

Pension Board

Meeting held on Thursday, 11 July 2019 at 2.00 pm in G4, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Michael Ellsmore (Chair);
Richard Elliott, Teresa Fritz, Daniel Pyke, Ava Watt, David Whickman and
Councillor Jerry Fitzpatrick

Also Present: Councillor Andrew Pelling
Lisa Taylor (Director of Finance, Investment and Risk (S151 Officer)), Nigel
Cook (Head of Pensions and Treasury), Victoria Richardson (Head of HR and
Finance Service Centre), Claire Agbaba (Pensions Team Leader) and Gill
Nelson (Pensions Team Leader)

PART A

27/19 Minutes of the Previous Meeting

The minutes of the meeting held on 26 March 2019 were agreed as an accurate record

28/19 Disclosure of Interests

There were no disclosures of interests.

29/19 Urgent Business (if any)

There were no items of urgent business.

30/19 Pension Fund Annual Report

The report was introduced by the Head of Pensions and Treasury who noted the draft report contained in the agenda pack and how the structure of this was determined by guidance. Members were invited to provide their feedback.

Members noted that the Investment Strategy should reference the Property Asset Transfer. This was acknowledged by the Head of Pensions and Treasury who thought it likely this would be included in the notes as a contingent asset.

In response to a Member question, the Director for Finance, Investment and Risk provided reassurance with regard to the auditors of the fund citing the regulations to which these were subject. It was noted that the contract for the auditing of the fund had a few years to run.

It was requested by Members that the annual report better highlight the facilities offered for member self-service currently featured in section 4.3. Additionally, the Chair specifically asked that the terms of reference of the Board be included in the report.

The increase in the value of the fund as noted on page 33 of the agenda pack was noted.

RESOLVED: the Board AGREED to note the report.

31/19 Local Pension Board Annual Report

The Chair highlighted that the Board's annual report provided the opportunity to look ahead within the context of the triennial evaluation, work on which had already commenced. The need to focus on training for Members and the administration of the fund were specifically noted. The Chair also stressed the work of the Board on the Governance Review, the outcome of which was anticipated.

RESOLVED: the Board AGREED to note the report.

32/19 Good Governance Structures for the LGPS: Separation of Responsibilities Project

The Head of Pensions and Treasury introduced the report noting that the Scheme Advisory Board had commissioned a consultation on good governance structures for the Local Government Pension Scheme including a focus on conflicts of interests. It was highlighted that the three options identified for evaluation are detailed in section 3.10 of the report. It was reported that the Chair of the Board had been interviewed as part of the consultation process.

It was asked if the consultation would look at the use of advisers given there can often be a repetition in those employed. The Head of Pensions and Treasury advised that this wasn't specifically part of the review.

RESOLVED: the Board AGREED to note the report.

33/19 Update on Developments in Respect of the McCloud/Cost Cap Case

The Head of Pensions and Treasury provided an introduction including an update subsequent to the publication of the report. Whilst this was not completely resolved it was reported it had been agreed to reflect the implications of the outcome of the McCloud case in the accounts as requested by the auditor. It was anticipated that the McCloud case would continue and be applied to the Local Government Pension Scheme and other public sector schemes with an impact on the triennial evaluation.

In response to a Member question, it was advised that it would be for employers to determine whether to recalculate costs but that advice could be sought from the Head of Pensions and Treasury.

The Chair emphasised the importance of the case and its implications going forward.

**34/19 Croydon Local Government Pension Scheme Administration Team
Performance Report for May 2019**

The Head of HR and Finance Service Centre introduced the report noting that the aspiration to provide a fuller report in the future reflecting guidance from The Chartered Institute of Public Finance and Accountancy. It was explained that current systems do not make reporting on performance easy to achieve. The focus was on the performance of those items of greatest importance: notifications of retirement and death. The target is to respond within five working days to any death notification but currently this was taking on average ten working days. The target for response was ten working days following any notification of retirement which was being largely achieved. There were 7,000 outstanding cases with about half of these being deferred benefit calculations which were of lower priority.

It was explained that some of the performance issues were as a result of a previously vacant pension administrator post. However, this had been filled and additionally there was a proposal to increase the number of pension administrators from two to four. At the time of the meeting there were two vacant posts in the pensions team; a pensions manager and governance manager. The difficulties of recruiting to Local Government Pension Scheme (LGPS) posts were highlighted. As a result those with experience of deferred benefit schemes were being appointed with training having to be provided on the LGPS. Additionally, options around how to better manage deferred cases were being explored including outsourcing the administration.

In response to Member questions, it was explained that whilst the backlog of cases was increasing this was exclusive of responses to notifications of retirement and death which were prioritised and that the backlog would remain static at best unless some additional way was found for this to be addressed. It was noted that a business case for an additional post was being written for submission before the end of August 2019. Outsourcing was also being explored specifically to address the backlog and to remove the pressure this placed on the team and to allow it to move forward.

The Chair expressed his encouragement that this action be expedited to ensure the improved performance of the administration of the scheme. It was stressed that there are seven Key Performance Indicators that are mandatory and should be prioritised. The Board's nervousness about ensuring it was fulfilling its role in the eyes of the regulator was highlighted.

The Head of Pensions and Treasury reported that in terms of fulfilling its requirements, the only one missed had been around 40 annual benefit statements.

The Director of Finance, Investment and Risk summarised that the gaps in personnel were being identified across the relevant teams with the respective heads of service working together to achieve the most quick and efficient recruitment.

35/19 LGPS Governance Updates - Items Under Consideration by the Scheme Advisory Board

The item was introduced by the Head of Pensions and Treasury who noted the work of the Scheme Advisory Board on a Code of Transparency which sought to provide visibility of underlying fees and charges. Board Members anticipated that this would eventually form part of the good governance framework.

The consultation by the Treasury on a cost-cap for public sector exit payments was also highlighted. The Board noted that teachers' schemes no longer have auto-enrolment leading to a variability in pension payments. The desire that regulations be changed to address this was expressed.

RESOLVED: The Board AGREED to note the report.

36/19 Pension Board Forward Plan 2019/20

It was noted that the final report on the Governance Review would come to the Board's meeting in October 2019 with the representative of Aon in attendance. This would include a review of compliance with the Code of Conduct.

Training records (in summary version) were reported as forming part of the annual report.

It was acknowledged that an update on the performance of the administration of the scheme would become a standing item and that the Board would receive the triennial evaluation following its presentation to the Pension Committee.

37/19 Exclusion of 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."

RESOLVED: The motion was proposed by the Chair and seconded by Councillor Fitzpatrick. It was put to the Committee which AGREED to exclude the press and public for the remainder of the meeting.

38/19 Minutes (Part B) of the previous meeting

The minutes (Part B) of the meeting held on 26 March 2019 were agreed as an accurate record

39/19 Property Asset Transfer

RESOLVED: The Board AGREED to invite the Scheme Advisory Board Secretary (Robert Holloway) to attend the Board's meeting in January 2020 to discuss the general role of the Board. It was requested that a briefing for this session to be provided for approval to the Board's meeting in October 2019.

The meeting ended at 3.23 pm

Signed:

Date:

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