

## PENSION COMMITTEE

Meeting held on Tuesday 10 March 2015 at 1pm  
in Room F10, The Town Hall, Katharine Street, Croydon, CR0 1NX

### WRITTEN MINUTES – PART A

**Present:** Councillor John Wentworth (Chairman);  
Councillor Simon Hall (Vice-Chairman);  
Councillors Jan Buttinger, Robert Canning (substituting for Councillor Humayun Kabir), Luke Clancy (substituting for Councillor Yvette Hopley), Maddie Henson, Dudley Mead, and Andrew Pelling

**Also Present:** Ms. Gilli Driver and Mr. Peter Howard (Pensioner representatives) and Mr. Isa Makumbi (Staff Side Member)

**In attendance:** Dave Lyons (Aon Hewitt)

#### **A01/15 MINUTES OF THE MEETING HELD ON 2 DECEMBER 2014**

**RESOLVED** that the Part A minutes of the meetings held 2 December 2014 be signed as a correct record of the decisions taken.

#### **A02/15 APOLOGIES FOR ABSENCE**

Apologies were received from Councillor Yvette Hopley with Councillor Luke Clancy substituting, and from Humayun Kabir with Councillor Robert Canning substituting.

#### **A03/15 DISCLOSURES OF INTEREST**

No disclosures of interest were made during the meeting.

Councillor John Wentworth made a personal, non-pecuniary, declaration of interest in item B3 – Update on Matters Relating to Other Employers in the Croydon Local Government Pension Scheme.

#### **A04/15 URGENT BUSINESS**

There was no urgent business to consider.

#### **A05/15 EXEMPT ITEMS**

**RESOLVED:** That the allocation of business between Part A and Part B of the agenda be confirmed, as printed.

The Chair advised that the agenda would be taken in a different order from that published, so that after the first two items, the Committee would then consider in turn the following reports:

- Governance of the Pension Fund

- Progress report for Quarter ended 31 December 2014
- Emerging Market Equities report.

**A06/15**      **PROGRESS TOWARDS ESTABLISHING A LOCAL PENSION BOARD**  
(item 6)

Richard Simpson, Director of Finance & Assets (s151 Officer) introduced an update on the work being undertaken to ensure the establishment of a Local Pension Board ahead of the statutory deadline of 1 April 2015; the delays in the publication of regulations and detailed guidance in this respect was noted.

Members were advised that the General Purposes & Audit Committee at its meeting on 24 March 2015 would agree the establishment of the Board.

The Committee **RESOLVED** to note the contents of the report.

**A07/15**      **ASSET ALLOCATION REVIEW** (item 7)

Dave Lyons, Aon Hewitt, introduced the Investment Strategy Review – Next Steps paper and tabled a report on the London Borough of Croydon Pension Fund Asset Liability Modelling Update.

The Asset Liability Modelling Update included three different investment strategies one of which included the option of allocation to Liability Driven Investment (LDI); the possible benefits of which Members discussed at length.

The Committee asked that a fourth model be produced which was based on an equal three-way split between equities, fixed income, and alternatives.

Members noted that a report on the results of the investment strategy asset liability modelling would be presented to the next Committee meeting on 9 June 2015.

The Committee **RESOLVED** to note the content of the report and tabled paper.

**A08/15**      **GOVERNANCE OF THE PENSION FUND** (item 9)

The Director of Finance & Assets (s151 Officer) introduced his report which sought to address, in paragraphs 3.7 to 3.11, a number concerns raised by Councillor Yvette Hopley at the Full Council meeting on 23 February 2015 around the governance of the Pension Fund.

The Chair advised that he had spoken to Councillor Hopley and whilst there may still be a difference of opinion, the assurance given by the Director of Finance & Assets was recognised.

The Committee **RESOLVED** to receive the report.

**A09/15**      **PROGRESS REPORT FOR QUARTER ENDED 31 DECEMBER 2014**  
(item 10)

Nigel Cook, Head of Pensions & Treasury introduced the report which detailed how the market value of the Pension Fund investments stood at £804.8m at 31 December 2014; an increase of £35.5m compared with 30 September 2014.

Members were advised that chart 7 – Fund Manager Return since Inception – represented a fuller picture of the performance of the respective Fund Managers compared to chart 6 detailing the Quarterly Returns.

The Committee agreed to discuss the specific details of the Progress Report in Part B of the agenda.

The Pension Committee **NOTED** the content of the Part A Progress report.

**A10/15**      **EMERGING MARKET EQUITIES** (item 8)

Dave Lyons (Aon Hewitt) presented the Emerging Market Equities report which provided the background and rationale for the recommendations contained in the report of the Head of Pensions & Treasury.

The Committee discussed the relative advantages and cost implications of an active rather than passive emerging market fund management, as well as the range of markets to be considered as part of any allocation.

The Committee **RESOLVED** to:

1. Agree to invest 5% of the Fund's value (circa £40m) in an active emerging market equity fund and that allocation to be funded from the Fund's current overweight equity position.
2. Agree to delegate the selection of the particular active emerging market equity fund manager to the Assistant Chief Executive (Corporate Resources & s151 Officer) in consultation with the Chairman and Vice-Chairman of the Pension Committee.

**A11/15**      **CAMERA RESOLUTION** (item 11)

Councillor Dudley Mead proposed and Councillor Andrew Pelling seconded the moving of the camera resolution.

The Committee **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 12 A of the Local Government Act 1972, as amended.

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## SUMMARY OF PART B DISCUSSION

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### A12/15

The remainder of the meeting included disclosure of exempt information (as defined by paragraph 3 of Schedule 12A in Part 1 of the Local Government Act 1972: 'Information relating to the financial or business affairs of any particular person (including the authority holding that information)'). The minutes of the discussion are therefore also exempt and not available to the public.

A summary of the discussion is below, as required by section 100C(2) of the Local Government Act 1972.

item B1. The Committee **RESOLVED** that the Part B minutes of the meeting held on 2 December 2014 be approved as a correct record of the decisions taken and be signed by the Chairman.

item B2. Progress Report for Quarter Ended 31 December 2014 (exempt under paragraphs 3 & 10)

The Committee **NOTED** the Part B content of the progress report.

item B3. Update on Matters relating to other employers in the Croydon Local Government Pension Scheme.

The Committee **NOTED** the report of the Head of Pensions & Treasury.

The Committee asked that its thanks to Karen Bannister, Pension Fund Investment Manager, be **RECORDED** at what would be her last Pension Committee meeting.