



Committee and Date

Pensions Committee

20 March 2014

10.30 am

Item No

3

Public

**MINUTES OF THE PENSIONS COMMITTEE HELD ON 27 NOVEMBER 2013**

10.00am – 11.55am

**Responsible Officer** Tim Ward

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**Present:** Mr M G Pate (Chairman)  
Mr T H Biggins, Mr A Davies, Mr A England, Mr R Evans, Mr B  
McClements and Mrs J Smith

**1. Apologies for Absence and Substitutions**

1.1 Apologies for absence were received from Mrs A Chebsey and Mr M Smith.

1.2 Mr R Evans substituted for Mrs A Chebsey and Mr A England substituted for Mr M Smith.

**2. Disclosable Pecuniary Interests**

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

**3. Minutes**

**3.1 RESOLVED:**

That the Minutes of the meeting held on 20 September 2013 be approved and signed by the Chairman as a correct record.

**4. Public Questions**

4.1 There were no public questions.

**5. HarbourVest (Private Equity)**

5.1 Mr George Anson and Ms Hannah Tobin of HarbourVest gave an overview of the company and changes that had occurred since they had last attended a meeting of the Committee. They also gave an overview of the overall development of the portfolio and of individual funds within the portfolio and outlined future plans for the portfolio

5.2 The Chairman asked whether given the length of time the Council had been dealing with the company would there be any reduction in fees. Mr Anson

advised that fee levels have recently being reviewed the results of which will be reported shortly but there would be a fee reduction.

## **6. Blackrock (Hedge Funds)**

6.1 Mr James Edwards and Ms Nathalie Esposito of Blackrock gave an overview of the company and a review of current investments. They also gave a summary of the current outlook and a review of future strategies, stating that there were opportunities over all 4 of the “sub strategies”

## **7. Mercer (Actuarial Valuation)**

7.1 Mr John Livesey gave a presentation on the 2013 Actuarial Valuation which covered the following areas:

- 2013 Valuation - Key Issues;
- Financial Assumptions – key changes;
- 2013 Preliminary results; and
- Future Funding Strategy and contributions

7.2 Mr Livesey advised that the valuation showed a funding level of 76% as at 31 March which was in line with expectations. By 31 August the funding level had improved to 82% due to the fact that net yields had risen by 0.4% which had resulted in reduced liability values.

7.3 Mr Livesey then took members through the funding strategy and contributions, giving examples of possible approaches to stabilisation of contributions and outlining the effects on individual employers and the potential effects of more schools becoming academies.

## **8. Aon Hewitt (Next Steps)**

8.1 Mr Louis-Paul Hill outlined to members the recent changes made following a review of the structure of the Fund. He also outlined the proposals to review the current strategic allocation following the valuation results, and to undertake some asset liability modelling and looking at how different economic scenarios would affect the Fund.

8.2 Mr Hill informed members that when reviewing the investment strategy members would assess the current investment strategy including the level of return required and the current levels of risk within the Fund. He indicated that there would be need to assess different types of asset classes.

8.3 In response to a question Mr Hill confirmed that there would be member training prior to the review being carried out

## **9. Actuarial Valuation**

9.1 The Committee received the report of the Head of Finance, Governance and Assurance (copy attached to the signed Minutes) which provided Members with the formal presentation of the 2013 Actuarial Valuation Report from the Fund’s Actuary.

9.2 The Head of Finance Governance and Assurance reminded members that it was a requirement that funds within the Local Government Pension Scheme carried out an actuarial valuation every three years and that the current valuation had been undertaken as at 31 March 2013.

9.3 **RESOLVED:**

That the Actuarial Valuation Report be approved.

## **10. Pensions Administration Monitoring**

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

10.2 The Pension Administration Manager advised members that the Shropshire Council Voluntary Redundancy Scheme continued to cause increased work for the Pensions team and that this was expected to continue well beyond the end of the current tax year. She commented that Team resource was an issue as this extra workload coincided with the introduction of the new 2014 scheme.

10.3 The Pensions Administration Manager also informed members that results from the CIPFA Benchmarking Club showed that the cost of administering the scheme at £18.73 per member was well below the average of £21.42 and that the scheme had been at or below the average since 2008, and that the same applied to staff costs per member.

10.4 **RESOLVED:**

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

## **11. Corporate Governance Monitoring**

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

11.2 **RESOLVED:**

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

## **12. Exclusion of the Press and Public**

12.1 **RESOLVED:**

That under paragraph 10.2 of the Council's Access to Information Procedure Rules the proceedings of the Committee in relation to Agenda items 13 to 15 shall not be conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the category specified against them.

**13. Minutes (Exempted by category 3)**

**13.1 RESOLVED:**

That the Exempt Minutes of the meeting held on 20 September 2013 be approved and signed by the Chairman as a correct record.

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

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

**14.2 RESOLVED:**

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

**15. Appeals under the Internal Disputes Resolution Procedure (Exempted by Category 3)**

15.1 The Committee received the exempt report of the Pension Administration Manager which provided details of Stage 2 appeals to the Appointed Person under the Disputes Resolution Procedure (copy attached to the exempt signed minutes).

**15.2 RESOLVED:**

That the contents of the exempt report of the Pensions Administration Manager be noted.

*(The full version of Minutes 14 and 15 constitutes exempt information under category 3 of Paragraph 10.4 of the Council's Access to Information Rules and has accordingly been with-held from publication.)*

Signed.....(Chairman)

Date: 27<sup>th</sup> November 2013