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Pension Committee

Meeting held on Tuesday, 14 June 2022 at 10.15 am in Council Chamber, Croydon Town Hall, Katherine Street, CR0 1NX

MINUTES

Present: Councillor Callton Young OBE (Chair);
Councillor Clive Fraser (Vice-Chair);
Councillors Simon Brew, Nina Degrads, Patricia Hay-Justice and
Yvette Hopley and Robert Ward

Co-opted Members: Ms Gilli Driver

Also Present: Matthew Hallett (Acting Head of Pensions and Treasury), Gillian Phillip (Pensions Manager), Ian Talbot (Interim Finance Officer), Jane West (Corporate Director of Resources (Section 151 Officer)), Mike Ellsmore (Chair of Pension Board) and Robbie Sinnott (Mercer)

Apologies: Councillors Endri Llabuti and Alasdair Stewart
Co-opted Members: Peter Howard and Charles Quaye

PART A

9/22 Disclosure of Interests

There were none.

10/22 Minutes of the Previous Meeting

It was confirmed to the Committee that the three sets of outstanding minutes which had not been approved were with the Pension Team for checking, and that they would be sent for approval as soon as they had been checked. It was agreed that these sets of minutes would be on the agenda for approval at the next Pension Committee meeting.

It was also agreed that the Work Programme and Action Log should be presented to the Committee.

The minutes of the meeting held on 13 April 2022 were agreed as an accurate record of the proceedings.

11/22 Urgent Business (if any)

There were no items of urgent business.

12/22 Breaches Log

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report and highlighted three new additions to the log. In response to members' concerns over decisions being made and not minuted, Mr Hallett clarified that:

- Previous decisions made by the Committee were still recorded and were valid and that the lack of approved minutes did not affect this. The Pension Team, however, would review all decisions and bring the Action Log up to date.

Officers confirmed they were in dialogue with the Pensions Regulator and would provide feedback to the Committee. The Committee also requested that the backlog in administration task be quantified.

RESOLVED to consider the contents of the Pension Fund Breaches Log, Appendix A, and to comment as appropriate.

13/22 Budget Review

Matthew Hallett, Acting Head of Pensions and Treasury , introduced the report. In response to members' questions, officers explained that:

- There were plans to recruit permanently for the Governance and Compliance team, and that there would be temporary recruitment to the Investment and Accounting team before permanent staff would be in place, but that the Pension Administration team was fully resourced;
- The £18.5m bulk transfer referred to the pensions belonging to employees of the South London Waste Partnership, for which the Croydon Pension Fund was responsible.

The Chair pointed out that the tables in the report showed only one year's worth of data to forecast future spending, and asked that the Pension team provided an estimate of forecast costs based on data stretching further back in time.

RESOLVED to note the contents of the report.

14/22 Business Plan 2023 to 2026

Matthew Hallett, Acting Head of Pensions and Treasury, explained that this was an extension of the medium-term plan agreed in 2021, and that it

incorporated issues raised by the Governance Review. In response to questions from members, officers clarified that:

- The team could attach timescales and deadlines to the objectives set out in the plan, and that some of the objective deadline dates had already passed, so those would be revised;
- Staffing was a high priority on the plan. However, Officers confirmed that it was difficult to find the right staff and they had asked other Local Authorities, but they were experiencing similar issues. Officers also highlighted the practical difficulty in separating the Head of Pensions from the Treasury role due to the expertise required.
- The Pension team had undertaken a prioritising exercise and that they would negotiate priorities with the Committee.

The Chair welcomed this approach. Mike Ellsmore, the Chair of the Pension Board, was also present. He said that the Committee needed to reflect and take stock of the vast programme of work. He also encouraged involvement of the Committee with officers and made a plea for them to complete four-year terms as members, as continuity was important to the planning and management of the Fund.

RESOLVED to agree to the recommended Medium Term Business Plan 2022/25.

15/22 Discretions Policy

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report and drew attention to the recommendation to the change of the policy on abatement. He explained that the principal reason for doing this was in the interests of fairness to members. The Committee raised the question of whether the costs of administrating the current policy would outweigh the cost of continued payments. Officers confirmed that there were only currently three cases so it would be a saving.

RESOLVED to note the review of the existing policies and approve the suggested changes ready for consultation with scheme employers.

16/22 Forward Plan Review 2023 - 24

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report. Members expressed concerns about the number of meetings and the number of items of business they had to get through. The Committee

discussed whether there could be more meetings in the year, to avoid situations such as a meeting the previous year which had been exceptionally long. The Committee also discussed meetings taking place in the evening, which was noted by the Chair to consider.

The Committee suggested there could be more informal workshops, and that they expected more presentations from Fund Managers, and officers agreed to arrange this. The Committee requested an extra meeting between September and December.

RESOLVED to agree the Forward Plan for the remainder of financial year 2022/23.

17/22 Governance Best Practice Compliance Statement

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report. In response to comments from members, officers noted that Principal G of the report (That subject to any rules in the Council's Constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee) could not be described as fully compliant due to the historical poor performance in producing meeting papers and minutes on time. The Pension Team also agreed to look at whether or not item d) of the Compliance Statement on Structure could be described as fully compliant. Officers would review whether or not the Pension Board should be described as a sub-committee and if decided not then the Pension Committee did not have sub-committees. It should still be recognised that the Chair of the Pension Board observed Pension Committee meetings and was invited to speak and comment on the work of the Board.

RESOLVED to review and agree the draft Governance Best Practice Compliance Statement attached as Appendix A.

18/22 Knowledge and Skills Policy Review

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report. Members expressed that they found it difficult to know exactly which training needed to be completed, and commented that they would like a formal training document that was meaningful for members to use. Officers agreed to circulate this to members and to include access to the Hymans Training Portal.

RESOLVED to agree the attached Knowledge and Skills Policy, (Appendix E) and adopt the CIPFA Knowledge and Skills Framework, (Appendix A-C), with

the caveat that officers develop and circulate a clear and useable training document for members.

19/22 Key Performance Indicators June 2022

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report and in response to members' questions explained that:

- Hymans Robertson had been allocated around 3,000 cases to clear, and they were currently clearing around 1,000, which was considerable progress;
- Very old cases were included in this number, and that the Pension Team could provide two sets of data for the Committee to compare progress of older and newer cases;
- These data included not just Council cases but also those of partner agencies.

RESOLVED to note the Key Performance Indicators and the performance against these indicators set out in Appendix A to this report.

20/22 Local Government Pension Scheme Advisory Board / The Pensions Regulator Update

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report. In response to comments from members, the Pension Team explained that with regards to the effects on the Fund of the McCloud Judgement, the team was still collecting data from historic payroll systems and awaiting amendments to the regulations which were expected in the autumn. Matthew Hallett also explained that, with regards to Central Government having recommended that fund managers avoid Russian investments, the Croydon Pension Fund did not have any in its global equity allocation, but that there was a small number within the Global Bonds Mandate held with the London Collective Investment Vehicle (LCIV). The Committee was assured the LCIV would not be making any further investments of this nature.

RESOLVED to note the contents of the report.

21/22 Progress Report

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report and in response to members' questions explained that the reason the Fund was holding a larger amount of cash than usual, at 2.5%, was a deliberate

action. The current volatility and downward spiral in equity and bond markets meant that it was sensible to have a higher cash allocation. Officers went on to explain the Fund was investing the cash in the Local Authority market to gain a bit of pick up on return. This involved lending to other Local Authorities.

RESOLVED to note the performance of the Fund for the quarter ended 31 March 2022.

22/22 Exclusion of the Press and Public

The following motion was moved by Councillor Young and seconded by the Committee 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.

23/22 Progress Report

RESOLVED that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The meeting ended at 12.24 pm

Signed:

Date:

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