



Date: Friday, 5 March 2021

Time: 10.00 am

Venue: THIS IS A VIRTUAL MEETING - PLEASE USE THE LINK ON THE AGENDA TO LISTEN TO THE MEETING

Contact: Sarah Townsend, Committee Officer
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PENSIONS COMMITTEE

TO FOLLOW REPORT (S)

3 Minutes of the Previous Meeting (Pages 1 - 6)

The Minutes of the meeting held on 04 December 2020 are to follow.

Contact: Tim Ward (01743 257713)

11 Exempt Minutes of the Previous Meeting (Exempted by Category 3) (Pages 7 - 10)

The exempt Minutes of the meeting held on 04 December 2020 are to follow.

Contact: Tim Ward (01743 257713)

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Pensions Committee

19 March 2020

10.00 a.m.

**MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 4 DECEMBER 2020
10.00 AM - 12.57 PM**

Responsible Officer: Sarah Townsend
Email: sarah.townsend@shropshire.gov.uk Tel: 01743 257721

Present:

Members of the Committee:

Councillors Thomas Biggins, Chris Mellings, Brian Williams and Michael Wood

Co-Opted Members (Voting):

Councillors Rae Evans

Co-Opted Members (Non-Voting):

Jean Smith, Laura Hoskison and Byron Cooke

89 Apologies and Substitutions

89.1 Apologies for absence were received from Councillor Malcolm Smith

89.2 There were no substitutions

90 Disclosable Pecuniary Interests

90.1 There were no declarations of interest

91 Minutes of the Previous Meeting

91.1 The minutes of the meeting held on 18 September 2020 had been circulated.

91.2 RESOLVED:

That the minutes of the meeting of the Pensions Committee held on 18 September 2020 be approved as a true record and signed by the Chairman.

92 Public Questions

92.1 At the beginning of the public question session the Chair made the following statement

I would just like to reiterate to everyone posing questions that we really value the engagement we are receiving from the public, particularly around Climate Change, which forms the basis of most of the questions we receive each meeting. I do want to make it clear that many of the answers we give at the moment are probably not going to fully resolve the particular issues being raised and in some cases may not feel particularly satisfactory. The reason for this is that the Pensions Committee is embarked on an extensive programme of work to understand all aspects of its responsibilities, and the options available to it, for managing the risk of climate change. We are not restricting ourselves to simplistic arguments about financial return or divestment, we are looking to understand how we can fulfil our responsibilities to the Pension Fund, how we can adequately manage risk and how we have a positive impact on climate change and responsible investment generally. This programme of work needs to be completed before we can provide answers that do justice to the questions being raised. So while I welcome public questions, I welcome the level of engagement we are seeing and I welcome the challenges these questions pose, I must ask that we are afforded the time to make the right decisions on the back of clear, independent and extensive evidence from the experts in these fields.

92.2 1 question had been received from Councillor Julian Dean and 6 questions had been received from members of the public. The questions and responses were read out.

92.3 In response to a supplementary question from Councillor Dean regarding when the investment strategy and beliefs would be updated to reflect the decisions of various stakeholders, the Chair advised him that the Pensions Committee were undertaking a great deal of work and that this would be brought back to the Committee in due course.

93 Task Force on Climate Related Financial Disclosures (TCFD)

93.1 Members received a presentation from Laura Michie, and Amelia Gaston and Valborg Lie from LGPS Central which updated the Committee on the Task Force on Climate Related Financial Disclosures (TCFD) report which had been commissioned by the Pension Fund.

93.2 Members were reminded that at the last meeting of the Committee they had requested that a public version of the Climate Risk Report be produced and that it was this report that was being presented, and that the Shropshire Pension Fund was one of the first local government pensions schemes to produce such a report.

93.3 Members welcomed the report and asked several questions around the details of the report.

94 Climate Risk Report

94.1 Members received the report of the Head of Treasury and Pensions which sought endorsement of the Climate Risk Report.

94.2 The Head of Treasury and Pensions reminded members that the full climate risk report was presented at the last meeting and made reference to the TCFD report which had been presented earlier in the meeting. He advised the meeting that a

press release had recently been sent to the local media and main employers which was attached at appendix B to the report

94.3 A member asked whether the Pension Fund would sign up to the United Nations 6 principles of responsible investment.

94.4 **RESOLVED:**

- 2.1 That Members endorse the publication of the Fund's first Climate Risk Report as set out in Appendix A on its website, formatted to comply with industry best practice as set out by the TCFD
- 2.2 That Members note the attached press release at Appendix B which was sent to the local media and major employers and published on the website.

95 **Responsible Engagement**

95.1 Members received a presentation from Mr Dominic Delaforce, Mr Alan Fitzpatrick and Mr Pieter van Stijn (BMO) which gave an update on how engagement compares with divestment and how it impacts on climate change, and the work BMO did on behalf of the Shropshire Pension Scheme.

96 **How Majedie Integrate ESG into their Investment Process**

96.1 Members received a presentation from Ms Cindy Rose and Mr Chris Field, (Majedie) which provided them with information on how Majedie integrate ESG into their investment process.

97 **Corporate Governance Monitoring**

97.1 Members received the report of the Investment Officer which inform members of Corporate Governance and socially responsible investment issues arising in the quarter 1 July 2020 to 30 September 2020.

97.2 **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.

98 **Pensions Administration Monitoring**

98.1 Members received the report of the Pensions Administration Manager which provided them with monitoring information on the performance of and issues affecting the pensions administration team.

98.2 The Pensions Administration Manager informed members of the following:

- The annual Employers meeting had been held virtually via Microsoft Teams and had been well attended
- A pensions Tax webinar for Members had been held which had been well received. It was envisaged that this would be repeated next year.

- The 2020 annual meeting would not be held but all information that would have been presented at the meeting was currently available on the Fund's website
- There was currently a conflict between the exit payment cap regulations and the LGPS regulations – currently no member affected but process in place should this happen.

98.3 A Member queried as to why there appeared to be a disparity between the information contained in the tables in paragraphs 19.1 and 19.5 in the report. The Pensions Administration Manager advised that the data in the tables was recorded differently, but that she had queried the large differences in the tables and that the Pensions team were currently looking at this.

98.4 **RESOLVED:**

That Members accept the position as set out in the report

99 **Exclusion of Press and Public**

99.1 **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 12 to 16 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.

100 **Exempt Minutes of the Previous Meeting (Exempted by Category 3)**

100.1 The exempt minutes of the meeting held on 18 September 2020 had been circulated.

100.2 **RESOLVED:**

That the exempt minutes of the meeting of the Pensions Committee held on 18 September 2020 be approved as a true record and signed by the Chairman.

101 **Investment Strategy Workshops Update (Exempted by Category 3)**

101.1 Members received a presentation from Louis Paul Hill.

102 **Equity Protection Update (Exempted by Category 3)**

102.1 Members received a presentation from Louis Paul Hill

103 **Investment Monitoring - Quarter to 30 September 2020 (Exempted by Category 3)**

103.1 Members received the report of the Head of Treasury and Pensions which provided them with monitoring information on investment performance and managers for the period to 30 September 2020, and reports on the technical meetings held with managers since the quarter end.

103.2 **RESOLVED:**

That the recommendations as set out in the report be approved

104 Governance (Exempted by Category 3)

104.1 Members received the report of the Pensions Administration Manager which informed them of regulatory breaches arising in the quarter 1 July 2020 to 30 September 2020, stage 1 and stage 2 appeals which have been received under the internal dispute resolution procedure (IDRP), Data Quality update and Policy updates.

104.2 RESOLVED:

That the recommendations as set out in the report be approved

Signed (Chairman)

Date:

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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