



Pensions Committee

23 June 2023

10.00 a.m.

**MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 17 MARCH 2023  
10.00 A.M. - 11.55 A.M.**

**Responsible Officer:** Sarah Townsend

Email: sarah.townsend@shropshire.gov.uk Tel: 01743 257721

**Present:**

Members of the Committee:

Councillors Roger Evans, Simon Harris, Chris Schofield (Substitute for Thomas Biggins) and Brian Williams (Chairman for this meeting only).

Co-Opted Members (Non-Voting):

Jean Smith and Lindsay Short

The Committee Officer opened the meeting and explained that in the absence of both the Chairman and the Vice-Chairman, nominations were required for the appointment of a Chairman for this meeting only. It was proposed and seconded that Councillor Brian Williams fulfil this role and upon being put to a vote, this was unanimously agreed.

**52 Apologies and Substitutions**

Apologies for absence were received from Councillor Thomas Biggins, Councillor Rae Evans, Councillor Carolyn Healy and Mr Byron Cooke.

Councillor Chris Schofield was in attendance as a substitute for Councillor Thomas Biggins and it was noted that both the Telford and Wrekin Councillor substitutes had also sent their apologies for the meeting.

**53 Disclosable Interests**

None were declared.

**54 Minutes of the Previous Meeting**

**RESOLVED:**

That the minutes of the meeting held on 02 December 2022 be approved and signed by the Chairman as a correct record.

In terms of questions / matters arising from the minutes, the following points were made:

- In relation to minute 39 (Actuarial Valuation and Funding Strategy Statement (FSS) Update, the Head of Pensions – LGPS Senior Officer confirmed that the awaited guidance from the Government Actuaries Department which would detail the information required to go into Funding Strategy Statements and valuation reports around climate change reporting had now been received and that the updated Funding Strategy Statement would be considered this meeting, with a recommendation for approval.
- In relation to minute 40 (Climate Risk Report), no mention had been made of the Committee's previous decision to achieving net zero by 2050 or sooner and it was commented that this needed to be kept at the forefront of everyone's minds.

## 55 Public Questions

Six questions had been received from members of the public and the first two public questioners were in attendance to ask their questions. The other public questioners were not in attendance to ask their questions and they were therefore read out on their behalf by the Pensions Investment and Responsible Investment Manager. The responses to each question were read out by the Head of Pensions – LGPS Senior Officer. 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.

Having received the public questions and answers, the Chairman drew the Committee's attention to page 95 of the agenda document pack titled 'Shropshire County Pension Fund Climate Stewardship Plan' which was Appendix D to the Corporate Governance Monitoring Report. The Pensions Investment and Responsible Investment Manager explained that this was an updated plan following the Climate Risk Report and the Taskforce for Climate Related Financial Disclosures (TCFD) Report that was considered at the Committee's 2<sup>nd</sup> December 2022 meeting and implemented the recommendations that came out of those two reports. Three companies had been removed from the plan as they were no longer part of the portfolio and four companies had been added to the plan, based on their emissions data i.e. those companies with the highest carbon emissions scores in the revised portfolio.

A question was asked regarding the Scope Section of Appendix D and what being carbon neutral by 2050 actually meant in reality in terms of the Carbon Risk Metrics which go to make up that carbon neutrality. It was agreed that a training session be arranged on Carbon Risk Metrics to address where they come from and how they 'add up'.

## 56 Corporate Governance Monitoring

The Committee received the report of the Pensions Investment and Responsible Investment Manager which informed them of Corporate Governance and socially responsible investment issues arising in the quarter period 1st October 2022 to 31<sup>st</sup> December 2022.

A question was asked regarding the Manager Voting LGIM Report (Oct-Dec 22) Appendix A(2) of the report and specifically on deforestation campaign and collaboration as detailed on page 36 of the agenda document pack which said 'As

*communicated in our deforestation policy, we will be sanctioning companies for not meeting our minimum expectations of having a deforestation policy or programme from 2023 onwards'.* The Pensions Investment and Responsible Investment Manager explained that it was not the Fund that would take action against these companies, rather, it would be LGIM as the actual Manager, and he would seek further clarification from them as to the action that they would take against companies that failed to meet this criteria, along with details of LGIM's deforestation policy. It was commented that deforestation and its effect was an important issue and whether the Fund should be investing in companies that are involved in deforestation was raised.

In considering the Manager Voting LGIM Report (Oct-Dec 22) Appendix A(2) of the report, a question was asked regarding voting at Annual General Meetings with regard to climate change issues. Mr Roger Bartley, Independent Advisor to the Committee, explained that the LGIM reports needed to be viewed over a period of time in order to see that pressure groups were being successful and Managers were being proactive and that consequently, the number of abstentions and votes taken against issues was rising.

In relation to the update on the engagement activities of the Local Authority Pension Fund Forum (LAPFF) for the quarter at Appendix C of the report and specifically, the Company Progress Report as detailed on page 93 of the agenda document pack, the Pensions Investment and Responsible Investment Manager commented that he would go back to LGPS Central for more detail on the actual outcome of the engagements, rather than there just being a brief comment within the report saying that dialogue with a particular company had taken place. However, a comment was made that it was pleasing to see that dialogue and meetings were taking place with companies outside of Annual General Meetings.

A definition of 'financed emissions' in relation to banks, was provided by Aon.

**RESOLVED:**

1. That the position as set out in the report of the Pensions Investment and Responsible Investment Manager in respect of voting and engagement activity, Manager Voting Reports at Appendix A (A1 & A2), Columbia Threadneedle Investments (formerly BMO Global Asset Management) Responsible Engagement Overlay Activity Report at Appendix B (B1 & B2) and LAPFF engagement Report at Appendix C be accepted.
2. That the changes to the Climate Stewardship Plan as a result of the Climate Risk Report presented in December 2022 and the revised plan at Appendix D (1) be noted and accepted.

**57 Pension Fund Treasury Strategy 2023/24**

The Committee received the report of the Head of Pensions – LGPS Senior Officer which explained that Shropshire Council as the Administering Authority maintains a small working cash balance for the Pension Fund that is invested separately to the Council's own cash and is managed under the defined Treasury Strategy as set out within the report.

The Head of Pensions – LGPS Senior Officer clarified that the Fund did not invest for any longer than twelve months.

**RESOLVED:**

1. That authority be delegated to the LGPS Senior Officer to manage the Pension Funds day to day cash balances.
2. That the Pension Fund Treasury Strategy be approved.
3. That the LGPS Senior Officer be authorised to place deposits in accordance with the Pension Fund's Treasury Strategy.
4. That authority be delegated to the LGPS Senior Officer to add or remove institutions from the approved lending list and amend cash and period limits as necessary in line with the Administering Authority's creditworthiness policy.

## **58 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.

Regarding the staff vacancy within the Systems and Support team, the Communications and Governance Team Leader explained that they had initially tried to recruit through an agency as they had wanted to fill the post quickly, however there were no suitable applicants. The vacancy was therefore formally advertised using Shropshire Council's recruitment process and 27 applications had been received. Shortlisting was currently taking place and interviews were expected to happen within the next few weeks. Members were informed that the vacancy was for a Pensions Assistant role and although not just a clerical post as a lot of data was required to be dealt with, it was the lowest graded position within the team.

Regarding apprenticeships, there were no providers nationally that offered a specific LGPS apprenticeship. However, this was being discussed by the Scheme Advisory Board and would hopefully be offered in the future.

A question was asked regarding paragraph 10.3 of the report which explained that the team were planning to deliver presentations to active scheme members in March and April 2023. The Communications and Governance Team Leader clarified that these would be directed towards active contributor employees and would address some of the most frequently asked questions received by their helpdesk. It was commented that it would be useful to have feedback on any views expressed about climate change and future investments that are discussed during these presentations.

It was explained that whilst the frozen refund project was a specific project aimed at tackling legacy cases in relation to historic frozen refunds where members had not claimed the refund at the time of leaving the pension fund, the team regularly dealt with frozen refund cases.

In answering questions concerning the in-person Annual General Meeting, the Head of Pensions – LGPS Senior Officer explained that these would no longer be held in-

person and would instead, be delivered in a different way. The reasoning behind this had been detailed in the Pensions Administration Monitoring Report that was considered by Members at their 2<sup>nd</sup> December 2022 meeting and the decision had been agreed with the Chairman of the Pensions Committee and the Head of Pensions – LGPS Senior Officer. Two Members of the Committee commented that they had not been aware of this decision and would welcome an in-person Annual General Meeting in order to hear the views of those in attendance. In concluding the discussion, Members requested that the matter be reconsidered by way of an update at the next meeting of the Pensions Committee.

With regards to the Performance Chart (Appendix A of the report), the Communications and Governance Team Leader explained that the last quarter had been difficult due to staff annual leave and the run up to Christmas. It was also commented that pensions were getting increasingly complex to administer and that this was a national issue and not just a Shropshire issue. The issue of staffing was recorded on their risk log and Members commented that they would keep the situation in mind.

**RESOLVED:**

1. That the position as set out in the report of the Pensions Administration Manager be accepted.
2. That the updated Funding Strategy Statement at Appendix B and Employer Events Policy at Appendix C be approved.
3. That the Head of Pensions – LGPS Senior Officer would provide an update to the next meeting of the Pensions Committee regarding the Annual General Meeting and the timeline the decisions had previously been made and agreed with the Chair/Committee. He thought it was either the September 2022 or December 2022 meeting when the updated Governance Compliance Statement was approved as part of the Pension Administration report.

**59 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 Agenda Items 9 to 13, 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.

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

**RESOLVED:**

That the exempt minutes of the meeting held on 02 December 2022 be approved and signed by the Chairman as a correct record.

**61 Stewardship Code Update (Exempted by Category 3)**

The Committee received the exempt report of the Pensions Investment and Responsible Investment Manager which provided them with an update on the

position in respect of the Fund's application for signatory status of the Financial Reporting Councils (FRC) UK Stewardship Code 2020.

**RESOLVED:**

That the recommendations as set out in the exempt report by the Pensions Investment and Responsible Investment Manager be approved.

**62 Investment Monitoring - Quarter to 31 December 2022 (Exempted by Category 3)**

The Committee received the exempt report of the Head of Pensions – LGPS Senior Officer which provided them with monitoring information on investment performance and managers for the quarter period to 31 December 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 Pensions – LGPS Senior Officer be approved.

**63 Governance (Exempted by Category 3)**

The Committee received the exempt report of the Pensions Administration Manager which informed them of governance issues affecting the Fund. The report covered regulatory breaches arising in the quarter 01 October 2022 to 31 December 2022 that had been recorded in the breaches log and any stage one or stage two appeals that had been received under the internal dispute resolution procedure (IDRP).

**RESOLVED:**

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

**64 New Employers (Exempted by Category 3)**

The Committee received the exempt report of the Pensions Administration Manager which provided them with 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, 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: .....