

PENSION COMMITTEE

**Meeting held on Tuesday, 8 July 2014 in F10,
The Town Hall, Katharine Street, Croydon**

WRITTEN MINUTES – PART A

Present: Councillor John Wentworth (Chairman);
Councillor Simon Hall (Vice-Chairman);
Councillors Maddie Henson, Robert Canning, Yvette Hopley and Andrew Pelling

Also present: Peter Howard (Pensioner representative)
Isa Makumbi (Staff Side Member)
Valentine Furniss

In attendance: Daniel Carpenter (Aon Hewitt)

Absent: Councillors Dudley Mead and Humayun Kabir

A11/14 CONFIRMATION OF CHAIR AND VICE-CHAIR OF THE PENSION COMMITTEE FOR THE MUNICIPAL YEAR 2014 / 2015

Councillor Simon Hall nominated Councillor John Wentworth as Chair. This nomination was seconded by Councillor Maddie Henson.

Councillor Maddie Henson nominated Councillor Simon Hall as Vice-Chair. This nomination was seconded by Councillor Robert Canning.

Councillor John Wentworth and Councillor Simon Hall were duly confirmed as Chair and Vice-Chair of the Pension Committee.

A12/14 PART A MINUTES OF THE PENSION COMMITTEE MEETING HELD ON 4 MARCH 2014

RESOLVED that the Part A minutes of the meeting held on 4 March 2014 be signed as a correct record with the following amendment:

AR07: amend ~~Common~~ to **Collective** Investment Vehicle

A13/14 APOLOGIES FOR ABSENCE

Apologies were received from Councillors Dudley Mead and Humayun Kabir, who was represented at the meeting by reserve member Cllr Robert Canning.

It was also announced that Councillor Jan Buttinger would join the Pension Committee membership, but not until this had been confirmed at the 15 July 2014 Council meeting.

A14/14 DISCLOSURE OF INTEREST

The Chair declared a personal interest in agenda item B3.

Peter Howard reminded the membership that he received a pension from the Council.

A15/14 URGENT BUSINESS (IF ANY)

There was none.

A16/14 EXEMPT ITEMS

RESOLVED: that the allocation of business between Part A and Part B of the Agenda as printed be confirmed.

A17/14 REVIEW OF CROYDON COUNCIL POLICY STATEMENT OF EXERCISE OF DISCRETIONARY POWERS

It was pointed out that the report contained no information on Human Resources considerations. Officers outlined consultation carried out with Human Resources staff and legal advice taken. It was emphasised, however, that the Policy Statement required no Cabinet decision. Following this work, the Policy Statement had been published on the Council's website and the Secretary of State had been notified, as had been required of all employers involved with this pension scheme.

RESOLVED that the Policy Statement be approved.

A18/14 LONDON BOROUGH OF CROYDON PENSION FUND FUNDING STRATEGY STATEMENT

Officers explained that this report was part of a suite of regulatory statements which employers were required to publish.

RESOLVED that the Funding Strategy Statement be adopted.

A19/14 CONSULTATION ON THE FUTURE SHAPE OF THE LOCAL GOVERNMENT PENSION SCHEME

Members discussed the Department for Communities and Local Government's most recent consultation on the Local Government Pension Scheme, and collective investment vehicles and passive management of assets in particular.

Officers reminded Members that the consultation period would end on 11 July and that they had brought copies of the consultation document to this meeting.

Members briefly discussed the relative merits of active versus passive investments, and commented that there currently was movement towards a passive stance, although this might change in future. A critical point was the need to reduce the costs and overheads of investments, which was a particular issue with active investments.

A cautionary note was sounded about the dangers of relying too heavily on passive investments, which were part of a collective fund and possibly more difficult to track. Members also asked how easy it might be to get out of failing investments at a reasonable price. Officers explained that they would strive to achieve flexibility, low costs as well as transparency in decisions on the future shape of the LGPS.

RESOLVED that this report be noted.

A20/14 UPDATE ON THE LONDON COLLECTIVE INVESTMENT VEHICLE PROJECT

Officers explained that this scheme had been driven by London Councils as the capital, being very well connected, was a good place to introduce such an initiative.

Officers were asked whether they had examined the type of collective investment vehicle used in the Netherlands. They stated that they had, and highlighted their practice of collectively sourcing and procuring schemes to drive down costs. They added that other good models had been adopted in Australia, Canada and the U.S.A. bringing about significant reductions in fees.

RESOLVED that this report be noted.

A21/14 REVIEW OF GOVERNANCE ARRANGEMENTS

Officers explained that the Government intended to introduce fundamental reforms to the way that Local Government Pension Schemes were administered. Enabling legislation under the Public Services Pensions Act 2013 existed to establish a National Scheme Advisory Board and to set up local Pension Boards. A shadow National Board had already been set up to provide advice to the Secretary of State.

Locally, administering authorities had been urged to take initial steps to create their boards, to start work in April 2015. Subject to final regulations, it was intended to create a Pension Board comprising an equal number of scheme members and employer representatives, to be chaired by an independent professional chair - it was commented that this was common practice in the private sector. However, detailed guidance was still awaited from the Department for Communities and Local Government.

RESOLVED that

- The Committee agree the principle of establishing a Shadow Pension board in advance of receipt of Government guidance

- A professional independent trustee be selected to chair the Shadow Pension Board

- The Chair of the Pension Committee, in consultation with the Director of Finance and Assets (Section 151 Officer), be delegated authority to agree a process for the selection of pensioner representatives to the Pension Committee

A22/14 TRAINING AND SUPPORT TO ELECTED MEMBERS

Members discussed the various options available to them to meet their individual and collective requirements to possess appropriate skills and knowledge to undertake their functions within the Pension Committee.

These included the Local Government Employers' course and conferences organised by the Local Government Chronicle (LGC) and the National Association of Pension Funds (NAPF).

It was confirmed that pensioner representative co-optees on this Committee should also avail themselves of these opportunities to play a full role on the Committee.

RESOLVED that the Committee note this report and direct officers to structure a programme of training and education for the members of the Pension Committee

A23/14 CROYDON COUNCIL ADMITTING BODIES INTO THE LOCAL GOVERNMENT PENSION SCHEME

The Committee discussed a report detailing which schools were going through the process of becoming academies and hence becoming scheduled bodies and LGPS employers.

Members discussed the implications for the Pension Fund of academies finding themselves in financial difficulty. It was agreed that steps should be taken to ensure that academies understood their obligations to the Pension Fund. Officers explained that they were engaged in a piece of work to enforce more robust obligations on the growing numbers of employers within the Fund.

RESOLVED that this report be noted.

A24/14 PROGRESS REPORT FOR QUARTER ENDED 31 MARCH 2014

Members considered a report updating them on the London Borough of Croydon Pension Fund's performance for the year and quarter to 31 March 2014. Officers stated that the market value of the Fund investments as at that date had grown by £19.4 million since 31 December 2013.

RESOLVED that this report be noted.

A25/14 CAMERA RESOLUTION

It was **RESOLVED** that the Press and public be excluded from the remainder of the meeting on the grounds that it is likely, in view of the

nature of the business to be transacted or proceedings to be conducted, that there will be disclosure of confidential or exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.