

Pension Committee Agenda



To: Councillor Andrew Pelling (Chair)
Councillor Simon Hall (Vice-Chair)
Councillors Simon Brew, Robert Canning, Luke Clancy, Clive Fraser,
Patricia Hay-Justice and Yvette Hopley

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

Reserve Members: Jamie Audsley, Sherwan Chowdhury, Pat Clouder,
Patsy Cummings, Steve Hollands, Vidhi Mohan and Robert Ward

A meeting of the **Pension Committee** which you are hereby summoned to attend, will be held on **Tuesday, 7 January 2020** at **10.00 am** in **Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX**

JACQUELINE HARRIS BAKER
Council Solicitor and Monitoring Officer
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Annette Wiles 020 8726 6000 x 64877
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www.croydon.gov.uk/meetings
Tuesday, 24 December 2019

Members of the public are welcome to attend this meeting.
If you require any assistance, please contact the person detailed above, on the righthand side.

N.B This meeting will be paperless. The agenda can be accessed online at www.croydon.gov.uk/meetings

AGENDA – PART A

1. Apologies for Absence

To receive any apologies for absence from any members of the Committee.

2. Minutes of the Previous Meeting (Pages 5 - 10)

To approve the minutes of the meeting held on Tuesday 5 November 2019 as an accurate record.

3. Disclosure of Interests

In accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, Members and co-opted Members of the Council are reminded that it is a requirement to register disclosable pecuniary interests (DPIs) and gifts and hospitality to the value of which exceeds £50 or multiple gifts and/or instances of hospitality with a cumulative value of £50 or more when received from a single donor within a rolling twelve month period. In addition, Members and co-opted Members are reminded that unless their disclosable pecuniary interest is registered on the register of interests or is the subject of a pending notification to the Monitoring Officer, they are required to disclose those disclosable pecuniary interests at the meeting. This should be done by completing the Disclosure of Interest form and handing it to the Democratic Services representative at the start of the meeting. The Chair will then invite Members to make their disclosure orally at the commencement of Agenda item 3. Completed disclosure forms will be provided to the Monitoring Officer for inclusion on the Register of Members' Interests.

4. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

5. Progress Report for Quarter Ended 30 September 2019
(Pages 11 - 20)

This report provides an update on the London Borough of Croydon Pension Fund's (the Fund's) performance for the quarter to 30 September 2019.

6. Key Performance Indicators for the Period Ended 31 October 2019
(Pages 21 - 28)

This report sets out Key Performance Indicators for the administration of the Local Government Pension Scheme for the period up to the end of October 2019.

7. Pension Committee Forward Plan (Pages 29 - 32)

This report proposes a revised plan for the remainder of 2019/20 and 2020/21 which forms a business plan for the Committee.

8. Exclusion of the Press and Public

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“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.”

PART B

9. Minutes (part B) of the Previous Meeting (Pages 33 - 34)

To approve the minutes of the meeting held on Tuesday 5 November 2019 as an accurate record.

**10. Progress Report for Quarter Ended 30 September 2019
(Pages 35 - 108)**

This report provides the commercially sensitive context to the performance of the Pension Fund over the most recent quarter.

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Pension Committee

Meeting held on Tuesday, 5 November 2019 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, Robert Canning, Luke Clancy, Clive Fraser,
Patricia Hay-Justice and Yvette Hopley

Co-opted Members: Mr Peter Howard and Charles Quaye

Also Present: Councillor
Nigel Cook (Head of Pensions and Treasury), Lisa Taylor (Director of Finance, Investment and Risk (S151 Officer)) and Michael Ellsmore (Independent Chair, Pension Board)

Apologies: Gilli Driver (Co-opted Member)

PART A

55/19 Minutes of the Previous Meeting

The minutes of the meeting held on 17 September 2019 were agreed as an accurate record with the amendment to reflect that Michael Ellsmore was not a Councillor.

56/19 Disclosure of Interests

Councillor Hay-Justice noted her husband as a pension beneficiary. Apart from this there were no declarations of interests made.

57/19 Urgent Business (if any)

There were no items of urgent business.

58/19 Review of the Investment Strategy Statement

The report was introduced by the Head of Pensions and Treasury who explained there were no changes being proposed but that the Investment Strategy Statement was being put forward for consultation and review. Changes agreed by the Committee would be incorporated into the statement which would be brought back to the Committee for formal adoption prior to the end of the financial year. It was emphasised that officers were initially seeking board guidance from the Committee on what changes were required.

In response to Member questions it was established that the fund contained three broad categories of asset classes:

- Equities: the engine of wealth production in the fund, growing faster than liabilities;
- Fixed interest: for example corporate bonds and government debt which tended to match the growth of liabilities; and
- Alternates: which tended to over perform and used up large amounts of risk.

Additionally, the fund also held cash which was generated by the collection of contributions and was paid out in liabilities (the levels of these two factors were closely matched).

Councillor Hall and Lisa Taylor, the Director of Finance, Investment and Risk, joined the meeting at 10:26am.

It was established that the fund does not hold gold or other precious metals. The Head of Pensions and Treasury explained that as with other commodity trading, this was quite a risky approach with the skills sets involved for management expensive to acquire. The Mercer representative concurred, emphasising that better return rates were available from other asset classes.

In response to a Member question about holding private debt, the Mercer representative stressed that each asset class was in competition for the capital held in the fund and as such had to prove itself. Therefore, it was important to question if it was the right approach to help the fund meet its objectives. The Head of Pensions and Treasury concurred, noting that the more risky the private debt the better the return. Private debt could encompass everything from Treasury Bonds and Gilts, regarded as being as safe as cash, through a whole spectrum of debt from AA (blue chip debt) to high yield debt. It was noted that if this was added to the types of assets held, more resource would be required to manage and provide due diligence.

Members asked about reporting on the investments in Pimco. Officers explained that this was down to timing and that a report would be forthcoming.

A Member questioned the potential for growth through investments in emerging markets and the limitations imposed as a result of pooling through the CIV. The Vice-Chair, Councillor Hall, the Cabinet Member for Finance and Resources, highlighted that the CIV was being very responsive; it was listening to local authorities and developing appropriate products.

Members asked questions about the performance of individual asset classes, how this was measured and benchmarked.

RESOLVED: the Committee AGREED the recommendation in the report for drafting a revised Investment Strategy Statement and delegated to the Director of Finance, Investment and Risk and section 151 officer, in consultation with the Chair of the Committee, the final approval of the Investment Strategy Statement.

59/19 The Investment Consultancy and Fiduciary Management Market Investigation Order 2019

The report was introduced by the Head of Pensions and Treasury who explained that the Competition and Markets Authority (CMA) had issued an order for trustees to have a mechanism in place to measure the performance of investment advisers. Mercer was acknowledged as the advisers to the Croydon Pension Fund.

The urgency of the order was due to guidance not yet being forthcoming from the Secretary of State. The requirement was to create a framework as a way of judging the performance of advisers and to allow report back to the Committee.

It was proposed that officers develop a process to be reviewed by the Committee at its next meeting.

RESOLVED: The Committee AGREED to delegate to the Director of Finance, Investment and Risk/Section 151 Officer in consultation with the Pension Committee Chair and Vice-Chair authority to agree final Strategic Objectives in relation to the provision of Investment Consultancy Services as required by the Investment Consultancy and Fiduciary Management Market Investigation Order 2019.

60/19 Report back from the Pension Board

The Pension Committee received a report back on the Pension Board meeting held on 17 October 2019. This was provided by Michael Ellsmore, the Independent Chair of the Pension Board. It was highlighted that the Board had received a report and presentation on the annual review of governance conducted Aon; this would come to the Pension Committee at its meeting in January 2020 accompanied by an action plan.

The Independent Chair informed the Committee that the Board had also been provided with an update on the Administration Service and that as a result there continued to be concern about performance – it was noted that under performance on two Key Performance Indicators had been reported. The Board had been informed of a delay to recruitment which would directly impact on this performance. As a result, the Board had asked the Independent Chair to write to the Director of Finance, Investment and Risk to express its concern.

The Independent Chair also reported that utilisation of external resources to provide additional administrative support was being delayed by the procurement process. Whilst it was appreciated that these issues were experienced by many Pension Funds, it was still a concern.

The Committee was informed by the Independent Chair that he had been interviewed by the Pensions Regulator with regard to the property asset

transfer but that further comment was not possible given this was undertaken as part of the regulator's investigation which was ongoing.

Lastly, Robert Holloway, the Secretary of the Scheme Advisory Board, would be attending the meeting of the Pension Board on from 2pm on 16 January 2020, to provide training on the role of the Local Government Pension Scheme Advisory Board and its view on the role of Pension Boards. All Members of the Pension Committee were invited to attend this meeting.

The Director of Finance, Investment and Risk asked to update the Committee with regard to the staff recruitment. The Director explained how a review of staffing across the Council was being conducted but that this was not impacting on recruitment for the administration of the fund given this was separately funded by the fund itself. However, recruitment remained difficult to achieve which was the most significant factor. There was no delay to using additional external resources to support the administration of the scheme but that this needed to go through the correct engagement process.

In response to Member questions it was clarified that:

- The Committee would be informed of the outcome of the investigation of the Pensions Regulator into the property asset transfer;
- The Board was keen to retain the expertise of its Members and the Constitution permitted that those with experience of representing scheme employers could be retained; and
- The Independent Chair of the Pension Board had suggested that Members, whose time was not remunerated by employers, should receive a retainer of £5K a year plus travel costs. This was to reflect that the pressures on Members becoming increasingly onerous with the Pension Regulator looking more to Boards. It was agreed that officers would consult with Aon to understand what approach was being taken by other Pension Boards.

61/19 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 3 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.

62/19 Minutes (Part B) of the Previous Meeting

The minutes (Part B) of the meeting held on 17 September 2019 were agreed as an accurate record with the amendment to reflect that Michael Ellsmore was not a Councillor.

63/19 Investing in a Time of Climate Crisis

The Committee received training on Investing in a Time of Climate Change Crisis.

The Committee relocated to room G4 on the ground floor of the Croydon Town Hall building at 12:09 for the completion of the meeting.

64/19 Scenario Analysis

The Committee received a training session looking at scenario analysis.

Councillor Hall and the Director for Finance, Investment and Risk left the meeting at 12:50 to attend other Council meetings. Co-opted Member Peter Howard also left at this point.

The meeting ended at 1.01 pm

Signed:

Date:

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Agenda Item 5

REPORT TO:	PENSION COMMITTEE 7 January 2020
SUBJECT:	Progress Report for Quarter Ended 30 September 2019
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: Reviewing and ensuring that the performance of the Council's Pension Fund investments are in line with their benchmark and in line with the assumptions made by the Actuary.	
FINANCIAL SUMMARY: This report shows that the market value of the Pension Fund (the Fund) investments as at 30 September 2019 was £1,332m compared to £1,295.3m at 30 June 2019, an increase of £36.7m and a return of 3.17% over the quarter. The performance figures, Independent information and analysis on the fund managers and markets have been provided by the Fund's independent investment advisor Mercer.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1 RECOMMENDATIONS
1.1 The Committee is asked to note the performance of the fund for the quarter.

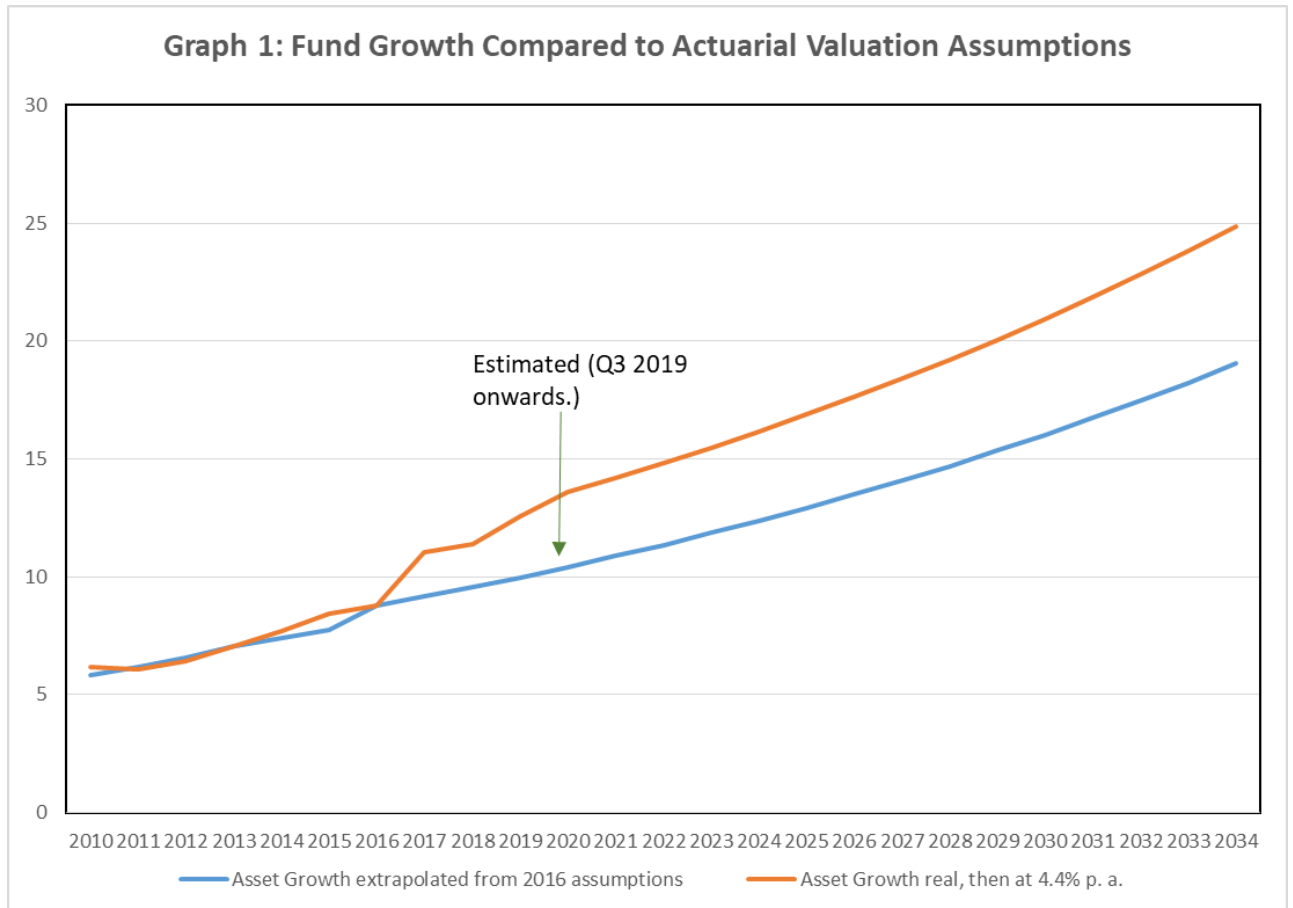
2 EXECUTIVE SUMMARY

- 2.1 This report provides an update on the London Borough of Croydon Pension Fund's (the Fund's) performance for the quarter to 30 September 2019. The report falls into four parts. Section 1 addresses performance against strategic goals. The second section considers the asset allocation strategy and how that is being applied, specifically current and planned investments. The third section deals with risk management and the fourth and final section summarises the recent investment manager site visit. Detailed numeric data and commentary from the Fund's advisors is included as appendices to this report.

3 DETAIL

Section 1: Performance

- 3.1 The 2016 Triennial Actuarial Valuation used an asset outperformance assumption of 2.2% over gilt yields, meaning an asset return assumption, otherwise described as the discount rate, of 4.4%. The valuation also assumes that the funding gap will be closed over a 22 year period. However, as a risk based model has been adopted, the recovery period is less critical. In setting the Pension Fund's investment strategy, performance is measured against a benchmark return of CPI + 4% for the whole fund. Achieving this benchmark return will ensure the investments achieve a higher return than as calculated in the valuation and on the basis that other assumptions remain constant, the funding gap will reduce.
- 3.2 Graph 1 has been compiled from this information. The blue line shows the expected track of the value of assets growing in line with the 2016 valuation assumptions. This will be adjusted after subsequent valuations. The orange line shows the actual value of the Fund to date and plots the course of growth over subsequent years using the same assumptions. This measure does not take account of other variables, such as changes in demographic factors, wage inflation forecasts and other assumptions and it does not reflect changes in cash contributions nor movements in the gilt yield curve. It is valuable as a tool to help track whether the direction of travel is in the right direction. Over the three year valuation cycle since 2016 the investment return has been 41.1% against the expected return of 13.9%. This has had a positive impact on the funding level.



3.3 Details of the performance of individual components of the portfolio are detailed in the report produced by the Fund’s investment advisors in Appendix A.

Section 2: Asset Allocation Strategy

3.4 The current asset allocation strategy was approved at the Committee meeting held on 8 September 2015 (Minute A29/15 refers). The portfolio now reflects the proportions described in that strategy, allowing for the vagaries of the market. Members should note that the Council is seeking independent valuation for the property transfer project, discussed and agreed by the Committee 21 November, 2018. This will need to be reflected in future iterations of the Investment Strategy.

3.5 The target portfolio can be broken down as follows:

Asset Class		Target Allocation	Allowable Tolerance
Equities including allocation to emerging markets.		42%	+/- 5%
Fixed interest		23%	+/- 5%
Alternates		34%	+/- 5%
<i>Comprised of:</i>			
Private Equity	8%		
Infrastructure	10%		
Traditional (Commercial) Property	10%		
Private Rental Sector (Residential) Property	6%		
Cash		1%	
Total		100%	

3.6 Monitoring of asset allocation

3.6.1 **Global Equity** – Our Global Equity portfolio had another strong quarter, returning 4.3% it was the major contributor to the good return of the Fund over the quarter. On 1 August 2019 a 50% currency hedge was applied to the LGIM Developed World (ex-Tobacco) Equity fund. As at 30 September 2019 the hedge was working in favour of the Fund, resulting in a gain of approximately £2m extra when compared to the unhedged element.

3.6.2 Equity returns have remained strong, although we are expecting these to soften over the medium term as the global economy starts to show signs of weakening. The allocation to Global equities was 41.9%, so considered at the target allocation for the Fund.

3.6.3 The Fund has experienced continued difficulties with the emerging London CIV Emerging Market equity fund. The fund underperformed the benchmark returning 7% (negative) against a benchmark of -1.1% (negative). Following the departure of the portfolio manager and imminent departure of his team from the current provider, Janus Henderson, the London CIV has been through a selection process and appointed JP Morgan to run the London CIV Emerging Market mandate. The transition to the JP Morgan mandate was set to take place post quarter end. During the transition it came to light that the new JP Morgan fund may not fulfill the ESG requirements of this Committee. Therefore a decision was taken to liquidate the fund in its entirety.

3.6.4 **Fixed Interest** – All four funds, managed by three managers, made positive contributions to returns and the target allocation to this asset class was maintained. Currently these funds are valued at 22.4% and are considered at the target allocation of the Fund.

3.6.5 **Infrastructure** – Due to the nature of the assets performance of Infrastructure investments and indeed Private Equity, discussed in more detail below, is better measured over a period of time, rather than on a quarter by quarter basis. All the Fund's Infrastructure investments are performing as expected and above the benchmark of CPI +5% on a since inception basis. The table below shows that the Fund is marginally over-exposed (11.8% compared with a target allocation of

10%). We are expecting this to continue in the short term as the Fund has had to over commit in order to get to the target allocation. Our allocations to Equitix, the Green Investment Bank, Temporis and Access are all yielding cash which will fund new investments and also ensure the allocation comes back into line over the medium term.

- 3.6.6 The Committee had asked in a previous meeting about how the Fund's Infrastructure investments are linked to inflation. Officers have analysed the portfolio and established that there is a strong linkage between inflation and the value of the infrastructure portfolio although the correlation is not perfect in that a 1% increase in inflation would not lead to a 1% increase in the value of the portfolio other things being equal. As there are many different assets within the portfolio, there are many different drivers to value some of these being directly linked to inflation and some indirectly. It should be noted that we have chosen a benchmark of CPI +5% and are confident that our investments will at least meet this target in any foreseeable scenario.
- 3.6.7 **Private Equity** – The Fund's Private Equity managers performed particularly well over the quarter. The Fund received distributions of approximately £8m during the quarter that served to help with cash flow. This part of the portfolio is at 8.8% of the Fund which is slightly overweight. This is mainly due to the good performance of the asset class.
- 3.6.8 **Traditional Property** – The Schroders portfolio is on target compared to the asset allocation target. The portfolio continues to perform relatively well, especially considering the ongoing uncertainty caused mainly by BREXIT.
- 3.6.9 **Private Rental Sector** – The Fund's total commitment of £60m is now fully invested in the PRS mandate. The allocation is at 4.6% which is below the original target of 6%. This is mainly due to the good performance experienced by the rest of the portfolio and also to the stagnation of UK house prices. The mandate continues to perform well compared to the peer group. Although the Fund is below its target allocation, we do not consider it appropriate to top up this part of the portfolio further at this time.

3.6.10 The table below illustrates the movement in the Fund's valuation during the quarter and the current asset allocation against the target.

London Borough of Croydon Pension Fund Fund valuation and asset allocation for the quarter ending 30 September 2019

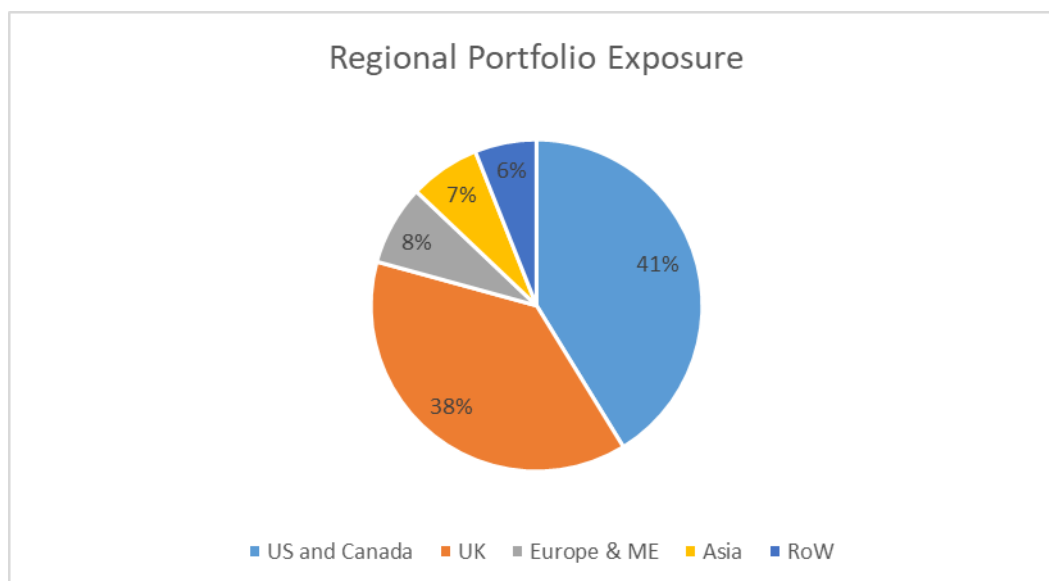
	Valuation at 30/06/2019 £'000	Net Cashflow £'000	Gain/loss £'000	Valuation at 30/09/2019 £'000	Asset Allocation Fund Percentage	Asset Allocation Target Percentage
Equities					41.9%	42%
Legal & General FTSE4Good	178	-	0	178		
Lega & General FTSE World (Ex Tobacco)	488,636	10,000	21,030	499,666		
LCIV Emerging Markets	61,298	-	2,875	58,422		
Fixed Interest					22.4%	23%
Standard Life	133,155	-	2,808	135,963		
Wellington	68,220	-	4,257	72,477		
LCIV Global Bond	87,245	-	2,120	89,364		
Infrastructure					11.8%	10%
Access	14,025	1,513	645	16,182		
Temporis	31,612	241	977	32,348		
Equitix	65,694	7,807	1,243	74,744		
Green Investment bank	24,579	240	30	24,308		
I Squared	7,302	2,343	432	10,078		
Private Equity					8.8%	8%
Knightsbridge	31,423	226	2,632	34,281		
Pantheon	65,249	2,331	4,184	67,102		
Access	15,458	5,614	2,144	11,988		
North Sea	3,319	-	137	3,456		
Property					9.5%	10%
Schroders	125,410	-	759	126,169		
Property PRS					4.6%	6%
M&G	60,879	-	525	61,404		
Cash					1.0%	1%
Cash	11,618	2,235	10	13,863		
Fund Total	1,295,300	4,303	40,998	1,331,995	100%	100%

Valuations are based on the bid price as reported by the Fund Managers. The valuations of the Infrastructure and Private Equity funds are the latest available and can be lagged by 3 months.

3.7 Regional Exposure

3.7.1 The Committee asked for an indication of the geographical dispersion of the underlying assets comprising the portfolio. This is set out graphically in the chart below. This information is for illustrative purposes only. It should be noted that there are differences in the period represented as some data is updated far more frequently than others.

Graph 2: Geographic dispersion of funds.



3.7.2 The descriptor Asia includes Japan, Korea and Australia. The rest of the world (RoW) includes the continent of Africa and Latin America.

3.7.3 It should be noted that of the 38% invested in the UK 14% is allocated to Property and 10% to Infrastructure. The majority of the Private Equity and Global Equity investments are in the US and Canada.

Section 3: Risk Management

3.8 The principle risk addressed by the Funding Strategy is that returns on investment will fall below the target asset outperformance assumption to ensure that the Pension Fund matches the value of liabilities in the future. Dependent upon that are of course a number of issues.

3.9 The global economy will always represent a specific risk and opportunity for the Fund and will effectively be impossible to quantify or evaluate. As each asset class, investment strategy and characteristic will be impacted differently by any number of macroeconomic scenarios it is critical to ensure that the portfolio is sufficiently diversified. This will ensure that opportunities can be exploited and downside volatility reduced as far as possible.

3.10 Mercer, the Fund's investment advisor, have drafted a Fund Monitoring Report, for the 3 months to 30 September 2019. These reports are included in Part B of this Committee agenda.

Section 4: Investment Manager Visits

3.11 No visits were arranged during the quarter, however Members of the Pensions Committee met the following managers post quarter end:

- Schroders October 2019 and
- Pantheon November 2019

These visits help develop the relationship between investor and fund manager and
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count against training day requirements.

4 CONSULTATION

4.1 Officers have fully consulted with the Pension Fund's advisers in preparing this report.

5 FINANCIAL CONSIDERATIONS

5.1 This report deals exclusively with the investment of the Council's Pension Fund and compares the return on investment of the Fund against the benchmark return.

6 DATA PROTECTION IMPLICATIONS

6.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the Pension Fund.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk, S151 Officer

7. LEGAL CONSIDERATIONS

7.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that there are no direct legal implications arising from the recommendations within 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.

8. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

8.1 This report contains only information that can be publicly disclosed. The confidential information is reported in the closed part of the agenda.

CONTACT OFFICER:

Nigel Cook – Head of Pensions and Treasury
Resources Department, ext. 62552.

BACKGROUND DOCUMENTS:

Included in Part B of the agenda.
Quarterly reports from each fund manager (circulated under separate cover to the Committee Members.)

Appendices:

There are no part A appendices.

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Part B appendices:

Pursuant to Schedule 12A paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information), the following appendices are considered to be precluded from publication:

Appendix A: London Borough of Croydon Returns to 30 September 2019, Mercer

Appendix B: Market Background and Market View Q3 2019, Mercer

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REPORT TO:	PENSION COMMITTEE 7 January 2020
SUBJECT:	Key Performance Indicators for the Period Ended 31 October 2019
LEAD OFFICER:	Vicki Richardson Head of HR & Finance Service Centre
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT:	
Sound Financial Management: The Pension Committee is responsible for the effective administration of the Local Government Pension Scheme. These Key Performance indicators provide a measure of how well that administration functions.	
FINANCIAL SUMMARY:	
Poor administration may ultimately lead to incorrect calculation or payment of benefits or indeed financial penalties.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1. RECOMMENDATIONS

- 1.1 The Committee is asked to note the Key Performance Indicators set out in this report.

2 EXECUTIVE SUMMARY

- 2.1 This report sets out Key Performance Indicators for the administration of the Local Government Pension Scheme for the period up to the end of October 2019.

3 DETAIL

- 3.1 Good governance suggests that the performance of the administration of the Local Government Pension Scheme should be monitored. The standards by which performance can be assessed are set out in the Administration Strategy and published on the Scheme's website so as to be available for scrutiny by stakeholders, who include elected Members and other Scheme employers.

- 3.2 This report is the first to attempt to report in full to the committee on the LGPS administration using the guidance published by CIPFA (Administration in the LGPS: A Guide for Pensions Authorities). The indicators cover legal deadlines; team performance targets and case levels. For future meetings, performance trends will be included in the report.

Commentary

- 3.3 Priority is always given to the life events that most impact scheme members which are retirements and deaths. During October performance against target was strong in this area. In October 2019 particular focus was on processing outstanding new starters so whilst performance was below target the number of cases processed was high.
- 3.4 At end October there were 5,869 workflow tasks outstanding. Over 50% of these outstanding tasks relate to a historical backlog of deferred benefit cases. A business case has been written which recommends procuring services from a specialist provider to clear the backlog deferred benefit cases. This option was chosen over the alternatives as this is the most likely enabler to clearing the backlog in a reasonable timescale and gives greater control over cost. The procurement exercise, through the National LGPS Framework, is being progressed and is expected to be completed by the Spring of 2020. In addition all new deferred benefit cases are being processed within target with the aim of ensuring that no further backlogs build up.
- 3.5 There are currently vacancies in the team for a Pensions Team Leader, two Senior Pensions Administrators, a Pensions Governance Team Manager and a Pensions Governance Officer and recruitment to these vacant posts has commenced.

4 CONSULTATION

- 4.1 Officers have previously consulted with both the Pension Committee and the Local Pension Board on the template for the key performance indicator report.

5 FINANCIAL CONSIDERATIONS

- 5.1 There are no financial considerations arising from this report.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk, S. 151 Officer.

6 COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that there are no direct legal implications arising from the recommendations within 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.

7 OTHER CONSIDERATIONS

- 7.1 There are no Human Resource, Customer Focus, Equalities, Environment and Design, Crime and Disorder or Human Rights considerations arising from this report.

8 FREEDOM OF INFORMATION

- 8.1 This report contains confidential information which could be of a sensitive nature, disclosure of which could prejudice the commercial interest of the companies involved and those of the Council's Pension Fund.

9 DATA PROTECTION IMPLICATIONS

- 9.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the Pension Fund.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk, S151 Officer

CONTACT OFFICER: Victoria Richardson - Head of HR & Finance Service Centre
ext. 62460.

BACKGROUND DOCUMENTS: None

APPENDIX: Appendix A: Croydon Pensions Admin Team Performance Report, October 2019

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Croydon LGPS Pensions Administration Team Performance Report

October 2019

Legal Deadlines

Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline
		October 2019	
Send a notification of joining the LGPS to a scheme member	Two months from the date of joining the scheme or earlier if within one month of receiving jobholder information where the individual is being automatically enrolled/re-enrolled	432	93.75%
Inform a scheme member of their calculated benefits (refund or deferred) – backlog cases	As soon as practicable and no more than two months from the date of notification (from employer or scheme member)	72	27.78%
Inform a scheme member of their calculated benefits (refund or deferred) – new cases	As soon as practicable and no more than two months from the date of notification (from employer or scheme member)	24	100%
Notify the amount of retirement benefits	One month from the date of retirement if on or after normal pension age or two months from the date of retirement if after normal pension age	63	100%
Provide a retirement quotation on request	As soon as practicable but no more than two months from the date of request unless there has already been a request in the last 12 months	79	97.47%

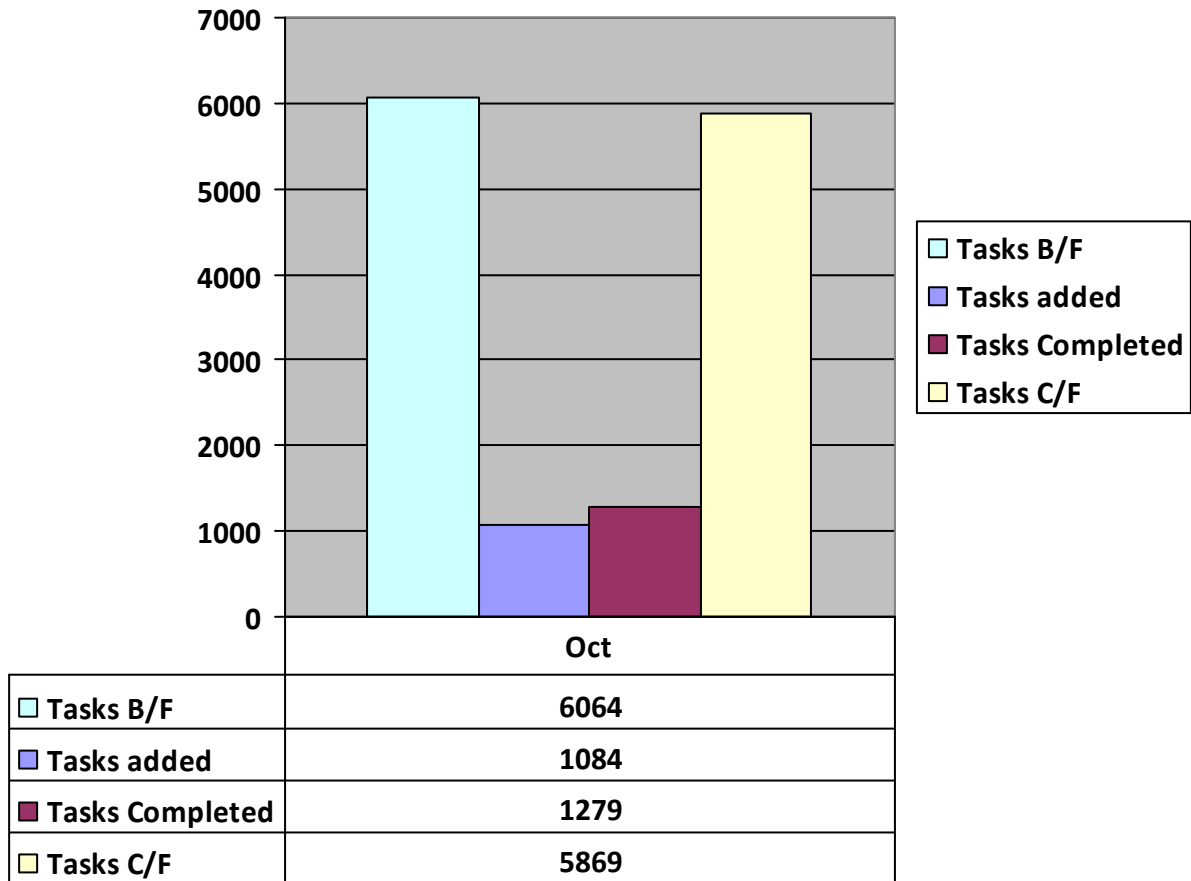
Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline
		October 2019	
Calculate and notify (dependent(s) of amount of death benefits	As soon as possible but in any event no more than two months from date of becoming aware of death or from date of request from a third party (e.g. personal representative)	21	100%
Provide all active and deferred members with annual benefit statements each year	By 31 st August	16,167	99%

Team Performance Targets

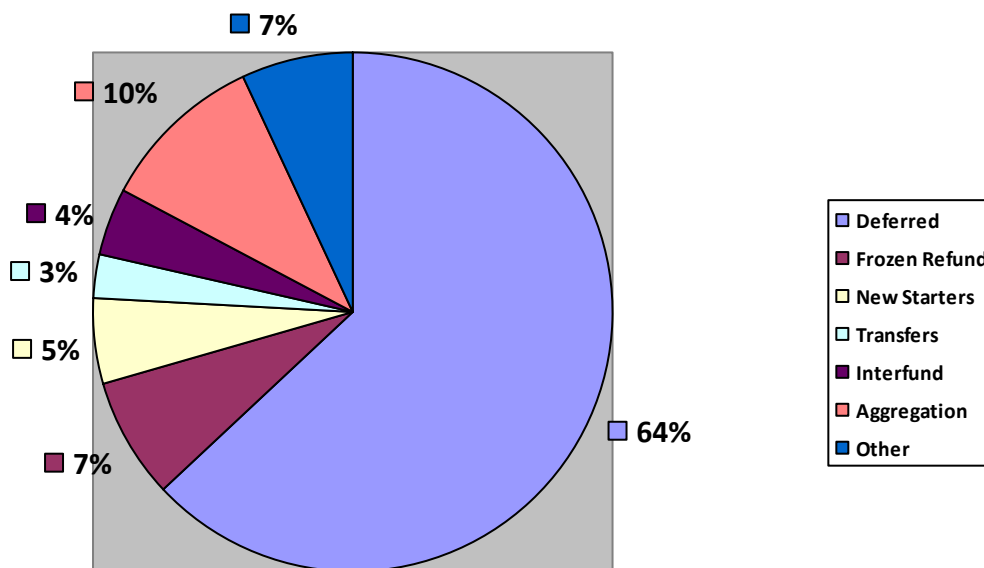
Process	Team Target	Total Number Completed	% Achieved against target	Average days to process
		October 2019		
Send a notification of joining the LGPS to a scheme member	30 days from date of notification of joining member	432	93.52%	10
Inform a scheme member of their calculated benefits (refund or deferred) – backlog cases	40 working days from date of notification (from employer or scheme member)	72	23.61%	432
Inform a scheme member of their calculated benefits (refund or deferred) – new cases	40 working days from date of notification (from employer or scheme member)	24	100%	4

Process	Team Target	Total Number Completed	% Achieved against target	Average days to process
		October 2019		
Notify the amount of retirement benefits	20 working days from date of retirement	63	100%	1
Provide a retirement quotation on request	15 working days from date of request	79	88.61%	8
Calculate and notify (dependent(s) of amount of death benefits	20 working days from receipt of all information	21	100%	3

Case levels



Outstanding Cases by Type



Agenda Item 7

REPORT TO:	Pension Committee 7 January 2020
SUBJECT:	Pension Committee Forward Plan
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: Ensuring that the management of the Pension Fund is given appropriate guidance and direction through the governance of the Pension Committee.	
FINANCIAL SUMMARY: There are no direct financial implications associated with this report. However, the implications of decisions taken by the Committee for the Revenue Account of the Council can be significant.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1. RECOMMENDATION

- 1.1 That the Committee consider and agree the forward plan for the remainder of 2019/20 and 2020/21.

2. EXECUTIVE SUMMARY

- 2.1 It is recommended best practice for the Committee to review the forward plan regularly. This report proposes a revised plan for the remainder of 2019/20 and 2020/21 which forms a business plan for the Committee.

3. DETAIL

- 3.1 The forward plan below sets out an agenda for each meeting to be held by the Committee for the remainder of 2019/20 and the whole of 2020/21. However, further items may be added as required by senior officers in consultation with the Chair. The Plan fully takes into account the Action Plan recommended by Aon Hewitt arising from their Governance Review.

3.2 The Committee has committed to a programme of training and, in part, this can be delivered by sessions preceding or following the business parts of the scheduled meetings. The content of the training will be informed by the direction of future legislation and regulations and the choice of investment vehicles. Members should be aware that the Government have consulted, through the LGPS Scheme Advisory Board (Scheme Advisory Board Good Governance Review, May 2019), about introducing greater compulsion around the training requirements for Pension Committees to bring them in line with Local Pension Boards. This requirement may necessitate a formalized approach that extends beyond the current arrangements.

3.3 Pension Committee 2019/20 and 2020/21 Forward Plan

3.3.1 17 March 2020

- Progress report quarter ending December 2019 performance
- Key Performance Indicators
- Final report on triennial valuation
- Funding Strategy Statement
- Risk Management and Risk Register Review
- Transfer of Property Assets
- Knowledge and Skills Policy
- Conflicts of Interest Report
- Governance Policy and Compliance Statement
- Forward Plan Review / Business Plan
- Report back from Pension Board
- Update of “Breaches of the Law” log

3.3.2 May 2020

- Appointment of Chair and Vice-Chair

3.3.3 June 2020

- Progress report quarter ending March 2020
- Key Performance Indicators
- Breaches of the Law Policy
- Administering Authority Discretionary Policy
- Data Improvement Plan
- Report back from Pension Board
- Update of “Breaches of the Law” log

3.3.4 September 2020

- Progress report quarter ending June 2020
- Key Performance Indicators
- Pension Fund Annual Report 2019/20
- Croydon Local Pension Board Annual Report 2019/20
- Risk Register Review
- Internal Dispute Resolution Procedure
- Forward Plan Review / Business Plan

- Report back from Pension Board
- Update of “Breaches of the Law” log

3.3.5 December 2020

- Progress report quarter ending September 2020
- Key Performance Indicators
- Report back from Pension Board
- Update of “Breaches of the Law” log

3.3.6 March 2021

- Progress report quarter ending December 2020
- Key Performance Indicators
- Risk Register Review
- Forward Plan Review / Business Plan
- Report back from Pension Board
- Update of “Breaches of the Law” log

4 FINANCIAL CONSIDERATIONS

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

Approved by: Lisa Taylor, Director of Finance, Investment and Risk, S. 151 Officer.

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 direct legal implications arising from the recommendations within 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.

7. FREEDOM OF INFORMATION

7.1 This report contains only information that can be publicly disclosed.

8 DATA PROTECTION IMPLICATIONS

8.1 Will the subject of the report involve the processing of ‘personal data’?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk, S151 Officer

CONTACT OFFICER:

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

BACKGROUND DOCUMENTS:

None.

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