

**Committee and Date**

Pensions Board

3 May 2019

PENSIONS BOARD**Minutes of the meeting held on 16 November 2018**

In the Oswestry Room, Shirehall, Abbey Foregate, Shrewsbury, Shropshire, SY2 6ND

9.30 am - 12.30 pm

Responsible Officer: Michelle Dulson

Email: michelle.dulson@shropshire.gov.uk Tel: 01743 257719

Present

Liz Furey – Employer Rep

Philip Ingle – Employer Rep

Mike Morris – Pensioner Rep (Chairman)

John Hall – Pensioner Rep

31 Apologies

31.1 No apologies were received.

32 Declarations of Conflicts of Interest

32.1 No conflicts of interest were declared.

33 Minutes of the previous meeting**33.1 RESOLVED:**

That the Minutes of the meeting held on 13 April 2018 be approved and signed by the Chairman as a correct record.

34 Public Question Time

34.1 No public questions were received.

35 Presentation from AON Hewitt

35.1 Charles Iversen from Aon Hewitt gave a presentation on the Shropshire County Pension Fund - copy of presentation attached to the signed Minutes - which covered the following areas:

- High Level Structure;

- Investment Strategy approach;
- Overview of the investments and main asset classes;
- Recent changes to strategy;
- Fund manager oversight;
- Equity protection strategy
- Brexit positioning and macroeconomic outlook;
- Other questions; and
- Future challenges.

35.2 In response to a query, it was confirmed that it was the individual fund managers appointed by the Pensions Committee who made the day to day investment decisions about eg which stocks to choose. The Committee's role was about managing risk and setting the strategy in the long term and so it made decisions at a strategic level. The Head of Treasury and Pensions explained that the Committee looked at the long-term performance of the fund managers, typically three to five years. It was confirmed that in future the Committee would not appoint fund managers as they would be appointed by the Central Fund. In response to a query it was explained that Roger Bartley was independent and provided challenge to Aon and the fund managers.

35.3 In response to queries about whether the Committee could decide not to invest in the Central Fund and whether it would have the ability to withdraw funds from a particular manager, the Section 151 Officer explained the process. He informed the Board that the Committee would have a level of influence on LGPS Central as a member and one of eight equal partners. The Head of Treasury and Pensions went on to explain the governance structure of LGPS Central.

36 Administration and Regulatory Updates / Presentation from Pensions Administration team

36.1 The Board received the report of the Pensions 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 Manager and Pensions Communications Officer gave a presentation on the work of the Pensions Administration team, which covered the following areas:

- Legislation to adhere to
- The Pensions Regulator (TRP) – Scheme Return 2018
- Cyber Security
- Training in 2019
 - Guaranteed Minimum Pension Project
- Record keeping
- Communication developments
- Staff retention

36.2 In relation to legislation, the Pensions Manager wished to ensure that Pension Board Members were aware that it was not just the LGPS regulations that Members should

be conversant with and she confirmed that the Board would be informed of any changes to the regulations.

36.3 The Pensions Manager confirmed that the Pension Return for 2018 had been completed on behalf of the Pensions Fund. The biggest dip in common data was for addresses and it was confirmed that a tracing exercise was being looked at.

36.4 Turning to Cyber Security, the previous server had limited storage and running capacity, so the Pension Fund has moved from an actual server to a virtual server hosted by Shropshire Council. In response to a query about whether she was aware of any attacks, the Pensions Manager reported that Shropshire Council received a lot of phishing emails, none of which were successful, and she was assured that the server was secure.

36.5 The Pensions Communications Manager explained that the self-assessment matrix based on CIPFA guidance was to be completed in order to decide what training was required for the following year. Board Members were reminded that training could be included before each Board Meeting. A brief discussion ensued in relation to members' term of office and it was confirmed that the appointment panel were happy for the Chairman to continue for a further two years.

36.6 The Pensions Communications Manager confirmed that the dedicated email address for Board Members for member and employer contact was now set up and would be advertised amongst employers and employees and any emails received would be forwarded on to Board Members and reported at future meetings.

36.7 RESOLVED:

That the contents of the report be noted.

37 Transition to the Central Pool and LGPS Central Update

37.1 The Head of Treasury and Pensions gave a verbal update on LGPS Central. He informed the Board that officers from the LGPS Central Fund had attended the Shropshire County Pension Fund AGM to give a presentation to Members. The Head of Treasury and Pensions updated Board Members and touched on the governance structure of LGPS Central. The Central Fund hoped to make £250m savings and currently employed 46 members of staff. He confirmed that no assets from the Shropshire County Pension Fund had gone into the Central pool yet but it was hoped that the first assets (Active Global Equity) would be transferred by the end of March 2019. Other funds to be launched in the next 12 to 18 months were Private Equity, Emerging Market Equity, Infrastructure and Corporate Bonds.

37.2 The Head of Treasury and Pensions reported that three active global equity managers had recently been appointed, one of which was an existing Shropshire County Pension Fund manager. He confirmed that officers from LGPS Central Fund could attend the next meeting of the Board to give a presentation, if Members wished. A brief discussion ensued in relation to the structure of any such presentation to ensure the right questions were asked for their role. The Chair agreed to confer with officers outside of the meeting.

37.3 It was confirmed that the LGPS Central website had been launched and a link to it had been put on the Shropshire County Pension Fund website.

38 Pensions Committee Reports and Feedback - Exempt reports to be discussed in exempt session of the meeting.

38.1 The reports considered by the Pensions Committee at its meeting on 21 September 2018 had been received by the Board.

39 Schedule of Future Pension Committee Meetings and attendance by Pension Board Members

39.1 Members were informed of the provisional dates for future Pension Committee meetings and were requested to let the Chairman know if they wished to attend any of the meetings.

40 Training requirements for Board Members - ongoing and refresher

40.1 The Pensions Communications Officer confirmed that the training requirements for the upcoming year had been discussed during the Pensions Administration Team presentation.

41 Report on Breaches of LGPS Regulations and any emerging patterns

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

41.2 The Pensions Communication Officer reported that all breaches were recorded in line with TPR requirements and she confirmed that there had been no material breaches. In response to a query, the Pensions Communications Officer confirmed that any issues were picked up quickly by the system and any concerns were raised with the employer. She agreed to look into the issues raised with Harper Adams.

41.3 RESOLVED:

That the contents of the report be noted.

42 AOB

42.1 A query was raised in relation to the timing of the actuarial valuation by Mercers. The Head of Treasury and Pensions agreed to check the timings and would confirm to Board Members.

42.2 A query was raised in relation to the outcome of the Lloyds Bank case about the equalisation of Pension Benefits between men and women and whether it had led to any extra liabilities on the pension fund.

42.3 In response, it was confirmed that there was no direct effect on the LGPS but that a paragraph must now be included in the Pension Fund Statement of Accounts stating that extra liabilities may be incurred. The Pensions Communications Officer agreed to circulate the LGA Bulletin from October which discussed this issue.

43 Date of Next Meeting

43.1 It was agreed to hold the next meeting of the Pensions Board after the meeting of the Pensions Committee on 15 March 2019.

NB. The next meeting was scheduled to take place at 9.30am on Friday 3 May 2019 in the Oswestry Room.

44 Exclusion of Press and Public

44.1 It was **RESOLVED** that in accordance with the provision of Schedule 12A of the Local Government Act 1972 and paragraph 10.2 of the Council's Access to Information Procedure Rules, the public and press be excluded during consideration of the following item on the grounds that it involves the likely disclosure of exempt information as defined by the categories specified against it.

45 Exempt Minutes

45.1 **RESOLVED:**

That the exempt Minutes of the meeting held on 13 April 2018 be approved and signed by the Chairman as a correct record.

Signed (Chairman)

Date: