

# Croydon Council

<b>REPORT TO:</b>	<b>Pension Committee 17 September 2019</b>
<b>SUBJECT:</b>	<b>Croydon Local Pension Board Annual Report 2018/2019</b>
<b>LEAD OFFICER:</b>	<b>Nigel Cook Head of Pensions and Treasury</b>
<b>CABINET MEMBER</b>	<b>Councillor Simon Hall Cabinet Member for Finance and Resources</b>
<b>WARDS:</b>	<b>All</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> Sound Financial Management: This report relates to the work of the Pension Board in assisting in the management of the Croydon Local Government Pension Scheme.	
<b>FINANCIAL SUMMARY:</b> There are no direct financial implications associated with this report.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: N/A</b>	

## 1. RECOMMENDATION

- 1.1 The Committee is invited to note the Annual Report prepared by the Chair of the Croydon Local Pension Board. This is attached as Appendix A to this report.

## 2. EXECUTIVE SUMMARY

- 2.1 This report asks the Committee to note the Croydon Local Pension Board Annual Report (Appendix A).

## 3. DETAIL

- 3.1 The Annual Report for the Croydon Local Pension Board, drafted by the Board's Chair, sets out the work undertaken by the Board for the year 2018/2019. The Committee is invited to note this report. The Annual Report will be published on the Council's LGPS website.

## 4. FINANCIAL CONSIDERATIONS

4.1 There are no further financial considerations flowing from this report.

## **5. OTHER CONSIDERATIONS**

5.1 Other than the considerations referred to above, there are no Customer Focus, Equalities, Environment and Design, Crime and Disorder or Human Rights considerations arising from this report

## **6. COMMENTS OF THE SOLICITOR TO THE COUNCIL**

6.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that there are no legal considerations arising from the recommendations in this report.

**Approved by:** Sandra Herbert Head, of Litigation and Corporate Law on behalf of the Director of Law and Governance and Deputy Monitoring Officer.

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### **CONTACT OFFICER:**

Nigel Cook, Head of Pensions Investment and Treasury,  
Finance, Investment and Risk,  
Resources Department, ext. 62552.

### **BACKGROUND DOCUMENTS:**

None.

### **Appendix A**

Croydon Local Pension Board Annual Report 2018/2019

# Croydon Local Pension Board Annual Report 2018/19

## Introduction

Local Pension Boards were established under the 2013 Pensions Act. Each Local Government Pension Scheme administering authority is required to establish a Board to assist with the effective and efficient governance and administration of the Scheme. The Board is also tasked with assisting the Committee in ensuring compliance with legislative requirements and those of the Pension Regulator. The Board has an oversight role, with the decision making body remaining the Pension Committee.

## Membership

The Board consists of 6 voting members comprising 3 member representatives and 3 employer representatives and an independent chair. During 2018/2019 the following persons held these posts:

**Chair:** Michael Ellsmore

### **Employer Representatives:**

Councillor Maggie Mansell (until meeting of 15 November 2018)

Councillor Jerry Fitzpatrick (from meeting of 26 March 2019)

Richard Elliott (The BRIT School for Performing Arts and Technology)

### **Member Representatives:**

Teresa Fritz

Ava Watt (Union representative)

David Whickman (Union representative)

The Board is supported by the Director of Finance, Investment & Risk, Interim S151 Officer, Lisa Taylor and the Head of Pensions and Treasury, Nigel Cook and the team.

### **Councillor Maggie Mansell**

At the meeting on 10 January 2019 the Chair notified the Members of the Board that the death of Councillor Maggie Mansell had been announced. Councillor Mansell was noted for being a long serving Member of Council and a former Mayor. Her active contribution to the Board and her knowledge of the pension arena were noted. The Chair spoke on behalf of the other Board Members to express his sorrow at this news and to note that Councillor Mansell would be much missed.

## Activity during 2018/2019

This report covers the fourth year of the operation of the Board. It has continued to establish itself as part of the Croydon Council governance structure in relation to the Pension Fund. Board members take their responsibilities seriously and readily engage in the training programme in order to develop their skills and knowledge.

The Board's core function is to provide an oversight of the governance and administration of the Fund. A key task in fulfilling this function was the commissioning of a governance review during our first year. The Board has continued to monitor the review's action plan and are pleased with the progress made. The Board reviewed and monitored the following:

- The Pension Committee's forward plan which, in turn, informed the business plan for the Board;
- The Fund's Governance Policy;
- The Fund's Investment Strategy Statement;
- The development of the London CIV and the draft statutory guidance on pooling assets;
- The Fund's administration key performance indicators;
- The Fund's Risk Register;
- The Scheme Advisory Board's Annual Report and other matters raised by them;
- The Pensions Regulator's survey;
- The McCloud / Cost Cap case;
- Investment issues including currency hedging and the fixed income portfolio;
- The agenda papers of the Pensions Committee.

During the year the Board held a special meeting to consider the transfer of assets proposal from the Council to the Fund. A detailed letter was sent to the Executive Director Resources and Section 151 Officer setting out a number of areas which the Board felt needed clarifying. Subsequent to that letter the Board considered the matter again at its January meeting and wrote again to the Director seeking clarification on two issues. The first was a request that the Actuary should be asked to clarify the impact of the transfer on non Croydon Council employers. This was satisfactorily answered. The second issue related to the Board's concern that it had carried out its role in reviewing the transfer in line with its terms of reference and any statutory obligations the Board might have in this respect. Despite requesting this piece of work in January and repeated reminders, no response has been received.

## **Looking Ahead**

The Board is expecting 2019/20 to be another busy year for the Local Government Pension Scheme both specifically at Croydon and on the national scene.

The work for the triennial valuation has already started and the Board will be looking to play its part in discussions with the Actuary and the review of the Funding Strategy Statement and the Investment Strategy Statement. In our workplan we have scheduled discussions at each of our meetings during the coming autumn and winter.

The implications of the McCloud / Cost Cap case for the LGPS are still being considered and we are keen to be involved in considering its effect on the Croydon Fund.

We have commissioned Aon Hewitt to carry out a follow up to the Governance Review they presented to us three years ago and expect to consider this at our October meeting. The Chair has met Aon Hewitt and, whilst we are expecting the report to be encouraging, we know that we shall need to set aside time to update various of our policy statements.

Training and keeping our knowledge and skills up-to-date will remain important to us and we shall be looking to take advantage of opportunities that become available.

Pensions administration will continue to attract attention from the Pensions Regulator. The Board will therefore continue to monitor closely the performance and resources of the pension administration team. The near future will also see attention from the Government Actuary's Department on comparative valuation and more work on the reporting of costs; these fall within the remit of the Board and will feature in its business plan.

The Board will monitor the process of the Good Governance Review commissioned by the SAB which is looking at options for the future governance of the LGPS

Finally, 2019/20 may see further transfers of assets to the London CIV and developments in its governance arrangements. The Board will continue to monitor and support the Council as these developments unfurl.

Michael Ellsmore  
Chair  
July 2019