

## **Pension Committee**

Meeting held on Tuesday, 17 September 2019 at 10.00 am in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

### **MINUTES**

**Present:** Councillor Andrew Pelling (Chair);  
Councillor Simon Hall (Vice-Chair);  
Councillors Simon Brew, Robert Canning, Luke Clancy, Clive Fraser,  
Patricia Hay-Justice and Yvette Hopley

Co-opted Members: Ms Gilli Driver, Mr Peter Howard and Charles Quaye

**Also Present:** Councillor Michael Ellsmore  
Nigel Cook (Head of Pensions and Treasury), Matthew Hallett (Pension Fund Investment Manager), Victoria Richardson (Head of HR and Finance Service Centre) and Lisa Taylor (Director of Finance, Investment and Risk (S151 Officer))

### **PART A**

#### **40/19 Minutes of the Previous Meeting**

The minutes of the meeting held on 11 June 2019 were agreed as an accurate record subject to the following revisions:

- Acknowledgement of the apologies received from Councillor Clancy and Gilli Driver;
- Councillor Mohan was substituting for Councillor Clancy; and
- Councillor Hall left the Committee to attend a meeting of the Children's Improvement Board of which he was a member.

#### **41/19 Disclosure of Interests**

There were no declarations of interests.

#### **42/19 Urgent Business (if any)**

There were no items of urgent business.

#### **43/19 Key Performance Indicators**

The Head of HR and Finance Service Centre introduced the item. It was highlighted that the report comprised a proposal for the standardised presentation of information on Key Performance Indicators at Pension Committee and Board meetings. The proposal was based on good practice guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA).

Members sought clarification on performance including the time taken to provide for notifications of retirement, death in service and the time taken to make lump sum payments. The facility for pension members to gain the information required through the self-service provision was emphasised. It was confirmed that the stated KPIs reflected the legal requirements with team targets based on CIPFA guidance.

The Independent Chair of the Pension Board stressed the need to achieve the legal requirement on provision of annual benefit statements. It was also requested that performance against the legal requirements and team targets be expressed as percentages. Members were informed by the Head of Pensions and Treasury that the breaches in law policy was agreed by the Pension Board; any breaches would necessitate self-reporting to the Pensions Regulator. It was noted that the Regulator had only held this responsibility for a year and was most likely to respond with a focus on education.

A discussion about the records held where an employee opts out was to be taken further outside the Committee meeting. The need for members of the Fund to check their payslips to ensure contributions were being made was stressed.

It was acknowledged that whilst a Pension Manager role had been filled, there was still a number of vacancies in the service; these included a governance role, two administrator roles and a team leader. These vacancies were to be addressed.

Officers were to consider the options available for making information available to pension fund members.

**RESOLVED:** Members AGREED to endorse the Key Performance Indicators as set out in the officer's report. Members gave their thanks to the administration team for attending the meeting.

#### **44/19 Progress Report to the end of June 2019 (Q1)**

The Head of Pensions and Treasury introduced the item.

The Chair asked for the exclusion of the press and public to take part of this item within exempt session. The motion was seconded by Councillor Hall and agreed by the Members of the Committee.

The resulting comments made in exempt session are noted in item 16, drawing together all the Part B comments on the Progress Report.

The Chair then recommended that the meeting return to open session. The motion was seconded by Councillor Hall and agreed by the Members of the Committee. The meeting returned to open session.

*Peter Howard left the meeting at 11:16.*

Members discussed the performance of Fixed Interest investments noting the strong performance from the time of the portfolio adjustment towards fixed income.

The Head of Pensions and Treasury provided Members with information on a new renewables infrastructure investment in the development of wind turbines in Eire. The Chair reminded officers that a briefing on infrastructure investments had been requested and that he would be grateful for this to be provided.

The Chair and Vice-Chair requested the more timely provision of market information comparable to how information was provided by the CIV (within two or three working days). The Director of Finance, Investment and Risk was to look at what it might be possible to provide given the statutory requirements around the calling of Pension Committee meetings.

The Head of Pensions and Treasury was to check on the promised provision of a presentation to members of the Committee on the political risks to the housing market by M&G.

Members expressed that they valued receiving information on the geographical breakdown of investments. It was agreed that this should continue to be provided as part of the Progress Report.

Summary information on the training undertaken by Committee Members in addition to new training opportunities was to be provided by the Head of Pensions and Treasury.

**RESOLVED:** The Committee AGREED to note the report.

#### **45/19 Pension Committee Forward Plan**

Members agreed the following additions/amendments to the Pension Committee forward plan:

- Consideration of Environmental, Social and Governance issues to be taken at the Committee's meeting in November 2019;
- Consideration of the Investment Strategy Statement to be taken at the Committee's meeting in November 2019;
- A report on active management of emerging markets was requested to be presented at the Committee's meeting in December 2019;
- A paper on geopolitical risks to be taken at the Committee's meeting in either November or December 2019;
- A paper on the inflation linked element of the fund's infrastructure investments to be taken at the Committee's meeting in March 2020; and
- The fixed income report, provided by Mercer, to be taken by the Committee after March 2020 so following the current cycle of meetings.

**RESOLVED:** The Committee AGREED to note the report.

**46/19 Pension Fund Annual Report 2018/2019**

The Committee considered the Pension Fund Annual Report as featured in the agenda pack. Members asked questions on the decline in administration fees, the increase in investment management fees and why the authority's accounts are provided in full. In response, the Head of Pensions and Treasury explained administration costs had declined as a result of staff shortages and a resulting reduction in employment costs. Additionally, investment management fees were linked to the size of the fund and therefore would increase with the value. Furthermore, investments in alternate asset classes increased the aggregate fee level. The authority's accounts were provided in full because these are published as a single entity and it is not possible to divide the accounts without losing their integrity.

**RESOLVED:** The Committee AGREED to note the report.

**47/19 Croydon Local Pension Board Annual Report 2018/2019**

The Chair invited the Independent Chair of the Pension Board to comment on the Annual Report of the Pension Board and to report back on the Board's last meeting held on 11 July 2019.

The Independent Chair of the Pension Board highlighted the benefit of the stable membership of the Pension Board. It was noted that the Board would have two main focuses going forward:

1. The fund's own governance review with a particular focus on the code of practice; and
2. The Scheme Advisory Board's governance review and how Croydon will respond.

It was explained that having focused on the Property Asset Transfer over the last year and having new Members, the Board had requested the Secretary of the Scheme Advisory Board attend its meeting in January 2020 to provide guidance on the role of the Board.

The Independent Chair of the Pension Board welcomed the Pension Committee's consideration of the administration of the fund and the focus on the member experience. Encouragement was provided for the Committee to undertake this exercise twice a year given the importance of the fund having sufficient administrative resources.

**RESOLVED:** The Committee AGREED to note the report.

**48/19 Review of Risk Register**

The Head of Pensions and Treasury introduced the item explaining that the register used the same format as the corporate risk register (the level of risk

times by the likelihood of occurrence on a one to five scale). Those judged to be amber or above were provided in the agenda pack.

Members sought further information on risk number six related to academies not paying over contributions. The Head of Pensions and Treasury updated Members that the response of the Ombudsman was still being awaited. It was noted that the Fund had a duty to fund benefits regardless of whether contributions were being paid over.

It was requested that risk number thirteen be updated to encompass information available on US politics.

**RESOLVED:** The Committee AGREED to note the report.

#### **49/19 Preparing for Brexit Risks**

The Head of Pensions and Treasury clarified that advice had been provided by the Minister for Housing, Communities and Local Government. However, it was stressed that it was difficult to know with any certainty what impact Brexit may have on the Pension Fund. The issue of Pension Fund members who were resident in the EU outside of the UK was specifically noted.

Members requested officers to look at the potential impact of other geopolitical risks (as noted in item 7).

**RESOLVED:** The Committee AGREED to note the report.

#### **50/19 Review of the Investment Strategy Statement**

**RESOLVED:** The Committee AGREED to defer consideration of the review of the Investment Strategy Statement until its meeting in November 2019.

#### **51/19 Pension Committee Governance Update**

The Head of Pensions and Treasury introduced the item. The Director of Finance, Investment and Risk confirmed the table provided on page 249 of the agenda pack, looking at governance compliance best practice, would be reviewed for accuracy.

Members sought clarity on what communication was undertaken with pension scheme members. The Head of Pensions and Treasury described how statutory requirements are being met with the provision of pay slips, an annual newsletter and annual benefit statements to all Scheme members including those members who were deferred. However, it was also described how it could be difficult to communicate with pensioners, and that this could cause upset and confusion for members who were frail or infirm.

Members again discussed options for communicating with members of the Pension Fund. Mention was made of the pension conference previously held at Fairfield Halls in addition to the option to self-serve online. The Pensioner

and Employee Representatives also highlighted the difficulties they faced in communicating with Pension Fund members.

The Director for Finance, Investment and Risk noted that communication with members of the pension fund would be reviewed outside of the meeting with opportunities taken to raise awareness of Pensioner and Employee Representatives.

**RESOLVED:** The Committee AGREED to note the report.

**52/19 Exclusion of the Press and Public**

The following motion was moved by Councillor Pelling and seconded by Councillor Hall to exclude 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 Committee to exclude the press and public for the remainder of the meeting.

**53/19 Minutes of the Previous Meeting (Part B)**

The minutes of the meeting held on 11 June 2019 were agreed as an accurate record subject to the following revisions:

- Acknowledgement of the apologies received from Councillor Clancy and Gilli Driver;
- Councillor Mohan was substituting for Councillor Clancy;
- Councillor Hall left the Committee to attend a meeting of the Children’s Improvement Board of which he was a member; and
- Janus Henderson be spelt correctly.

**54/19 Progress report to the end of June 2019 (Q1) (Part B)**

The Committee reviewed the progress report for Q1 (to the end of June 2019).

The meeting ended at 12.50 pm

**Signed:**

**Date:**

.....  
.....

