poor Performance

The Fund will seek, at the earliest opportunity, to work closely with employers in identifying areas of poor performance, provide the necessary training and development and to put in place appropriate processes to improve the level of service in the future.

In the event of continued poor performance and a lack of any evidence of any measures being taken to achieve improvement by an employing authority, the Fund will seek to recover any additional costs arising.

Any third party costs or regulatory fines incurred by the Fund as a consequence of administrative failures or poor performance by the employing authority will be recovered from the employer. These may include fines imposed by the Courts or the Pensions Ombudsman and additional charges in respect of actuarial fees, third party computer charges and additional printing and distribution costs.

In dealing with poor performance the Fund will:

- write to the employer setting out the area (s) of poor performance;
- meet with the employing authority, where possible, to discuss area(s) of poor performance and how these can be addressed;
- issue formal written notice, where no improvement is demonstrated by the employing authority or where there has been a failure to take agreed action by the employing authority;
- Make claim for cost recovery, taking account of time and resources in resolving the specific area(s) of poor performance.
- Will report any claim for the cost of recovery to the Pension Committee at the next available meeting and may form part of the administration report in the Fund's published Annual Report.



## 10. ASSOCIATED POLICY STATEMENTS

### The statement outlines the Fund's policy on:

- Information to members, representatives and employers;
- The format, frequency and method of distributing such information;
- The promotion of the Scheme to prospective members and their employing authorities

### Governance Policy

Shropshire Council has delegated to the Pensions Committee various powers and duties in respect of its administration of the Fund.

This statement sets out the scheme of delegation and the terms of reference, structure and operational procedures of the delegation. It also includes information on how it will exercise certain discretions provided by the scheme.

### Employer Discretions

Since 1997, the LGPS Regulations have required every employing authority to:

- issue a written policy statement on how it will exercise the various discretions provided by the Scheme;
- keep it under review;
- revise as necessary.

A list of the Employer discretions can be found in the Employers Guide.

## 11. Regulations Extracts

### Local Government Pension Scheme Regulations 2013: Regulation excerpts related to Exchange of information

80. — (1) A Scheme employer must—

(a) Inform the appropriate administering authority of all decisions made by the employer under regulation 72 (first instance decisions) or by an adjudicator appointed by the Scheme employer under regulation 74 (applications for adjudication of disagreements) concerning members; and

(b) give that authority such other information as it requires for discharging its Scheme Functions

(2) If—

(a) an administering authority makes any decision under regulations 72 (first instance decisions), 75 (decisions of the adjudicator) or 76 (reference of

adjudications to administering authority) about a person for whom it is not the Scheme employer; and (b) information about that decision is required by the person's Scheme employer for discharging that employer's Scheme functions, that authority must give that employer that information if asked to supply it.

(3) Within three months of the end of each Scheme year, each Scheme employer must give a statement to the appropriate administering authority giving the following details in respect of each employee who has been an active member during the Scheme year—

(a) the employee's name and gender;

(b) the employee's date of birth and national insurance number;

(c) a unique reference number relating to each employment in which the employee has been an active member; and (d) the information relating to the employee for the Scheme year in question for each employment which is specified in paragraph (4).

(4) The information required by paragraph (3)(d) is—

(a) the dates of active membership;

(b) the pensionable pay received and employee contributions deducted while regulation 9 (contributions) applied;

(c) the pensionable pay received and employee contributions deducted while regulation 10 (temporary reduction in contributions) applied;

(d) any contributions by the employer in relation to the employee's pensionable pay;

(e) any contributions by employee or employer under regulation 16 (additional pension contributions);

(f) any contributions by employee or employer under regulation 17 (additional voluntary contributions).

### Local Government Pension Scheme Regulations 2013: Regulation excerpts related to Pension administration strategy

59. — (1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate ("its pension administration strategy") and, where it does so, paragraphs (3) to (7) apply.

(2) The matters are—

(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority ("its Scheme employers");

(b) the establishment of levels of performance

which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by—

- (i) the setting of performance targets,
  - (ii) the making of agreements about levels of performance and associated matters, or
  - (iii) such other means as the administering authority considers appropriate;
- (c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
- (d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;
- (e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);
- (f) the publication by the administering authority of annual reports dealing with—
- (i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and
  - (i) such other matters arising from its pension administration strategy as it considers appropriate; and
  - (g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.
- (3) An administering authority must—
- (a) keep its pension administration strategy under review; and
  - (b) make such revisions as are appropriate following a material change in its policies in relation to any

of the matters contained in the strategy.

(4) In preparing or reviewing and making revisions to its pension administration strategy, an administering authority must consult its Scheme employers and such other persons as it considers appropriate.

(5) An administering authority must publish—

- (a) its pension administration strategy; and
- (b) where revisions are made to it, the strategy as revised.

(6) Where an administering authority publishes its pension administration strategy, or that strategy as revised, it must send a copy of it to each of its Scheme employers and to the Secretary of State as soon as is reasonably practicable.

(7) An administering authority and its Scheme employers must have regard to the pension administration strategy when carrying out their functions under these Regulations.

(8) In this regulation references to the functions of an administering authority include, where applicable, its functions as a Scheme employer.