

Pension Committee

Meeting held on Tuesday 19 September 2017 at 10:00am in the Council Chamber, the Town Hall, Katharine Street, Croydon CR0 1NX

DRAFT MINUTES - PART A

Present: Councillor S Brew, Ms. G Driver, Councillor S Hall, Councillor P Hay-Justice (Vice Chair), Councillor M Henson, Councillor Y Hopley, Mr. P Howard, Mr. I Makumbi, Councillor D Mead, Councillor A Pelling (Chair), Councillor J Wentworth

In attendance: Elizabeth Jackson (Grant Thornton), Matthew Hallett (Pension Fund Investment Manager), Nigel Cook (Head of Pensions and Treasury), Mike Ellsmore (Chair, Local Pension Board), Daniel Carpenter (Aon Hewitt), Richard Simpson (Executive Director, Resources).

Apologies: None received.

MINUTES - PART A

A1 Minutes

The minutes of the last meeting held on Tuesday 20 June 2017 were approved as a correct record of that meeting.

A2 Disclosure of Interest

Councillor Hay-Justice disclosed that her husband paid into an academy pension scheme.

A3 Urgent Business (if any)

There was no urgent business.

A4 Exempt Items

The allocation of business between Part A and Part B of the agenda was agreed as stated.

A5 Progress Report for Quarter Ended 30 June 2017

The Head of Pensions and Treasury introduced the report to the Committee. The Committee discussed the recent meeting held with Legal and General. Arising from that meeting the committee had a

detailed discussion regarding a new, larger pooled fund that it was proposed the scheme's investments were moved to. By the nature of the larger pooled fund, low cost fx hedging would be available on that fund, if so required. After a detailed consideration of the relevant factors, there was consensus among Committee Members that the investments should be moved to the Legal and General pooled ex-tobacco fund.

The Committee also discussed whether to use Wells Fargo for the Fund's emerging markets investments, particularly in the context of further new fraud scandals at the company. After lengthy questioning on the issue, the Committee noted that officers had previously been given discretion to fulfil the Committee's asset allocation strategy as regards to emerging markets investments. The Committee agreed that an opportunity for all members to meet with Wells Fargo would be useful ahead of a further discussion at the next Committee meeting on the matter. The Chair of the Committee confirmed that a formal letter would be written to Wells Fargo to receive assurances over their governance arrangements in relation to the recent scandal.

The Committee **NOTED** the contents of the report.

A6 Scheme Advisory Board Consultations

The Head of Pensions and Treasury introduced the report and the Committee **RESOLVED** that:

- 1.1 The objectives set out in paragraph 3.4 of the report should be those adopted by the project that the Board will undertake;
- 1.2 The arrangements relating to the forum set out in paragraph 3.8 of the report are agreed.
- 1.3 That a session, such as set out in paragraph 3.9 of the report, would be helpful.

A7 Changes to State Retirement Age

The report for the item was introduced by the Head of Pensions and Treasury and the Committee **NOTED** the contents of the report.

A8 Implementation of the Markets in Financial Instruments Derivative (MiFID II)

The Head of Pensions and Treasury introduced the report to the Committee.

The Committee **RESOLVED**:

- 1.1 To note the potential impact on investment strategy of becoming a retail client with effect from 3rd January 2018;

1.2 To agree to the immediate commencement of applications for elected professional client status with all relevant institutions in order to ensure it can continue to implement an effective investment strategy;

1.3. That, in electing for professional clients status, the Committee acknowledges and agrees to forgo the protections available to retail clients attached at Appendix A;

1.4 To delegate to the Executive Director of Resources (Section 151 Officer) the authority to make applications for elected professional client status on the authority's behalf and to determine the nature of the application on either a full or single service basis.

A9 Annual Report and Local Pension Board Report

The Pension Fund's auditor from Grant Thornton introduced the audit finding report at Appendix B. The Chair of the Pension Board introduced the Board's annual report, attached at Appendix C, and the Committee requested that the Board's work on costs transparency would be made available to Committee Members.

The annual report (Appendix A) was circulated to Committee Members and introduced by the Head of Pensions and Treasury. Committee Members debated how best to communicate such Fund documents to scheme members who were not able to access the internet. The Committee agreed that the next time the membership were communicated with via letter, information on how to access such documents would be provided as part of the correspondence.

The Committee **RESOLVED** to:

1.1 Approve the submitted 2016/2017 Pension Fund Annual Report for publication on the Croydon Pension Fund's website.

1.2 Note the contents of the Audit Findings Report from the Fund's auditors.

1.3 Note the Annual Report of the Croydon Local Pension Board.

A10 Election of Pensioner Representatives to the Pension Committee

The Chair opened the item by congratulating those candidates who had been elected. A concern was raised regarding the requirements to submit voters' national insurance numbers on ballot papers. The Committee were assured that the information was needed to prove eligibility to vote and the information was destroyed after validation of the election.

The elected pensioner-side members thanked Councillors and officers for obtaining the constitutional amendments required to provide a vote on the Committee for the representatives.

The Committee **RESOLVED** to endorse the result of the ballot and to

co-opt the two candidates with the greatest number of votes onto the Committee as members for a period of four years.

A11 The Local Government Pension Scheme Advisory Board Code of Transparency

The item was introduced by the Head of Pensions and Treasury and the Committee **NOTED** the contents of the report.

A12 Local Government Pension Scheme Investment Pooling: Spring 2017 Progress Review

An update was provided to the Committee by the Head of Pensions and Treasury. Members discussed the London Collective Investment Vehicle (CIV) and the Committee requested that further information on the CIV's proposed environmental, social and governance (ESG) sub-funds be provided at the next Committee meeting.

The Committee **NOTED** the contents of the report.

A13 Exclusion of the Press & Public

Councillor Pelling proposed, and Councillor Henson seconded, that the meeting move into Part B of the agenda and thus exclude the press and public from the remainder of the meeting.

The Committee **RESOLVED** to exclude the press and public for the remainder of the meeting.

The meeting finished at 12.03pm.