

Pension Board

Meeting of held on Thursday, 29 March 2018 at 2.00 pm in F10 - Town Hall

MINUTES

Present: Ava Payne; David Whickman, Councillor Maggie Mansell, Richard Elliot, Teresa Fritz, Mike Ellsmore (Chair)

Also

Present:

Apologies: Keith Oxspring

PART A

15/18 Minutes of the Previous Meeting

At minute number 8/17 there was a typo identified on the second paragraph in that “respected” should be changed to “expected”.

With the amendment stated above, the Board RESOLVED to approve the minutes as an accurate record of the meeting.

16/18 Disclosure of Interests

There were none.

17/18 Urgent Business (if any)

There were no items of urgent business.

18/18 Code of Transparency

The Head of Pensions and Treasury introduced the report, explaining the purpose of the Code of Transparency and its origin from the Scheme Advisory Board. It was also explained to the Board how the Code related to the different funds within the Croydon scheme.

The Chair noted that some asset classes were not required on the Code’s list; officers responded that there was a time scale for the remaining asset classes to be included within the scope of the Code.

The Board discussed the role of the Code in holding managers to account on fees and issues around implementation. It was noted that CIPFA were

providing guidance for managers on how to provide the data however at the moment there was slow progress from some parts of the sector.

The Board noted that it had undertaken a special focus on the transparency of costs and welcomed the Code as step in the right direction. It was stated that Pension Committee Members should be provided training on costs transparency to ensure the issue was tackled at Committee level as well, to ensure the Fund was getting value for money.

The Board NOTED the contents of the report.

19/18 **London CIV progress report**

The Head of Pensions and Treasury updated the Board on the latest developments within the London CIV. There had been a governance review, which had generated a consultation, the response to which had been included in the appendix. There were three key issues raised from the consultation:

- a. The unique governance challenge of the CIV, balancing the interests and needs of 32 London boroughs.
- b. The high turnover of key leadership staff – with the CEO and chief investment officer and other senior officers leaving in recent months.
- c. The reasons for the creation of the CIV in the first place.

In response to a question from the Board, officers responded that almost half of the Croydon Fund was invested in a Legal and General scheme that was recognised as equivalent to pooling. The risks associated with investing in CIV funds were considered and analysed both by officers and by the Pension Committee as well. Due diligence is undertaken before any investment decision is made, and this included receiving an opinion from Aon Hewitt. The strategy set by the Committee is a risk adverse approach.

The Chair of the Board reported on a recent Scheme Advisory Board meeting in which representatives of the eight regional pools in the country provided presentations. There was a key issue identified relating to ensuring that sovereignty over funds remained with the individual local authorities and this fed into holding pools accountable for investment decisions made.

The Board resolved that the Chair of the Board write to the s151 officer expressing the concerns raised over sovereignty of local authorities within the London CIV.

20/18 **Review of Training and Compliance**

The Board discussed the training requirements for Board Members and noted that they were more onerous than for Committee Members.

The Head of Pensions and Treasury led Board Members through the report which detailed the sections of competency required for Members.

After further discussion on the training needs of Members the Chair proposed that a needs assessment be created for the summer 2018 meeting of the Board, which would coincide with the three year anniversary of the inception of the Pension Board.

The Board NOTED the contents of the report and RESOLVED to commission a training needs analysis of Board Members.

21/18 **Key Performance Indicators**

The Pensions Admin Manager tabled a report and gave the Board a very detailed update of what steps had been taken within the team to tackle the long-standing issue of the data backlog. Progress was being made regularly but at a steady pace. There had been challenging staff turnover issues in the team however the rollout of new software would help in efficiently dealing with the backlog and ensure clean data in the future. Overall there was a feeling of optimism at re-assessing how the team operated and constructing new processes. Additionally, a significant amount of money had been saved by undertaking the GMP reconciliation in-house.

Board Members considered whether more resources were required to help support the team, given the significant challenges faced. It was noted that this was an issue for a number of local authorities and radical action was needed to tackle the issue in the long term.

Discussion was also held over the risks that scheme members faced with the accuracy of the GMP reconciliation.

Board Members acknowledged the huge pressures facing the pension admin team and noted their support to officers involved in surmounting the challenges.

The Board NOTED the contents of the report.

22/18 **Agenda Papers of the Previous Pension Committee**

The Head of Pensions and Treasury reported that the Fund continued to deliver strong growth and whilst it was still overweight in equities, a significant portion of investment was being moved to the emerging markets sector. In addition officers were looking at private debt managers as another area to help balance the Fund's portfolio.

The Board NOTED the contents of the report.

23/18 **Exclusion of the Press and Public**

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

The motion was put and it was agreed by the Board to exclude the press and public for the remainder of the meeting.

24/18 **Minutes of the Previous Meeting**

The Part B minutes of the last meeting were approved as a correct record.

25/18 **Agenda Papers of the Previous Pension Committee**

The Head of Pensions and Treasury directed Board Members’ attention to the details at the end of the paperwork regarding the proposed investment with the London CIV.

The Board NOTED the contents of the report.

The meeting ended at 3.44 pm

Signed:

Date:

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