



Pensions Committee

24 November 2017

10.00 am

MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 22 SEPTEMBER 2017

10.00 AM - 12.40 PM

Responsible Officer: Tim Ward
Email: tim.ward@shropshire.gov.uk Tel: 01743 257713

Present:

Members of the Committee:

Councillor Thomas Biggins (Chairman)
Councillors Chris Mellings, Brian Williams and Michael Wood

Co-Opted Members (Voting):

Councillors David Wright

In opening the meeting the Chairman welcomed Councillors Mellings and Williams to their first meeting of the Pensions Committee

17 Apologies and Substitutions

17.1 Apologies for absence had been received from Nigel Neat, Jean Smith and Malcolm Smith. There were no substitutions.

18 Minutes of the Last Meeting

18.1 The minutes of the meeting held on 23 June 2017 had been circulated.

18.2 RESOLVED:

That the minutes of the meeting of the Pension Committee held on 23 June 2017 be agreed as a true record and signed by the Chairman

19 Internal Audit out turn Report for Shropshire Council Pension Fund 2016/17

19.1 Members received the report of the Head of Audit which provided Members with details of the work undertaken by Internal Audit for the year ended 31 March 2017

19.2 The Principal Auditor confirmed that 100% of the agreed audit plan had been delivered and that 5 "good" assurances had been made. He commented that a total of 11 recommendations had been made across the 5 audit reports but that there were no significant issues and that on the basis of the work undertaken and management responses received; the Pension Fund's governance, risk management and internal control processes are sound and working effectively and

the Head of Audit was able to deliver a positive year end opinion on the Fund's internal control environment for 2016/17.

19.3 In response to a question the Principal Auditor confirmed that "good" was the highest level of assurance.

19.4 RESOLVED:

- a) That the Pension Committee endorse performance against the Audit Plan for the year ended 31 March 2017.
- b) That the Pension Committee endorse the Head of Audit's positive year end opinion on the Fund's internal control environment for 2016/17 on the basis of the work undertaken and management responses received.

20 **External Audit - The Audit Findings for Shropshire County Pension Fund 2016/17**

20.1 The meeting received the report of Grant Thornton which set out the external audit findings for the Shropshire County Pension Fund. Members were advised that an unqualified audit opinion would be given in respect of the financial statements for the year ending 31 March 2017

20.2 RESOLVED:

That Members note the report

21 **Pension Fund Annual Accounts 2016/17**

21.1 The Committee received the report of Head of Finance, Governance and Assurance which provided Members with the Shropshire Council Pension Fund Annual Report 2016/17 and an update on the annual audit.

21.2 The Head of Finance, Governance and Assurance commented that it had been a good year for the Fund with the value of the fund increasing by £274million making a total fund value of £1.768 billion.

21.3 The Chairman paid tribute to the work of Councillor Pate who had stepped down from the Pensions Committee after 18 years, many of them as Chair of the Committee. This was endorsed by all Members present.

31.4 RESOLVED:

That the Pensions Committee approve the Pension Fund Annual Report 2016/17

22 **Corporate Governance Report**

22.1 Members received the report of the Investment officer which informed Members of Corporate Governance and socially responsible investment issues arising in the quarter 1 April 2017 to 30 June 2017

22.2 The Head of Treasury and Pensions advised Members that due to the size of the appendix to the report it had only been sent out electronically

22.3 RESOLVED:

That Members accept the position as set out in the report, Manager Voting Reports at Appendix A and BMO Global Asset Management Responsible Engagement Overlay Activity Report at Appendix B.

23 MiFID II

23.1 The meeting received the report of the Head of Treasury and Pensions which outlined the impact of the implementation of the European Markets in Financial Instrument Directive 2014/65 (“MiFID II”) and in particular the risk to the administering authority of becoming a retail client on 3 January 2018.

23.2 The Head of Treasury and Pensions advised Members that under the current regulatory framework, local authorities were automatically categorised as “professional clients” for investment purposes but that under the new regulation they would lose the automatic right to be classified as such but there was option to “opt up”.

23.3 In response to a query the head of Finance, Governance and Assurance confirmed that there was no cost to “opting up” other than officer time.

23.4 RESOLVED:

That the Pensions Committee:

- a. Note the potential impact on investment strategy of becoming a retail client with effect from 3 January 2018.
- b. Agrees to the immediate commencement of applications for elected professional client status with all the Fund’s current investment and financial service providers in order to ensure it can continue to implement an effective investment strategy.
- c. In electing for professional client status, the committee acknowledges and agrees to forgo the protections available to retail clients attached at Appendix 1.
- d. Agrees to approve delegated responsibility to the Head of Finance Governance & Assurance and Scheme Administrator for the purposes of completing the applications and determining the basis of the application as either full or single service.

24 Investment Strategy Statement

24.1 Members received the report of the Head of Treasury and Pensions which provided them with details of the updated Investment Strategy Report

24.2 The Head of Treasury and Pensions reminded the Committee that the Investment Strategy Statement had been approved in March 2017 and had been updated to take account of decisions taken at the June meeting of the Committee.

24.3 RESOLVED:

That Members approve the updated Investment Strategy Statement as set out in appendix A to the report.

25 Pensions Administration Monitoring Report

25.1 Members received the report of the Pensions Administration Manager which provided Members with monitoring information on the performance of and issues affecting the Pensions Administration Team.

25.2 The Pensions Administrations Manager confirmed that the Annual Benefits Statements had been issued to all active and deferred members electronically, and that this had been done within the required time limits

25.3 The Pensions Administrations Manager informed members that the Fund had joined with its software provider to pilot a Data Quality Review and the results would be fed into a data improvement plan.

25.4 RESOLVED:

That Members accept the position as set out in the report.

26 Exclusion of Press and Public

26.1 RESOLVED:

That under paragraph 10.2 of the Council's Access to Information Procedure Rules that the proceedings of the Committee in relation to Agenda Items 11 to 15 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

27 Exempt Minutes

27.1 The exempt minutes of the meeting held on 23 June 2017 had been circulated.

27.2 RESOLVED:

That the exempt minutes of the meeting of the Pension Committee held on 23 June 2017 be agreed as a true record and signed by the Chairman

28 Investment Strategy Training

28.1 Members received a presentation from Louis Paul Hill

29 Implementation of Equity Options and BMO Change

29.1 Members received a presentation from Louis Paul Hill

30 Investment Monitoring Report

30.1 The Committee received the exempt report of the Head of Treasury and Pensions (copy attached to the Exempt signed Minutes) which provided Members with monitoring information on investment performance and managers for the quarter period to 30 June 2017, and reported on the technical meetings held with managers since the quarter end.

30.2 RESOLVED:

That the position and updates as set out in the exempt report by the Head of Treasury and Pensions be noted

31 Record of Breaches

31.1 Members received the report of the Pensions Administration Manager which informed them of breaches arising in the quarter 1st April to 30th June 2017

31.2 RESOLVED:

That Members note the content of Appendix A to the report

(The full version of Minutes 27 to 31 constitutes exempt information under Categories 2 and 3 of Paragraph 10.4 of the Council's Access to Information Rules and has accordingly been withheld from publication).

Signed (Chairman)

Date: