

Public Document Pack

Pension Committee

Meeting held on Friday, 3 December 2021 at 10.00 am in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX. To view the meeting webcast, please click [here](#).

MINUTES

Present: Councillor Andrew Pelling (Chair);
Councillor Clive Fraser (Vice-Chair);
Councillors Simon Brew, Jan Buttinger, Robert Canning and Pat Clouder

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

Also Present: Councillor

Apologies: Councillor Yvette Hopley

PART A

1/21 Apologies

It was confirmed by Democratic Services officer that Councillor Audsley had been appointed as a Committee Member active from 22 June 2021 and no decisions made during this municipal year by the Committee needed to be revisited or validity questioned in relation to that appointment.

Councillor Degrads was sitting as a substitute in Councillor Audley's absence; however, she did not have voting rights due to her remote attendance.

2/21 Minutes of the Previous Meeting

A list of amendments and corrections to the minutes was read out by the Chair as follows:

- To add Gilli Driver, Charles Quaye, Michael Ellsmore as attendees;
- To add to 1/20 that the Committee asked for information at its next meeting on Fund payments to the Council for minute-taking;
- At 2/20 to delete all and replace with 'All councillors present declared an interest as members of the Authority in the context of discussions about the asset transfer proposal';
- At 5/20 to add in paragraph 3 the word 'separate' after the words 'delayed in the', and add 'relating to the Authority's accounts' after the words 'audit process';
- At 6/20 replace 'The Chair thanked' with 'The Committee congratulated';

- At 6/20 replace 'hard work' with 'achievements';
- At 6/20 replace 'regarding' with 'that';
- At 6/20 replace 'and' with 'marked n reporting a Government Actuary's Department (GAD) funding valuation of 98%';
- At 6/20 replace 'Maloney' with 'McInroy';
- In paragraph 1 replace 'noted' with 'pointed out';
- At the end of paragraph 1 add 'Mr. McInroy described the paper as really positive news';
- At the end of sentence 1 in paragraph 3 add 'in assumptions employed';
- In paragraph 3 sentence 3 delete 'was a' and replace with 'used', and delete 'they had been presented previously' and replace with 'used by Hymans Robertson LLP';
- Delete the rest of sentence 3;
- At the end of paragraph 4 add 'and provide in a summarised form metrics evolution details and a London league table';
- In paragraph 5 replace 'received' with 'to receive', replace 'for with 'regarding', replace 'performances' with 'balances', replace 'was' with 'were', replace 'by' with 'for' and delete 'the' in its fifth appearance;
- At 10/20 in paragraph 1 replace 'of moving the resolution' with 'of the moving of the resolution';
- In paragraph 2 delete all after 'Committee' and replace with 'Mr. Gent spoke of the nuances of measuring corporate carbon exposures', and delete 'overtime' and replace with 'over time'.

RESOLVED - That the Committee receive a report at its next meeting on the provision of minute taking by a third party.

RESOLVED - That the Committee receive a report at its March 2022 meeting on securing Clear Blue Water, the Fund's operation separately from the authority and the provision of a dedicated conflicts of interest policy.

Subject to the above changes, it was:

RESOLVED - That the minutes of the previous meeting held on 14 September 2021 were approved as an accurate record.

3/21 Disclosure of Interests

All councillors present declared an interest in the Asset Transfer Proposal.

4/21 Urgent Business (if any)

In relation to the issuing of the agenda and supplementary agenda, Mr Peter Howard and Ms Gili Driver stated that they did not have sufficient time to read the papers ahead of the meeting having received the physical agenda via post on 2 December 2021 at 2 pm. Ms Gili Driver also noted the packaging containing the agenda was damaged.

It was confirmed by Democratic Services that it was legal to proceed with the meeting and papers were circulated adequately. A digital version of the agenda was available to view from the statutory publication date. An urgent paper had been published one day prior to the meeting and was accepted by the Chair for the Committee to consider.

The Chair thanked officers and advisors for the work put into papers, and stated that item 16 would not be taken at this meeting.

It was **MOVED** by the Chair and **RESOLVED** that:

1. Within the constraints on legislation that the Committee provided discretion to the Chair during the current municipal year to make informal suggestions of changes in draft reports to Committee, such proposed alterations being also subject to the professional judgements of officers and advisors.
2. The draft minutes of this meeting be provided to all members before Christmas 2021.

5/21 Croydon Council's Local Government Pension Scheme Employer Contribution Review 2021/2022 to 2022/2023

RESOLVED:

To note the content of the report and the detail contained in the report in the closed part of this agenda and to request that the Scheme Actuary certify the change in contribution rates via a revised Rates and Adjustments Certificate.

6/21 London Collective Investment Vehicle - amendments to Shareholder Agreement and Articles of Association

7/21 Governance Review

The Committee received an introduction to the report from Mary Lambe, AON Hewitt. The Chair read out a list of amendments to the recommendations

which would be sent to officers following the meeting. The Chair requested that the recommendations, AON Hewitt's recommendations of special interest, the Pension Board's recommendations and the recommendations of the Chair of the Pension Board be added to the Action plan for progression.

It was noted that hard copies of agendas would be charged to the Pension Fund.

RESOLVED:

1. The Committee has considered the recommendations set out here, expressing its concern as to how officers are coping with service delivery for the Fund in the context of resource challenges detailed by Aon Hewitt.
 - 1.1 To appoint and non-Council employer voting representative to the Pension Committee.
 - 1.2 To create an explicit policy on voting rights at the Committee that shall include enfranchising the second pensioner representative and the trade union representative whilst seeking advice on the merits and demerits of increasing the number of council members on the Committee so as to broaden experience of the Fund's activity across the council, this matter to be settled by council by April 2022.
 - 1.3 That the Committee be provided with external advice by March 2022 on creating an appropriate governance distance from the authority including consideration of the South Yorkshire Pensions Authority.
 - 1.4 That the Committee seeks an urgent external review of service delivery with suggestions on how to progress enhancement of service delivery to be enacted by March 2022.
 - 1.5 That the following recommendations arising from the AON Hewitt governance report be progressed with the following deadlines:
 - a. Reports to committee be provided from March 2022 on the budget of the administration of the Fund and impact of changes in resources and the impact of increases in workload, as well as considering succession planning,
 - b. That the chair on behalf of the Committee write by the end of the year to the Chief Whips of current party groups to draw attention to the report's concerns about lack of continuity

on the Committee and the Board and that the outgoing chair write in similar vein after the May 2022 municipal elections.

- c. Any new Committee members will be given timely induction training to ensure that they can constructively contribute to the management of the Fund as soon as possible and that such induction training requirements subject to Monitoring Officer advice on the legality of such obligation are clearly set out in the Fund's Policy and that this is explained and facilitated for all new members on joining the Committee or the Board.
- d. Note that the Chair of the Committee shall be a representative on the LCIV stakeholder board and will now report back on a regular basis with information from the CIV.
- e. That CIV relationship structures in line with Aon Hewitt's 2019 report shall be proposed for inclusion in the Council's constitution a report being expected by the Committee on this matter by March 2022.
- f. An investigation be made into the reasons for late papers coming to the Committee and Board and a report be made to Committee by March 2022 on the processes that lead to papers being produced, their efficacy and legality, including the role of pre-agenda meetings.
- g. That an external provider with expertise in LGPS matters is secured to draft a conflicts of interest policy for the Committee and the Board to be agreed by the Committee by March 2022.
- h. That the Committee will carry out a check on how the Fund complies with the recommendations Good Governance Review and where work will be required to ensure compliance by March 2023.
- i. That the Committee is provided with an evaluation against the new TPR Code's requirements in due course and will address areas of partial compliance and non-compliance in a timely manner.
- j. That the Committee will require a report on the updated CIPFA Code of Practice and Framework for Committees and Officers and action taken thereto.

- k. Breaches of the Law policy to be updated by September 2022.
 - l. That the Committee receive a report on compliance with the Aon Hewitt report on publication of the Fund's policies and documents by September 2023.
 - m. That the Committee are concerned to learn that "Officers are being required to address Council business which is impacting on their ability to progress with Fund activity" reflecting the importance of recommendation 1.15
2. That the Committee asked for summons to meetings to be made in a timely fashion and that hard copies of papers be provided in a convenient fashion to those who request them.

8/21 London Borough of Croydon Pension Fund: Property Transfer Proposal

The Head of Pensions Investment and Treasury introduced Richard Warden, the Scheme's actuary, who presented the report. The Chair queried how much property prices had risen since the Scheme began in 2018 and raised concerns about the risks. Due to the position of the Fund having changed drastically since the decision was taken by Full Council, the Chair thought it would be appropriate to cancel the proposal.

Members strongly expressed their concerns about not being properly prepared to discuss the business of the meeting as they had not had adequate time to digest the information in the papers; there was also concern that delaying the business would have adverse effects on the Fund.

The Committee requested that officers submit answers to questions submitted by the Committee at the meeting on 25 May 2021 in a report at the next meeting.

It was **MOVED** by the Chair and **RESOLVED** that this agenda item would be deferred. Councillor Canning requested that their vote to abstain be recorded in the minutes.

9/21 Pension Fund Governance: the Admission Policy, the Bulk Transfer Policy and the Policy for Employers Leaving the Fund

RESOLVED to:

Agree the “Admissions Policy”, “Bulk Transfer Policy” and the “Policy for Employers Leaving the Fund” as attached as appendices A, B and C respectively.

10/21 Pension Fund Annual Report 2019/2020

The Head of Pensions Investment and Treasury noted the deadline for publishing the annual report had been extended to the end of December 2021 due to issues with Covid-19. The audit process had not yet been completed as the annual reports of the General Fund and the Pension Fund needed to be submitted together

RESOLVED:

The Committee noted the draft Croydon Council Pension Fund Annual Report 2019/2020.

11/21 Pension Fund Annual Report 2020/2021

The Chair requested that officers change the foreword he had been sent and that officers looked at the record of attendance. The Chair also asked that it be noted that he was out of office for a period from November 2017 to May 2018.

RESOLVED:

To note the draft Croydon Council Pension Fund Annual Report 2020/2021.

12/21 Review of Breaches Log

RESOLVED:

To note the contents of the Pension Fund Breaches Log at Appendix A.

13/21 Update on funding position as at 30 September 2021

The Scheme’s actuary presented the report and in response to questions from members stated that there would be a further report once the valuation process had been completed in March 2022 about any variation of the funding level. The Committee heard that there had been a couple of spikes in mortality rates compared to 2019 due to age and not as a result of Covid.

The Committee congratulated officers for the outperformance of the Fund and wanted to ensure that asset allocations were adjusted to reflect the desire to protect the trend of being fully funded. Members requested a report on this as soon as possible.

RESOLVED:

To note the funding update provided by the Scheme Actuary.

14/21 Progress Report for Quarter Ended 30 September 2021

This report provided Members with performance information in relation to the Pension Fund over the most recent quarter ended 30 September 2021. Performance analysis and market commentary provided by Mercer were included at Appendix A and Appendix B respectively but were withheld from publication in view of the commercially sensitive nature of the information contained.

The Chair claimed that there were factual inaccuracies in the report, and officers explained that the discrepancies in figures were due to the different methods and timings of assessments.

RESOLVED:

- 1.1 The Committee noted the performance of the Fund for the quarter ended 30 September 2021.
- 1.2 The Committee noted the investment advice set out in paragraph 3.6.9, to divest £33m from the LGIM developed world (ex-tobacco) equity fund with the proceeds being invested in the Pimco Global Bond Mandate which is offered through the London CIV.
- 1.3 The Committee agreed to the high level portfolio structure set out in paragraph 3.6.12 with an immediate action to increase the allocation to LCIV Sustainable Equity Exclusion Fund (RBC) by £52m (20% of the strategic equity allocation)
- 1.4 To undertake a high level strategy review focussing on the approach to currency hedging and allocation to alternatives
- 1.5 To investigate LCIV PEPPA and LCIV RIF in more detail (including liquidity profile)

1.6 To look at the other LCIV equity managers to fill the final slot (if neither are deemed appropriate we will re-visit the underlying allocations)

15/21 Minute Taking at meetings of the Pension Committee and Pension Board

The Chair asked that, with the agreement of the Chair of the Pensions Board, some of the correspondence between the Chairs and the Pensions Regulator be circulated to members.

RESOLVED:

To consider the report and determine if external minute taking services are required for the Pensions Committee and the Pension Board.

16/21 Exclusion of the Press and Public

The following motion was **MOVED** and **SECONDED**:

“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.

17/21 Minutes of the Previous Meeting

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.

18/21 Croydon Council's Local Government Pension Scheme Employer Contribution Review 2021/2022 to 2022/2023

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.

19/21 Progress Report for Quarter Ended 30 September 2021

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.

20/21 Minute Taking at meetings of the Pension Committee and Pension Board

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.

21/21 London Collective Investment Vehicle - Amendments to Shareholder Agreement and Articles of Association

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 4.30 pm

Signed:

Date:

.....

.....

This page is intentionally left blank