



Pensions Committee

18 September 2020

10.00 a.m.

MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 24 JULY 2020
10.00 AM - 1.30 PM

Responsible Officer: Sarah Townsend

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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 and Laura Hoskison

51 Election of Chairman

51.1 RESOLVED:

That Councillor Tom Biggins be elected Chairman of the Pensions Committee for the forthcoming municipal year.

51.2 The Chairman thanked the Committee for electing him and made the following statement:

As you are no doubt aware Shropshire Council, at its Council Meeting last Thursday, agreed to support a motion which included a request for the Pension Fund to divest from fossil fuels within a 3 year timeframe. Just to confirm, to date I have not formally received a letter from the acting Chief Executives, as outlined in the motion, and the item does not appear on today's agenda for further discussion. I would like to inform you that, as Chair, I take this matter very seriously and over the next 12 months I will ensure the information contained in the motion is discussed in detail with Pension Committee members and advisors and our responsible investment and engagement managers who are experts in this area.

At today's meeting we have a presentation from LGPS Central regarding Climate Stewardship and their Climate Risk Monitoring Service which is just the start of the discussions the Pension Committee Members need to have on this important subject. The fact we already have this item on the agenda highlights the importance of climate change stewardship and engagement. A detailed report is already being prepared by LGPS Central which will be presented at the next Committee meeting on the 18 September when these issues will be discussed further. This Climate Risk Report is designed to assist Shropshire County Pension Fund in identifying

financially material climate-related risks and opportunities, estimates the potential impact on returns from different climate risk scenarios and carries out carbon footprint and stranded asset analysis and clean and renewable energy analysis to name a few of the items to be covered.

I felt it was important to make this statement at the commencement of the meeting to demonstrate our commitment to this important issue, despite the fact we have not yet received a formal request nor have time on the agenda to discuss further today.

52 Apologies and Substitutions

- 52.1 Apologies for absence were received from Councillor Malcolm Smith. There were no substitutions

53 Appointment of Vice-Chairman

53.1 RESOLVED:

That Councillor Malcolm Smith be appointed Vice- Chairman of the Pensions Committee for the forthcoming municipal year.

54 Disclosable Pecuniary Interests

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

55 Minutes of the Previous Meeting

- 55.1 The minutes of the meeting held on 24 January 2020 had been circulated

55.2 RESOLVED:

That the minutes of the meeting of the Pensions Committee held on 24 January 2020 be approved and signed by the Chairman as a true record.

56 Public Questions

- 56.1 4 questions had been received from members of the public. The questions and responses were read out.
- 56.2 A full copy of the questions and responses provided is attached to the web page for the meeting and attached to the signed minutes.

57 Climate Stewardship

- 57.1 Ms Amelia Gaston and Ms Valborg Lie, LGPS Central, gave a presentation on the Climate Risk Monitoring Service offered by LGPS Central, outlining the importance of climate change stewardship and ways that the service engaged with companies.

58 Corporate Governance Monitoring

58.1 Members received the report of the Investment Officer which set out of Corporate Governance and socially responsible investment issues arising in the quarter 1st January 2020 to 31st March 2020.

58.2 A Member welcomed the BP goal around nett zero but expressed concern that a lot of this was based on offsetting carbon.

58.3 **RESOLVED:**

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

59 **Pensions Administration Monitoring**

59.1 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.

59.2 The Pensions Administration Manager drew members attention to issues arising from the McCloud judgement and any proposed remedy which would mean an immense amount of work for the Pensions Team. She advised the meeting that the Government had just published a consultation on the "McCloud LGPS remedy" and that a response to the consultation would be brought to the next meeting of the committee for approval.

59.3 **RESOLVED:**

That Members accept the position as set out in the report

60 **Delegated Decisions**

60.1 Members received the report of the Head of Treasury and Pensions which set out the decisions taken by the Director of Finance, Governance and Assurance under delegated powers following the cancellation of the last meeting of the Pensions Committee due to Covid-19 restrictions.

60.2 **RESOLVED:**

That Members note the report and the list of decisions taken under delegated powers

61 **Exclusion of Press and Public**

61.1 **RESOLVED:**

That under paragraph 10.2 of the Council's Access to Information Procedure Rules that the proceedings of the Committee in relation to the following agenda items 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.

62 Exempt minutes of the Previous Meeting

62.1 It was agreed that confirmation of the exempt minutes would be deferred to the next meeting.

63 Investment Strategy Review

63.1 Members received a presentation from Louis-Paul Hill, Aon.

64 Equity Protection Update

64.1 Members received a presentation from Louis-Paul Hill, Aon.

65 DRC Property Debt Fund

65.1 Members received a presentation from Louis-Paul Hill, Aon.

66 PIMCO PARS Update

66.1 Members received a presentation from Louis-Paul Hill, Aon.

67 Insurance Linked Securities update

67.1 Members received a presentation from Louis-Paul Hill, Aon.

68 Investment Monitoring - Quarter to 31 March 2020

68.1 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 31 March 2020 and reported on the technical meetings held with managers since the quarter end.

68.2 RESOLVED:

That the recommendations set out in the report be approved

69 Governance

69.1 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 January 2020 to 31 March 2020, which had been recorded in the breaches log, any stage1 or stage 2 appeals which had been received under the internal dispute resolution procedure (IDRP), together with any other governance issues.

69.2 RESOLVED:

That the content of Appendix A to the report by the Pensions Administration Manager, which detailed breaches recorded in the last quarter, be noted.

70 New Employers

70.1 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:

- Four new employer admissions to the fund under Schedule 2 Part 3 Regulation 1(d) (i) of the Local Government Pension Scheme Regulations 2013 which were due to services transferring from scheme employers, under a service contract.
- Confirmation that two new employer admissions, had been approved by the Chairman between committee meetings, to allow the sealing of the admissions.
- An update of New Schedule 1 Part 1 Scheme Employers (academies) and New Schedule 2 Part 2 Scheme Employers (designated bodies).

70.2 **RESOLVED:**

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

(The full version of Minutes 62 to 70 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: