



Pensions Committee

16 September 2022

10.00 a.m.

MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 24 JUNE 2022
10.00 AM - 1.20 PM

Responsible Officer: Sarah Townsend

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Present:

Members of the Committee:

Councillor Thomas Biggins (Chairman)

Councillors Roger Evans, Simon Harris and Brian Williams

Co-Opted Members (Non-Voting):

Jean Smith, Byron Cooke and Lindsay Short

1 Election of Chairman

RESOLVED:

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

2 Apologies and Substitutions

Apologies were received from Councillors Rae Evans and Carolyn Healy. There were no substitutes in attendance.

It was noted that Councillor Malcolm Smith (Substitute Member of the Committee for Telford & Wrekin Council) had received an award in the Queen's Jubilee Birthday Honours List for services to local government in Telford. Members of the Committee wished to place on record their congratulations and commented that it was well merited.

3 Appointment of Vice-Chairman

RESOLVED:

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

4 Disclosable Pecuniary Interests

None were declared.

5 Minutes of the Previous Meeting

RESOLVED:

That the minutes of the meeting held on 18 March 2022 be approved and signed by the Chairman as a correct record.

6 Public Questions

Two questions had been received from members of the public. The first public questioner was in attendance to ask his question. The second public questioner was not in attendance to ask their question and it was therefore read out on their behalf by another member of the public. Responses to both questions were read out by the Head of Treasury and Pensions. A full copy of the questions and responses provided are attached to the web page for the meeting and also attached to the signed minutes.

7 Shropshire Pension Fund Audit Plan

The Committee received the report of the External Auditor, Grant Thornton, which set out the Shropshire Pension Fund Audit Plan for the year ending 31 March 2022.

Mr Grant Patterson, Key Audit Partner for Grant Thornton, was in attendance to present the report. In particular, Members' attention was drawn to the 'Key matters', 'Significant risks identified' and 'IT audit strategy' sections and the comments detailed therein.

It was noted that the fee was very similar to last year, although there was a slight reduction.

In response to a question relating to accounting estimates and related disclosures (page 15 of the agenda document pack), it was noted that Audit and Pensions Committee Members did not require professional financial training nor an in depth understanding of the processes involved. However, they did need to be happy and confident with the assurances given to them regarding how various decisions were made by management.

Members were informed that audits and their expectations were becoming increasingly complex nationally with items taking longer to sign off, particularly accounts. Mr Patterson commented that from the Pensions Committee perspective, Grant Thornton will have completed their audit in the timelines available. Grant Thornton were also looking to address their backlog. However, they would not issue an opinion until they were satisfied that they had the assurances required.

RESOLVED:

That the contents of the report by the External Auditor, Grant Thornton, be noted.

8 Actuarial Valuation 2022

Members received a presentation from Ms Michelle Doman and Mr Mark Wilson, Mercer, on valuation training. The training covered the areas of valuation and

funding basics, 2019 valuation recap, funding update and 2022 valuation – key themes.

Members were informed that if they wanted to have another look at the investment strategy, particularly in light of the current market environment which had changed significantly, whilst there was still time to do this, the review would need to be undertaken within the next couple of months.

9 Corporate Governance Monitoring

The Committee received the report of the Investment Officer which informed them of Corporate Governance and socially responsible investment issues arising in the quarter period 1st January 2022 to 31st March 2022.

A Member commented that they did not get the sense from the report that the transition to net zero carbon for the Fund by 2050 was being addressed and he would have liked to have seen further information within the engagements on this. The Head of Treasury and Pensions commented that more information on this would be provided at the September Pensions Committee meeting. He was also happy to invite BMO Global Asset Management to a future Pensions Committee meeting to provide a session on this and several Members indicated that this would be worthwhile, particularly as the results of the outcomes of the engagements were not detailed within the report.

RESOLVED:

That the position as set out in the report of the Investment Officer, Manager Voting Reports at Appendix A (A1, A2 & A3) and BMO Global Asset Management Responsible Engagement Overlay Activity Report at Appendix B (B1 & B2) be accepted.

10 Pensions Administration Monitoring

The Committee 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.

A question was asked regarding dashboards and the Pensions Administration Manager explained that they were being set up by the Government and there was therefore a requirement to provide the information requested. However, there was already an online system in place via the Shropshire County Pension Fund website for people wanting to access their pensions information directly.

A question was asked regarding whether the Fund's usual in-person annual meeting would be happening this year and the Head of Treasury and Pensions commented that this was currently under review. He explained that a lot of LGPS Funds did not have annual meetings and the information that would be presented at this meeting was available to members on the Fund's website. Members were communicated with via email and Pension Fund Officers could be contacted at any time with any queries that they might have. It was also noted that newsletters were regularly sent out and the Pensions Committee had a Pensioner Representative and Employee Representatives. It was confirmed that the decision on whether to hold an in-person

annual meeting would be made by the Executive Director of Resources and the Head of Treasury and Pensions, in conjunction with the Chairman of the Pensions Committee.

RESOLVED:

That the position as set out in the report of the Pensions Administration Manager be accepted.

11 Exclusion of Press and Public

RESOLVED:

That under paragraph 10.2 of the Council's Access to Information Procedure Rules, the proceedings of the Committee in relation to Agenda Items 12 to 16, 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.

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

RESOLVED:

That the exempt minutes of the meeting held on 18 March 2022 be approved and signed by the Chairman as a correct record.

13 Financial Markets and Equity Protection Update (Exempted by Category 3)

The Committee received a presentation from Mr Colin Cartwright, Aon, which provided them with a financial markets update and also from Mr Louis-Paul Hill, Aon, which provided them with an equity protection update.

14 Investment Monitoring - Quarter to 31 March 2022 (Exempted by Category 3)

The Committee received the exempt report of the Head of Treasury and Pensions which provided them with monitoring information on investment performance and managers for the quarter period to 31 March 2022 and reported on the technical meetings held with managers since the quarter end.

RESOLVED:

That the recommendations as set out in the exempt report by the Head of Treasury and Pensions, as well as two additional recommendations agreed at the meeting, be approved.

15 Governance (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which informed them of governance related issues within the Pension Fund, focusing on the quarter period to 31 March 2022. It covered the recorded regulatory breaches arising in the quarter and any stage one or stage two appeals received under the internal dispute resolution procedure (IDRP). Updates were also provided on the Fund's work on cyber security and training requirements.

RESOLVED:

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

16 New Employers (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which provided them with details regarding new employer admissions to the Fund under Schedule 2 Part 3 Regulation 1(d) (i) of the Local Government Pension Scheme Regulations 2013, new employer admissions that had been approved by the Chairman between committee meetings, New Schedule 1 Part 1 Scheme Employers (academies) and New Schedule 2 Part 2 Scheme Employers (designated bodies).

RESOLVED:

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

Signed (Chairman)

Date: