

Pension Committee

Meeting held on Tuesday, 7 January 2020 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, Pat Clouder, Clive Fraser, Patricia Hay-Justice, Vidhi Mohan and Robert Ward.

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

Also Present: Lisa Taylor (Director of Finance, Investment & Risk and s151 Officer), Nigel Cook (Head of Pensions & Treasury), Victoria Richardson (Head of HR & Finance Service Centre) and Michael Ellsmore (Independent Chair of the Pension Board).

Apologies: Councillors Robert Canning, Luke Clancy & Yvette Hopley.

PART A

1/20 Minutes of the Previous Meeting

The minutes of the meeting held on 5 November were agreed as an accurate record subject to the following amendments:

- i) That minute number 56/19 be amended to read "...there were no declarations of interests made *in addition to those already declared in the Council's Register of Interests*";
- ii) That the first paragraph of minute number 58/19 be amended to read "seeking *broad* guidance";
- iii) That the resolution detailed in minute number 58/19 be amended to read "...in consultation with the Chair *and Vice-Chair* of the Committee";
- iv) That the sentence "It was proposed that officers develop a process to be reviewed by the Committee at its next meeting" be deleted from minute number 59/19; and
- v) That the final bullet point of minute number 60/19 be amended to read "The Independent Chair of the Pension Board had suggested that a *remuneration strategy for Board Members be considered*. This was to reflect...".

2/20 Disclosure of Interests

There were no additional declarations made at the meeting in addition to those already declared in the Council's Register of Interests.

3/20 Urgent Business (if any)

There were no items of urgent business.

4/20 Progress Report for Quarter Ended 30 September 2019

The Committee considered a report of the Head of Pensions and Treasury that updated Members on the performance of the Pension Fund for the quarter to 30 September 2019.

Members noted that the fund had grown by 3.17% over to the quarter to £1.332billion and that this growth was in keeping with the target for the fund. The Committee also heard that an independent valuation was being made in relation to the property transfer project and this would be reflected in future iterations of the Investment Strategy.

In response to Member questions, the Committee noted that the current foreign currency hedge was being managed.

The Committee also heard that overnight cash investments were made in keeping with Asset Allocation Strategy. These were overnight investments that typically yielded a return of 0.7%. Such investments were spread across a number of AAA rated funds and there had only been one incidence of a negative return in the past six years.

The Committee also heard that auto-enrolment into the fund had continued in 2019 and circa 95% of eligible employees were now enrolled in the Pension Fund. Assumptions on the life expectancy of retired staff were based on socio-economic profiling of the postcodes and these would be detailed in full in the next iteration of the Pensions Funding Strategy.

In response to questions regarding the property transfer project, the Committee heard that an update report would be submitted in March that included progress on the independent valuation.

The Committee also heard that a further update report would be submitted in March that updated Members on the impact of recent judgements made by the Courts regarding the implementation of the Government's 2015 Pension reforms in relation to age discrimination, known as the 'McCloud case'..

During discussion of infrastructure investments, the Committee agreed that the Chair and Vice-Chair be appraised of suggested investment in new funds, including rollover with an asset manager from one fund to another, before they are entered into.

RESOLVED: That performance of the Pension Fund for the quarter ended 30 September 2019 be noted.

5/20 Key Performance Indicators for the Period Ended 31 October 2019

The Committee considered a report of the Head of HR & Finance Service Centre that updated the committee on the key performance indicators for the administration of the Local Government Pension Scheme for the period up to the end of October 2019.

Members heard that a procurement exercise was planned to commission a specialist provider to process and manage the backlog of deferred benefit cases. The Committee noted that as the backlog was a time limited issue and that specialist skills were required, commissioning a specialist provider was a more efficient and appropriate option than recruiting permanent staff for this purpose.

RESOLVED: That the Key Performance Indicators detailed in the report be noted.

6/20 Pension Committee Forward Plan

The Committee considered a report of the Head of Pensions and Treasury that detailed the business plan for the Committee for the remainder of the 2019/20 municipal year and for the 2020/21 municipal year.

In considering the draft programme, the Committee noted that an additional meeting had been scheduled for 11 February 2020 to consider reports on the governance and valuation of the Fund.

Members also heard that as the timetable would mean that the formal process of consulting with other Scheme Employers would begin before valuation results were presented to a meeting of the Committee, information shared with other employers would be sent to Committee Members at the same time.

RESOLVED: That the forward plan for the remainder of 2019/20 and for the 2020/21 municipal year be AGREED.

7/20 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.

8/20 Minutes (part B) of the Previous Meeting

The Minutes (Part B) of the meeting held on 5 November 2019 were agreed as an accurate record.

9/20 Progress Report for Quarter Ended 30 September 2019

The Committee considered a report of the Head of Pensions and Treasury that detailed the commercially sensitive context of the performance of the Pension Fund over the quarter to 30 September 2019.

RESOLVED: That the report be noted.

10/20 Scenario Analysis

The Committee received a training session looking at the potential impact on investments of a range of geo-political factors. A detailed presentation was provided by Peter Gent, Senior Investment Consultant, Mercer.

The meeting ended at 11.57 am

Signed:

Date:

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