

## **Pension Board**

Meeting held on Thursday, 14 January 2021 at 2.00 pm in This meeting was held remotely via Microsoft Teams

### **MINUTES**

**Present:** Michael Ellsmore (Chair);  
Co-optees: Richard Elliott, Teresa Fritz and David Whickman

**Also Present:** Nigel Cook, Head of Pensions and Treasury  
Alison Fisher, Pension Administrator  
Gillian Phillip, Pension Manager  
Victoria Richardson, Head of HR and Finance Service Centre

**Apologies:** Daniel Pyke

### **PART A**

#### **1/21 Minutes of the Previous Meeting**

The minutes of the meeting held on 15 October 2020 were agreed as an accurate record

#### **2/21 Disclosure of Interests**

Teresa Fritz declared that she was a member of the Pensions Lifetime Savings Association Board in a non-remunerated role.

#### **3/21 Urgent Business (if any)**

There were no items of urgent business.

#### **4/21 Pensions Administration Key Performance Indicators Report**

The Head of HR and Finance Service Centre introduced the report and the following was noted:

- Key Challenge at present for the team was maintenance of performance in the current climate
- Due to Croydon's financial situation and the voluntary severance scheme there were currently over 100 queries for the scheme to be dealt with as additional workload
- Two vacancies in the team. A Senior Pension Officer role which had now been recruited to with an experienced officer whilst the Pension Support Officer role had been put on hold till after this round of the

Councils Voluntary Severance Scheme as there was no capacity at present to provide training for the role.

- Hymans has been given access to the Pension Admin system to analyse cases and assist with clearance of backlog over the next 12 months.

The Independent Chair expressed concern at the deterioration in figures due to challenge presented by Covid 19 as well as the Council's Financial situation. Whilst it was positive that Hymans was now on board to assist with clearance of backlog, it was asked what more could be done to assist the team during this difficult period.

The Head of HR and Finance Service Centre advised that there was no agency market to recruit for Local Authority Pension Admin staff and it was also difficult to get support from other departments due to the extensive training required. There would be a lengthy procurement process involved in getting a third party organisation in to assist.

The Chair further commented that in the instance of continued deterioration of figures, there would be a case for fast tracking the procurement process to enlist a third party organisation to assist and this must be utilised where possible.

The Board was informed that there was a senior officers meeting taking place in April to discuss resources going forward for the next financial year and they would also be holding discussions with other LA's about the increased need for resources as a result of Mcloud.

The Chair resolved to keep this as an issue when he attends Pension Committee meetings as the Board could not continue noting the report without delving into the implications and impact of limited resources of the Pension admin team.

**RESOLVED:** The Board **AGREED** to note the report

**5/21**

### **Breaches of the Law**

The item was introduced by the Head of Pensions and Treasury and it was highlighted that the report acted as a control function in order to ensure discipline on reporting. All breaches of LGPS must be reported, and recently reported were the lateness of two Annual benefit Statement reports and one on medical practitioner and RDIP.

In response to a question on what lessons has been learnt from the August 19 and 20 failures which were minimal and if they were down to the same issues, officers said the breach was around end of year data received from employers and seeking of further clarification on leavers. There had since been notable improvement on the end of year data received from employers.

It was noted that the very small percentage of breach was due to a very minor error and it was asked if all breaches had to be reported to the regulator. Officers said that only material breaches were required to be reported to the regulator and there was a degree in discretion held by the Director of Finance Investment and Risk, Lisa Taylor on what required escalation to the regulator.

In response to a question on the take up of accessing Pensions Records online, Officers said that take up was limited, with only 26% of scheme members registered for the online service. Between the period of June and September there had only been approximately 1K logons to the system.

The Chair commented that in future meetings, the Board to consider what more could be done to engage scheme members and promote the online service.

**RESOLVED:** The Board **AGREED** to note the Breaches of the Law Log

## **6/21 Risk Register Report**

The item was introduced by the Head of Pensions and Treasury and it was highlighted that due to the current climate and events, the number of items on the register had increased with 15 risks currently in place.

Attention was drawn to four risks:

- Risk 9- Brexit. The impact of which was still not fully understood. Investments were international with countries in the European Union and there had been confidence that passporting would continue in regards to controls but this was now less certain as there was currently poorer understanding of the Brexit deal. There was little concern about performance and more about documentation and custodian issues.
- Risk 10- Covid 19. The impact on the economy and jobs as the country was now in recession and there was slower growth. There was however no real impact on liabilities of the Fund.
- Risk 14- McCloud - Implications were yet to be fully understood.
- Risk 15- 95k Cap and Exit Payment Reforms.

In response to a question on Cyber Security and what the position of the fund was due to the increase of major attacks occurring, officers said that the IT security was managed by the Council and they were being provided any new information as it arose to support their work.

Members of the Board commented that Cyber Security was a major area and it would be useful for a training session to be provided. It was agreed for a Member Development session to be held in April 2021.

It was commented that there was little information provide on the funds arrears and it was asked if the Board should be sighted to ensure they were aware of the levels of arrears. Officers said that that information on arrears

was a complex picture that consisted of different elements such as payroll costs, deficit payments, as well as contributions deducted from staff to be paid. There was pressure on government compliance teams to produce the reconciliations. Discussion would be held to determine what can be produced to the Board by way of monitoring documentation.

The Board discussed the New Asset Allocation strategy and it was established that this was the same one that was dealt with in 2020 that was now being implemented. Additionally it was highlighted that the costs of Funds would be more prevalent in a few years and at future Pensions Board meetings an analysis of funds investing in was requested. It was commented that as we were now at 75% funding level, there may be savings that could be achieved and this needed further exploration.

**RESOLVED:** The Board **AGREED** to note the contents of the Risk Register Report.

It was **AGREED** that a training session on Cyber Security would be delivered for Members in April

**7/21**

### **Local Government Pension Scheme Advisory Board/ The Pensions Regulator Update Report**

The item was introduced by the Head of Pensions and Treasury and it was highlighted that many of the items for attention were being covered in detail in different items on this agenda.

The Chair asked for reassurance on behalf of the Board that the S114 notice that had been served by the Council had no impact on the Pension Fund. The Head of Pensions and Treasury advised that the Pension Fund was not included in the S114 but that there were certain caveats to that. The S114 impacted the ability for recruitment, there was increased workload from the voluntary severance scheme as a result of the situation and spending controls processes had been slowed down as a result, including the PLSA invoice.

A Member who sat on the PLSA in non-remunerated role said that the policy board did not want to lose Croydon as a member but if Croydon was not getting the benefit of its subscription then should reconsider its membership as there had been issues with receipt of payments.

Officers said that Croydon wished to retain its membership but there had seen several issues experienced such as mastering the invoicing procurement process and well as issues due to the spending control panel which had resulted in delays in invoices being paid

It was requested that due to the amount of information presented with in reports, it would be useful to append background documents as hyperlinks to enable access to further useful information relating to each item on the agenda. This request was agreed

**RESOLVED:** The Board **AGREED** to note the contents of the Local Government Pension Scheme Advisory Board/ The Pensions Regulator Update. It was agreed for hyperlinks to background information to be included in future reports.

## **8/21 Exit Payment Cap Report**

The Head of HR & Finance Service Centre provided an overview of the report which updated on the regulations and recommendations that were agreed by the Pensions Committee on 8 December 2020.

Restrictions came into force on 4 November 2020 on the payments that could be made on exit of employment to £95k and affects people over the age of 55 who were being made redundant or leaving employment on grounds of efficiency.

Consultation on requirements for LGPS implementation of the restrictions closed prior to December 25 2020 and details as to when legislation would be made was yet to be released.

Local Authorities had been placed in conflicting situation due to the changes and there were currently two different policies in place. LGPS which allows for unreduced pension whilst Exit Cap restricts to £95k.

The decision was taken that whilst awaiting Government direction, the least risky course of action was to pay a reduced or deferred pension to anyone that leave or reaches the £95k cap.

The latest position was that there has been 3 requests for judicial reviews of the Exit Cap regulations with a hearing scheduled for March 2020 which will further delay decision making and legislation.

**RESOLVED:** The Board **AGREED** to note the recommendations agreed by Pension Committee on 8 December 2020.

## **9/21 LCIV Report**

The Head of Pensions and Treasury outlined the details of the report and highlighted that this was the first stage in development of content of information which would be built upon.

There were three key components of the CIV. The extent to which funds were pooled – this included three of areas which were Stocks and Shares, Debts-, both government and private company and Alternates- which comprised of private equity, infrastructure and commercial properties.

49% of current assets were pooled, this was the proposal made to government and had been delivered as predicted. The expectation was that

the CIV would generate funds that matched needs and looking forward in the longer term, it was expected that all assets would eventually be pooled.

In terms of Governance arrangements, the change that had been made was that going forward, the Chair of the Pension Committee would be a representative on the stakeholder board and would report back on a regular basis with information that can be fed into the process.

It was asked if the fees saving was an annual recurring figure, officers said it was but it would increase as assets increased as it was being charged at a percentage.

A Member commented that the saving estimated would be good if came to fruition, the issue was with it being estimated. It was asked if in the interest of transparency, there was a way for information to be pulled through that detailed the exact charge. Officers said that a transparency project had been started to pull through the information. Officers assured that there was a general understanding of what the fees would be and said that fees should not be looked at in isolation from performance as they went hand in hand.

In response to a question on whether the return from CIV was in accordance to the benchmark, officers said that the CIV was delivering the product as expected and it was up to the LA to ensure the right mix of fixed interest and alternate assets were in place as this was the key to maximising investments.

**RESOLVED:** The Board **AGREED** to note the contents of this report

**10/21 Exclusion of the Press and Public**

This was not required.

The meeting ended at 3.34 pm

**Signed:**

**Date:** .....