



Pensions Committee

24 July 2020

10.00 a.m.

**MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 24 JANUARY 2020
10.00 - 11.55 AM**

Responsible Officer: Sarah Townsend
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Present:

Members of the Committee:

Councillor Thomas Biggins (Chairman)
Councillors Chris Mellings, Brian Williams and Alexander Phillips (Substitute) (substitute for Michael Wood)

Co-Opted Members (Voting):

Councillors Leon Murray and Malcolm Smith

Co-Opted Members (Non-Voting):

Laura Hoskison and Jean Smith

36 Apologies and Substitutions

Apologies for absence were received from Councillor Michael Wood. Councillor Alexander Phillips was in attendance as his substitute.

37 Disclosable Pecuniary Interests

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. There were no declarations of Disclosable Pecuniary Interests made.

38 Minutes of the Previous Meeting

That the Minutes of the meeting held on 04 October 2019 be approved and signed by the Chairman as a correct record.

39 Public Questions

One question was received from a member of the public.

From: Ms Jo Blackman. Ms Blackman was in attendance to ask her question in relation to divestment from fossil fuels as a financially and ethically responsible

policy. A full copy of the question and response provided is attached to the web page for the meeting and also attached to the signed minutes.

In addition, the Chairman commented that he was conscious of the issues that had been raised and a review of the investment strategy would be undertaken shortly.

40 **Actuarial Valuation Results**

Mr John Livesey, Mercer Human Resource Consulting, was in attendance to present this item which provided Members with the preliminary results of the Shropshire County Pension Fund 2019 Actuarial Valuation.

A presentation was received which recapped on the 2016 valuation results, the preliminary 2019 valuation results, the existing funding strategy and key changes and developments since 2016.

Information was received comparing the 2016 valuation results against the preliminary 2019 valuation results. It was noted that the demographic assumptions had been reviewed, although no major changes had been made. As of 31 March 2016, there was £1,494 million assets compared to the current position of £1,915 million assets. In terms of the funding level, this had increased from 84% as of 31 March 2016, to 94% currently. The future service rate (% of pay) had also increased from 14.9% as of 31 March 2016, to 16.6% currently, which was mainly attributed to investment return outlook.

A question was asked regarding payroll (2020/21 estimate) as the figures were similar to those of 31 March 2016.

41 **Investment Strategy Review**

Mr Louis-Paul Hill, Aon, was in attendance to present this item which provided Members with an investment strategy review update.

It was noted that Officers were currently looking into using an interactive model to improve risk and return efficiency within constraints.

RESOLVED:

That the investment strategy review update be noted.

42 **Competition and Markets Authority (CMA) - Investment Consultant Objectives**

Mr Louis-Paul Hill, Aon, was in attendance to present this item. He informed Members that on 10 June 2019, the Competition and Markets Authority (CMA) introduced new duties for trustees via an order, which took effect on 10 December 2019. One of the newly introduced duties was for trustees to set objectives for its investment consultant and although the CMA order refers to trustees, the order is also applicable to the Local Government Pension Scheme.

Having set objectives for their investment consultant service, it was noted that trustees and the Local Government Pension Scheme needed to review the performance of each investment consultant provider at least every twelve months

and review the objectives themselves at least every three years, and without delay following any significant change in investment policy.

Members were informed that various investment consultant objectives had been discussed and approved by Officers at their technical meeting held on 21-22 November 2019 and had been set out within yes / no questions for assessment simplicity. However, it was mentioned that Officers and the Pensions Committee may wish to consider defining a marking / scoring approach in due course.

RESOLVED:

- (a) That the setting of investment consultant objectives be noted.
- (b) That Officers work with Pensions Committee Members to develop and monitor the investment consultant objectives over the next 12 months.

43 Corporate Governance Monitoring

The Committee received the report of the Investment Officer (copy attached to the signed Minutes) which informed Members of Corporate Governance and socially responsible investment issues arising in the quarter 01 July 2019 to 30 September 2019.

The Committee was informed that the Shropshire County Pension Fund had signed up to the UK Stewardship Code (Appendix C) and this had been agreed by the Chairman of the Pensions Committee, the Director of Finance, Governance and Assurance and the Head of Treasury and Pensions.

It was noted that work was currently being undertaken with LGPS Central regarding a Climate Risk Policy and carbon risk footprint. A letter had recently been sent to the Pensions Committee from UNISON Shropshire General Branch in relation to the threat posed by climate change and the investment in companies dedicated to finding and burning more oil, gas and coal. The issues raised by UNISON would be considered at the next meeting of the Pensions Committee, due to be held on 19 March 2020.

RESOLVED:

- (a) That the position as set out in the report, Manager Voting Reports (Appendix A) and BMO Global Asset Management Responsible Engagement Overlay Activity Report (Appendix B) be accepted.
- (b) That the statement of compliance with the UK Stewardship Code (Appendix C), agreed by the Chairman of the Pensions Committee and the Director of Finance, Governance and Assurance, December 2019, be noted.

44 Pensions Administration Monitoring

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.

In relation to cyber security, it was noted that there had been no cyber-attacks specifically directed at Shropshire County Pension Fund data.

It was noted that two minor amendments had been made to the Pensions Administration Strategy Statement to better reflect the process of issuing invoices, for early retirement strain costs, to employers.

RESOLVED:

(a) That the position as set out in the report by the Pensions Administration Manager be accepted.

(b) That the amended Pensions Administration Strategy (Appendix B) be approved.

45 Exclusion of Press and Public

That under paragraph 10.2 of the Council's Access to Information Procedure Rules, the proceedings of the Committee in relation to Minutes 46 to 50, be not conducted in public on the grounds that they might involve the likely disclosure of exempt information as defined by the categories specified against them.

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

That the Exempt Minutes of the meeting held on 04 October 2019 be approved and signed by the Chairman as a correct record.

47 Equity Protection Update (Exempted by Category 3)

Mr Louis-Paul Hill, Aon, was in attendance to present this item which provided Members with an equity protection update.

RESOLVED:

That the equity protection update be noted.

48 Investment Monitoring - Quarter to 30 September 2019 (Exempted by Category 3)

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 September 2019 and reported on the technical meetings held with managers since the quarter end.

RESOLVED:

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

49 Governance (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager (copy attached to the Exempt signed Minutes) which informed them of regulatory breaches arising in the quarter 01 July 2019 to 30 September 2019, which had been recorded in the breaches log.

RESOLVED:

- (a) That the content of Appendix A to the report by the Pensions Administration Manager, which detailed breaches recorded in the last quarter, be noted.
- (b) That the Data Improvement Plan 2020 (Appendix B to the report by the Pensions Administration Manager) be agreed.

50 New Employers (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager (copy attached to the Exempt signed Minutes) which provided Members with details of the following:

- Full details regarding one new employer admission to the Fund under Schedule 2 Part 3 Regulation 1 (d) (i) of the Local Government Pension Scheme Regulations 2013. The admission was due to services transferring from a scheme employer, under a service contract. The admission agreements would need to be sealed with the county seal.
- Update of New Schedule 1 Part 1 Scheme Employers (academies) and New Schedule 2 Part 2 Scheme Employers (designated bodies).

RESOLVED:

That the recommendations in the exempt report by the Pensions Administration Manager be approved.

(The full version of Minutes 46 to 50 constitutes exempt information under Category 3 of paragraph 10.2 of the Council's Access to Information Procedure Rules and has accordingly been withheld from publication).

Signed (Chairman)

Date: