



Pensions Committee

21 March 2025

10.00 a.m.

**MINUTES OF THE PENSIONS COMMITTEE MEETING HELD ON 6 DECEMBER 2024
10.00 AM - 1.20 PM**

Responsible Officer: Sarah Townsend

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Present:

Members of the Committee:

Councillors Thomas Biggins (Chairman), Roger Evans, Simon Harris and Brian Williams

Co-Opted Members (Voting):

Councillor Paul Davis

Co-Opted Members (Non-Voting):

Jean Smith

36 Apologies and Substitutions

Apologies for absence were received from Councillor Zona Hannington, Byron Cooke and Paul Griffiths.

37 Appointment of Vice-Chairman

RESOLVED:

That Councillor Zona Hannington be appointed Vice-Chairman of the Pensions Committee for the remainder of the municipal year.

38 Disclosable Interests

None were declared.

39 Minutes of the Previous Meeting

The Committee considered the minutes of the meeting held on 13th September 2024 and in relation to minute number 35 New Employers (Exempted by Category 3), the Committee were informed that the recommendations had been noted rather than approved. It was therefore suggested that the wording in the 'Resolved' section of this minute be amended to read: '*That the recommendations as set out in the exempt report of the Pensions Administration Manager be noted*'.

RESOLVED:

That with the above amendment, the minutes of the meeting held on 13th September 2024 be approved and signed by the Chairman as a correct record.

40 Public Questions

None were received.

41 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.

Members were informed that on 12th November 2024, Bridget Phillipson, Secretary of State for Education, made a statement which confirmed that the Department for Education (DfE) has put in assurance to the LGPS for Further Education (FE) bodies. There would be two colleges affected by this statement and in addition to the recommendations detailed within the report, delegated authority was also being sought to undertake a review of their contribution rates.

RESOLVED:

1. That the position as set out in the report of the Pensions Administration Manager be accepted.
2. That the progress for key activities from the business plan (Appendix B) be noted and the Pension Dashboard update (Appendix C) also be noted.
3. That designated approval be provided to the Pensions Senior Management team to undertake the rate review for colleges following the statement that had been made with the DfE guarantee.

42 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 July 2024 to 30th September 2024.

Members' attention was drawn to paragraph 7.4 of the report which explained that the Fund was currently working with LGPS Central on a proposal to allow LGPS Central to vote on all the equity holdings.

A question was asked regarding a previous request for an update on the biodiversity element in terms of investment and Members were informed that formal guidance was still awaited around when Taskforce on Nature-related Financial Disclosures (TNFD) may be implemented. This had not been picked up as part of the Pensions review and had therefore been raised again by the Scheme Advisory Board who act as advisors to the government.

Given the size and detail of the report, a question was asked regarding whether it was necessary to consider the report every quarter and whether a six monthly or annually report would be better. The Pensions Investment and Responsible Investment Manager explained that from both a stewardship point of view and commitments to the Stewardship Code, it was important to provide an update to the Committee on a quarterly basis to note how engagement was progressing.

RESOLVED:

That the position as set out in the report of the Pensions Investment and Responsible Investment Manager in respect of voting and engagement activity be accepted:

- Stewardship Update at Appendix A and Manager Voting Reports from LGPS Central at Appendix A1, A2;
- Legal & General Investment Management (LGIM) at Appendix B;
- Columbia Threadneedle Investments Responsible Engagement Overlay Activity Report at Appendix C; and
- LAPFF Engagement Report at Appendix D.

43 **Mansion House Proposals**

The Committee received the report of the Pensions Investment and Responsible Investment Manager which provided them with an overview of a consultation paper issued by the Ministry of Housing, Communities and Local Government titled “Local Government Pension Scheme (LGPS): Fit for the future” and sought their views on the key themes. The deadline for response was 16th January 2025.

The Committee were informed that the report set out three key themes and areas of the consultation that the government were inviting views on. These areas were:

- LGPS Pooling
- UK Investment
- Governance (Fund and Pool)

The Pensions Investment and Responsible Investment Manager outlined the government’s proposals as well as Officers current thoughts, including their main concerns. The importance of the government’s changes and proposals to strengthen and improve efficiency, was emphasised, rather than just the creation of additional work.

Mr Colin Cartwright, Aon, commented that there were a lot of unknowns and contradictory parts within the consultation and a lot to understand and do over the next twelve months. Mr Philip Hebson, Independent Advisor to the Committee, explained that whilst the consultation presented many things to consider and challenges, if done right, it could work. However, in responding to the consultation, where there were concerns, a robust response was needed.

Comments made by Members were that ‘political lending’ should continue to be resisted and that the Committee’s primary fiduciary duty was the financial wellbeing of the Fund in order to pay members pensions. It was felt that there was very little evidence within the proposals that the government had taken this objective into consideration.

In responding to a question regarding what opportunities or potential for positives there were to come out of the government's proposals, Mr Philip Hebson, Independent Advisor to the Committee, explained that the two criticisms that central government had with the LGPS were concerning fragmentation and inefficiencies.

Whilst it was noted that delegated authority was being asked for the LGPS Senior Officer / Head of Pensions to respond to the consultation in consultation with the Chair by the deadline of 16th January 2025, it was also requested that prior to the response being submitted, it be circulated to Committee Members in order that they could also be provided with a further opportunity to comment. The LGPS Senior Officer / Head of Pensions confirmed that whilst the timescales would be tight, this would be possible and that the proposed draft response would be circulated to Members as soon as it was available.

RESOLVED:

That the Committee:

- a) Note the government consultation titled 'Local Government Pension Scheme – Fit for the Future' and comment on the main themes.
- b) Delegate authority for the LGPS Senior Officer / Head of Pensions to respond to the consultation in consultation with the Chair taking into account any comments made by the Committee by the deadline of 16th January 2025.

44 2024 Climate Risk Management Report

Members received a presentation from Mr Basyar Salleh and Mr Jack Yonge, LGPS Central, the purpose of which was to present the findings of the 2024 Climate Risk Management Report which analyses the Fund's approach towards climate-related risks and opportunities. Mr Yonge commented that overall, the report was encouraging and the Fund was very much on track to meet the objectives of its climate strategy.

Regarding updates to the 2024 Climate Risk Report, Members were informed that there were various enhancements including:

- Enhanced focus on company climate analysis.
- Integration of TCFD (Taskforce for Climate Related Financial Disclosures) and Climate Reports.
- Inclusion of sovereign climate analysis and private markets data.

Members were also informed of the Fund's progress against climate targets as of 31 March 2024.

A question was asked regarding Financed Emissions as these had increased since Q2, 2022. In responding, LGPS Central commented that there were several reasons that could be attributed to this and the total net asset value of the Fund investments within the scope of the analysis had also increased quite significantly from last year, which had led to an increase in Absolute Financed Emissions. Several measures (Absolute Financed Emissions, Normalised Financed Emissions and Weighted Average Carbon Intensity (WACI) were therefore reported on as each one told a slightly different but important story as to the Fund's exposure to climate risk.

A question was asked regarding what the Pensions Committee was trying to achieve with the level of reporting and analysis within the presentation. It was explained that in accordance with what the previous Government had decided, the Pensions Committee had decided to achieve Net Zero by 2050 and the analysis was essential in helping them understand what was meant by this as well as the risk and opportunities that the Fund was exposed to when it came to climate, how investments can be managed accordingly and whether Net Zero by 2050 will be achieved.

In concluding this item, the Committee heard how LGPS Central were engaging with Shell Plc on climate related issues.

45 TCFD (Taskforce for Climate Related Financial Disclosures)

The Committee received the Shropshire Pension Fund Climate-related Disclosures report, which had been prepared in alignment with the recommendations of the Taskforce for Climate Related Financial Disclosures (TCFD).

Mr Basyar Salleh and Mr Jack Yonge, LGPS Central, were in attendance to present the report. They briefly outlined what TCFD was and took the Committee through each of the four core elements of recommended climate-related financial disclosures, namely Governance, Strategy, Risk Management and Metrics and Targets as detailed within the report.

A question was asked regarding the climate change modelling and methodology.

In concluding the presentation, LGPS Central commented that whilst reporting was continually evolving, their analysis was evolving with it.

46 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 19, 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.

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

RESOLVED:

That the exempt minutes of the meeting held on 13th September 2024 be approved and signed by the Chairman as a correct record.

48 2024 Climate Risk Management Report (Exempted by Category 3)

Mr Basyar Salleh and Mr Jack Yonge, LGPS Central, were in attendance to present this item.

49 HarbourVest Private Equity Update (Exempted by Category 3)

Ms Katie Braggins and Ms Emma Fox, HarbourVest, were in attendance virtually and provided the Committee with a private equity presentation.

50 Investment Portfolio and Financial Markets Update (Including Equity Protection) (Exempted by Category 3)

The Committee received a presentation from Mr Colin Cartwright and Mr Luke Hammond, Aon, which provided them with an investment portfolio and financial markets update (including equity protection).

51 Investment Strategy Implementation Update (Exempted by Category 3)

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

RESOLVED:

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

52 Investment Monitoring - Quarter to 30 September 2024 (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 30 September 2024 and reported on the technical meetings held with managers since the quarter end.

RESOLVED:

That the recommendations as set out in the exempt report of the Head of Pensions – LGPS Senior Officer be approved.

53 Governance (Exempted by Category 3)

The Committee received the exempt report of the Pensions Administration Manager which informed them of regulatory breaches arising in the quarter period 1st July 2024 to 30th September 2024 and any stage one or stage two appeals that had been received under the internal dispute resolution procedure (IDRP). The updated version of the Fund's training policy and new Independently Registered Medical Practitioners were also included, as well as information on the Pensions Regulator new general code.

RESOLVED:

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

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

The Committee received the exempt report of the Pensions Administration Manager which provided them with full details regarding new school admissions to the Fund under Schedule 2, Part 1 (20.) Scheme Employers of the LGPS regulations 2013.

RESOLVED:

That the recommendations as set out in the exempt report of the Pensions Administration Manager be noted.

Signed (Chairman)

Date: