



Committee and Date

Pensions Board

13 April 2018

PENSIONS BOARD

**Minutes of the meeting held on 17 November 2017 in the Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND
10.00 am - 12.55 pm**

Responsible Officer: Michelle Dulson
Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present

Liz Furey – Employer Rep
Pat Hockley – Pensioner Rep
Mike Morris – Pensioner Rep (Chairman)
Philip Ingle – Employer Rep

1 Apologies

1.1 No apologies were received.

2 Declarations of Conflicts of Interest

2.1 No conflicts of interest were declared.

3 Minutes of the previous meeting

3.1 RESOLVED:

That the Minutes of the meeting held on 7 July 2017 be approved and signed by the Chairman as a correct record.

4 Public Question Time

4.1 No public questions were received.

5 Administration and Regulatory Updates

5.1 The Board received the report of the Pensions Administration Manager – copy attached to the signed Minutes - which provided Members with the latest administration and regulatory updates affecting the local Government Pension Scheme. The Pensions Administration Manager took Members through the main points of the report and answered a number of queries.

5.2 The Pensions Administration Manager drew attention to the Scheme Advisory Board (SAB) Consultation on Academies which had closed on 29 September 2017, the results of which were reported to the SAB at its meeting held on 16 November 2017. She agreed to share the report with the Pensions Board once received from the SAB.

A brief discussion ensued in relation to concern over the possible bankruptcy of Academies. This was not however an issue in Shropshire.

- 5.3 In relation to the changes to the early retirement strain costs, the Pensions Administration Manager explained what this would mean for someone who was being made redundant or taking early retirement. The Pensions Administration Manager reported that the number of active members who had signed up to the Funds' secure website area, 'My Pension Online', was higher than the national average.
- 5.4 Members of the Board requested that a report on the new General Data Protection Regulations (GDPR) be presented to its next meeting in order to ensure that the Fund was compliant with the regulations. It was confirmed that the Pensions Administration Manager and the Pensions Communication Officer would be receiving training on the new GDPR in December from Eversheds. The Pensions Communication Officer reported that she was also a representative on the National Working Group for GDPR, which was seeking a legal view on a number of specific questions that had been raised about GDPR in respect of the LGPS. The Pensions Communication Officer agreed to share the response with the Board once received.
- 5.5 It was reported that a Data Protection Officer (DPO) had not yet been appointed by the Council and that legal advice was awaited about whether the Fund required its own DPO.
- 5.6 The Pensions Administration Manager drew attention to the Pensions Administration Report which had been presented to the Pensions Committee at its meeting on 22 September 2017. She informed members that the Fund had joined with its software provider to pilot a Data Quality Review, the results of which would be fed into a data improvement plan. She agreed to report back to the Board the improvements achieved.

5.7 **RESOLVED:**

That the contents of the report be noted.

6 **Update on Investment Strategy and implementation including transition to the Central Pool**

- 6.1 The Head of Treasury and Pensions gave an update on the Fund's current investment strategy and implementation including the transition to the Central Pool. He informed Members that the Committee had voted to support an equity protection strategy with Legal and General. 30% of equities were protected through passive management for 12 to 18 months. The investment strategy was to be reviewed by the Committee at its meeting on 24 November 2018.
- 6.2 Turning to the transition of assets into the Central Pool, the Head of Treasury and Pensions informed the meeting that this would begin in April 2018 and would take two years to complete. The Shropshire County Pension Fund would not be affected until June 2018.

7 **LGPS Central update**

7.1 The Head of Treasury and Pensions updated the Board in relation to a presentation given by Jason Fletcher the Chief Investment Officer of LGPS Central – copy attached to the signed Minutes. He drew attention to the benefits to Shropshire including £36m cost savings, benefits of scale and dedicated asset management oversight.

8 **Responsible Investment**

8.1 Members received a presentation by Michael Marshall, West Midlands Pension Fund in relation to Responsible Investment – copy attached to the signed Minutes. The presentation covered the following areas:

- What is Responsible Investment;
- The Link between Responsible Investment and performance;
- LGPS Regulations and Guidance;
- SCPFs approach;
- Climate Change
- LGPS Central

9 **Pensions Committee Updates - to include a presentation about Internal Audit**

9.1 Members received a presentation from the Principal Auditors in relation to the Internal Audit Service. They gave an overview of Internal Audit and the service it provided to the Pension Fund. The Internal Audit Service spent 50-60 days annually auditing the Fund. Internal Audit reported annually to the Pensions Committee.

9.2 In response to a query in relation to follow up audits where recommendations had been made, the Principal Auditor explained that some were automatically followed up whilst others would be tabled in when required. In response to a further query, the Principal Auditor explained how Internal Audit supported implementation of emerging risks.

9.3 The reports considered by the Pensions Committee at its meeting on 22 September 2017 had been received by the Board. In response to a query about Employers Insolvency, it was confirmed that Academies were underwritten by the Department for Education, other employers had guarantors and bonds, whilst some did not and were a risk to the Fund. It was confirmed that any debt would be apportioned across the fund employers.

9.4 **RESOLVED:**

That a short report on Employers Insolvency be presented to the next meeting.

10 **Update on Breaches of LGPS Regulations**

10.1 The Board received the report of the Pensions Communication Officer – copy attached to the signed Minutes – which informed Members of the latest breaches of the LGPS regulations affecting the Shropshire County Pension Fund.

10.2 RESOLVED:

That the contents of the report be noted.

11 Update on Implementation of the Markets in Financial Instrument Directive (MiFID 11)

11.1 The Head of Treasury and Pensions updated the Board in relation to the implementation of the European Markets in Financial Instrument Directive 2014/65 (“MiFID II”).

12 Fund Administration Policies

12.1 The Board received the report of the Pensions Communication Officer – copy attached to the signed Minutes – which provided Members with information on the Administration Policies of the Shropshire County Pension Fund.

12.2 The Pensions Communication Officer reported that Scheme Employers had been informed at their meeting on 9 November 2017 of the review of Fund policies together with compliance against all codes and regulatory requirements and how they were measured. An Action Plan of improvements would then be put in place and any policy changes circulated to employers for consultation.

12.3 The Pensions Communication Officer drew Members’ attention to the new Employer Events Policy which had been drawn up in conjunction with the actuary and which would cover the various ‘life stages’ of an employee within the Fund. Following consultation with employers, the draft Policy would be shared with the Board.

12.4 The Pensions Communication Officer drew attention to the Pension Regulators Code of Practice 14 which sets out the policies which a Pensions Board must have a working knowledge of. She also highlighted the Public Service Governance and Administration Survey results published in May 2017, attached at Appendix A of the report.

12.5 RESOLVED:

That the contents of the report be noted.

13 Future Training Requirements

13.1 The Pensions Communication Officer reported that training sessions were to be arranged in relation to the Regulations and the new data protection regulations. The sessions would be held prior to future meetings.

14 Date of Next Meeting

14.1 It was agreed that the next meeting be held in March 2018 after the Pensions Committee meeting on 16 March 2018.

NB. The next meeting was subsequently arranged for Friday 13 April 2018.

Signed (Chairman)

Date: