

Pension Committee

Meeting held on Tuesday, 14 September 2021 at 10.00 am in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX.

MINUTES

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

Also Present: Councillor Simon Brew

Co-opted Members: Gilli Driver, Charles Quaye, Michael Ellsmore (Chair of the Pension Board)

Apologies: Mr Peter Howard and Nigel Cook

PART A

25/21 Minutes of the Previous Meeting

The minutes of the meetings held on 16 March 2021 and 25 May 2021 were not available for approval.

The Pension Committee expressed concern for the lack of minutes available; it was noted that the operation of the Pension Fund and the administration of the Committee should be separate from the local authority, and therefore should not have been affected by the current financial pressures on Croydon Council in regards to resourcing.

The Pension Committee requested that minute taking was undertaken separately from Democratic Services. The Chair of the Pension Board suggested to officers that the London Pensions Fund Authority (LPFA) could be approached for guidance.

The Chair requested that the officers responded to the request of outsourcing the production of minutes for Pension Committees at the Pension Committee in March 2022.

The Committee asked for information at its next meeting on Fund payments to the Council for minute taking.

The Committee requested to receive a report at its March meeting on securing clear blue water the Fund's operation separately from the authority and the provision of a dedicated conflicts of interest policy.

26/21 Disclosure of Interests

All councillors present declared an interest as members of the authority in the context of discussions about the asset transfer proposal.

27/21 Urgent Business (if any)

There were no items of urgent business.

28/21 Pension Fund Governance: the Admission Policy, the Bulk Transfer Policy and the Policy for Employers Leaving the Fund

The Chair noted that this item had been withdrawn from the agenda.

29/21 Review of Breaches Log

The Pension Committee considered a report which detailed the incidences of breaches which had occurred, as required to do so by the Pension Regulator, and received an introduction from the Head of Human Resources & Finance Service Centre, Victoria Richardson.

In response to a query raised regarding the report, the Pensions Manager, Gillian Phillip, confirmed that the average of refunds had not been reported; however, she would try to report these figures at the next Pension Committee.

The Head of Human Resources & Finance Service Centre confirmed to Members that the failure to sign off the accounts was not due to the Fund being unable to produce them, but was delayed in the separate external audit process relating to the authority's accounts, which was beyond the control of the Fund. It was confirmed that the external auditors were Grant Thornton, and it would be clarified to Members at the next Committee that the accounts from the Fund and from the local authority were audited and produced separately. Mr Cook would provide the answer at the next Committee meeting that as to the legal deadline for the publication of the Fund's Annual Reports and Accounts.

RESOLVED – That the Pension Committee agreed to note the report.

30/21 Government Actuary's Department - Section 13 Analysis of LGPS 2019 Actuarial Valuation

The Committee congratulated the officers for their achievements that this report, marked in reporting a Government Actuary's Department (GAD) funding valuation of 98% the Head of Human Resources & Finance Service Centre and Robert McInroy, the Scheme's Actuary, introduced the report and pointed out to the Committee that it was still in draft form. Mr McInroy described the paper as 'really positive news.

It was noted by Members that the 2019 Actuarial Valuation of the Croydon Pension Fund was overall positive, but it was queried where Croydon was in

regards to other London Authorities, and requested a fuller league table of GAD local authority valuation ranking.

In response to queries regarding the GAD metrics used, the Scheme's Actuary confirmed that Croydon was average in regards to the level of prudence used. This was reviewed at each valuation as part of the agreeing of the funding strategy statement. Members present explained that the GAD measurement used different metrics for valuation than used by Hymans Robertson LLP.

In response to queries raised by the Pension Committee Members, the Scheme's Actuary outlined the figures and data that were outlined in the draft report, included in the agenda papers and provide in a summarised form metrics evolution details and a London league table.

The Scheme's Actuary confirmed that he would support the Pension Committee to receive quarterly update reports on the funding position of the Pension Fund, regarding both the liabilities and the asset balances.

It was outlined to the Committee that the primary contribution rates were the percentage of pay amount to contribute to future accrual benefits for members and secondary contribution rates was the adjustment to pay towards any deficit.

RESOLVED – That the Pension Committee agreed to note the report.

31/21 Croydon Pensions Administration Team Key Performance Indicators for the Period 1 May 2021 to 31 July 2021

The Committee considered a report which outlined the Key Performance Indicators for the administration of the Local Government Pension Scheme for the three month period up to the end of July 2021.

RESOLVED – That the Pension Committee agreed to note the report.

32/21 Reporting and Monitoring Contributions 2020/21

The Committee considered the report regarding the monitoring and payment of contributions by employers into the Pension Fund, which advised them of the position in relation to the quarter from 1 April 2021 to 30 June 2021.

RESOLVED – That the Pension Committee agreed to note the report.

33/21 Review of Risk Register

The Committee considered the report which included the risk register attached as an appendix, as it was recommended best practice for the Pension Committee to maintain a risk register covering the most significant risks faced by the Fund.

In response to a query raised regarding the inflation rates around the investment element of the Fund, the Head of Human Resources & Finance Service Centre agreed to liaise with colleagues and report this to Pension Committee Members at the next meeting.

RESOLVED – That the Pension Committee agreed to note the report.

34/21 Pension Fund Environmental, Social and Governance Policy

The Committee considered a report which outlined a framework to ensure that the Croydon Pension Fund adopted an Environmental, Social and Corporate Governance policy that was appropriate and a set of goals that were achievable. Mr Peter Gent, from Mercer, gave an introduction to the Pension Committee, ahead of moving the resolution to exclude the press and public from the discussion of the Part B appendices to Item 12, which included the Investment Performance Report.

In response to a query raised by the Committee, Mr Gent explained that it was not simple to measuring a fossil fuel company, as it was not always apparent, as some companies had fossil fuel reserves. He noted that the aim was to measure fossil fuels, but to have a wider focus on carbon.

Following the discussion in the Part B session, the Pension Committee unanimously agreed to amend recommendation 1.2 in the report to the following:

*“To revise section 6 of the Investment Strategy Statement to read ‘The Fund will only invest in investments with a strong environmental, social and governance policy that includes no tobacco investments **over time**. Furthermore, where this is consistent with the agreed investment strategy, the Fund will invest in assets that positively address these [same] environmental, social and governance policy issues.’*

RESOLVED – That the Pension Committee agreed to the recommendations set out in the report, with inclusion of the amendment outlined above.

35/21 Progress Report for Quarter Ended 30 June 2021

The Committee considered the Part A report, which gave introduction to the commercially sensitive context to the performance of the Pension Fund over the most recent quarter. The performance analysis and market commentary provided by Mercer were included as appendices to the restricted report.

Pension Committee Members noted concern that the basic trends were usually reported in Part A, and wished to ensure that this continued going forward.

RESOLVED – That the Pension Committee agreed to note the report.

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Exclusion of the Press and Public

The following motion was moved by Councillor Andrew Pelling and seconded by Councillor Clive Fraser 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.

The meeting ended at 12.55 pm

Signed:

Date:

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