



Pensions Committee

4 December 2020

10.00 a.m.

MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 18 SEPTEMBER 2020

10.00 AM - 1.35 PM

Responsible Officer: Tim Ward

Email: sarah.townsend@shropshire.gov.uk Tel: 01743 2577213

Present:

Members of the Committee:

Councillors Thomas Biggins, Chris Mellings and Brian Williams

Co-Opted Members (Voting):

Councillors Rae Evans and Malcolm Smith

Co-Opted Members (Non-Voting):

Jean Smith and Laura Hoskison

71 Apologies and Substitutions

71.1 Apologies for absence were received from Councillor Michael Wood

72 Disclosable Pecuniary Interests

72.2 There were no declarations made

73 Minutes of the Previous Meeting

73.1 The minutes of the meeting held on 24 July 2020 had been circulated.

73.2 RESOLVED:

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

74 Public Questions

74.1 3 questions had been received from members of the public. The questions and responses were read out.

- 74.2 A full copy of the questions and responses provided is attached to the web page for the meeting and attached to the signed minutes.

75 Third Line of Assurance: Internal Audit Outturn Report for Shropshire County Pension Fund 2019/20

- 75.1 Members received the report of the Head of Audit which provided them with details of the work undertaken by Internal Audit for the year ended 31 March 2020 and progress against the annual audit plan.

- 75.2 The Head of Audit informed the meeting that based on the work undertaken, assurance from the Employer in respect of compensating controls within their financial reconciliation systems whilst a long term solution is delivered and Pension Fund management responses received; the Pension Fund's governance, risk management and internal control processes are sound and working effectively and that she can deliver a good year end opinion on the Fund's internal control environment for 2019/20.

75.5 RESOLVED:

That the Committee note:

- a) Performance against the Audit Plan for the year ended 31 March 2020.
- b) The Head of Audit's good year end opinion on the Fund's internal control environment for 2019/20 is based on the work undertaken, assurance from the Employer in respect of compensating controls within their financial reconciliation systems whilst a long term solution is delivered and Pension Fund management responses received

76 External Audit - The Audit Findings for Shropshire County Pension Fund 2019/20

- 76.1 Members received the report of Grant Thornton which set out the findings of the external audit of the Shropshire County Pension Fund for the year 2019/20

- 76.2 The Engagement Lead advised the meeting that the work on the audit was complete but that a final audit opinion could not be issued until the completion of the audit of Shropshire Council's Statement of Accounts in November

- 76.3 The Audit Manager commented that it had been a challenge to complete the audit working remotely and thanked the pensions team for their work with the auditors.

- 76.4 The Audit Manager drew Members attention to the misstatement section contained within his report which was a result from delays in receiving valuations from some fund managers resulting in an overestimate of some values. He informed the meeting that as the total figure fell below the materiality threshold the accounts should not be amended.

76.5 RESOLVED:

That the contents of the report be noted

77 Pension Fund Annual Accounts 2019/20

- 77.1 Members received the report of the Director of Finance, Governance and Assurance which provided them with the Shropshire County Pension Fund Annual Report 2019/20 and an update on the annual audit.
- 77.2 The Director of Finance, Governance and Assurance advised the meeting that at the end of March 2020 the Fund was valued at £1.83 billion. The fall in value was due to the fall in global financial markets due to the global pandemic in the March quarter and that since this date the Fund value had increased again
- 77.3 A Member expressed concern that 3 year performance was 1.2% below benchmark. The Head of Treasury & Pensions explained that this was due to underperformance of some managers but the longer-term performance over 5 and 10 years was outperforming the benchmark.
- 77.5 A Member asked for more details regarding investment income in particular what was included in other income. The Head of Treasury & Pensions agreed to provide a written answer to him.
- 77.6 A Member asked whether an AGM would be held this year. He was advised that the AGM was unlikely to be held at the end of November due to Covid-19 but an update would be provided at the next meeting.
- 77.7 **RESOLVED:**
- a) That the Committee approve the Pension Fund Annual Report 2019/20.
 - b) That the Committee approve that the Chair and Director of Finance Governance & Assurance sign the letter of representation for Grant Thornton.

78 Pensions Administration Monitoring

- 78.1 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.
- 78.2 The Pensions Administration Manager informed the meeting that the teams output over the period had been good and that the number of tasks outstanding had fallen. The Pensions Administration Manager advised Members that all Annual Benefits Statements had been issued to members by the statutory deadline of 31 August 2020, and that those members who were at or nearing the HMRC levels had been contacted, and that a pensions tax information webinar had been arranged to provide information to scheme members.
- 78.3 The Pensions Administration Manager informed the meeting that MHCLG had issued a consultation into amendments to the statutory underpin for the LGPS, and that Officers would be responding prior to the deadline of 8 October.
- 78.4 The Pensions Administration Manager advised Members that the administration team were currently planning how the additional work resulting from the McCloud ruling would be managed. A member expressed concern that there was sufficient resources to enable this work to be done.

78.5 RESOLVED:

- a) That Members accept the position as set out in the report.
- b) That members note the additional costs that will be incurred because of the McCloud extension to the statutory underpin.

79 Climate Risk Update

- 79.1 Mr Michael Marshall, LGPS Central reminded the meeting that LGPS had been commissioned to provide a climate risk report for the Pension Fund. He advised that the report would need to be considered in the exempt part of the meeting to protect the intellectual property of third parties. In response to questions regarding whether any of the results could be made public Mr Marshall stated that it may be possible for LGPS Central to produce a further public report.

80 Corporate Governance Monitoring

- 80.1 Members received the report of the Investment Officer which informs members of Corporate Governance and socially responsible investment issues arising in the quarter 1st April 2020 to 30th June 2020.

80.2 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.

81 Exclusion of Press and Public

81.1 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 18 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.

82 Exempt Minutes of Previous Meetings (Exempted by Category 3)

- 82.1 The exempt minutes of the meeting held on 24 January 2020 and 24 July 2020 had been circulated.

82.2 RESOLVED:

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

83 Climate Risk Report (Exempted by Category 3)

- 83.1 Members received a presentation from Michael Marshall, LGPS Central

84 Equity Protection Strategy (Exempted by Category 3)

84.1 Members received an update from Louis Paul Hill, AON

85 Investment Strategy Review and Responsible Investment Timetable Proposal (Exempted by Category 3)

85.1 Members received an update from Louis Paul Hill, AON

86 Investment Monitoring - Quarter to 30 June 2020 (Exempted by Category 3)

86.1 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 June 2020, and reports on the technical meetings held with managers since the quarter end.

86.2 RESOLVED:

That the recommendations as set out in the report be approved

87 Governance (Exempted by Category 3)

87.1 Members received the report of the Pensions Administration Manager which informed them of regulatory breaches arising in the quarter 1 April 2020 to 30 June 2020 that have been recorded in the breaches log.

87.2 RESOLVED:

That the recommendation as set out in the report be approved

88 New Employers (Exempted by Category 3)

88.1 Members received the report of the Pensions Administration Manager which provided them with full details regarding a new employer admission to the fund under Schedule 2 Part 3 Regulation 1(d) (i) of the Local Government Pension Scheme Regulations 2013 and updated members on New Schedule 1 Part 1 Scheme Employers (academies) and New Schedule 2 Part 2 Scheme Employers (designated bodies).

88.2 RESOLVED:

That the recommendations contained in the report be approved.

Signed (Chairman)

Date: