

Pension Board

Meeting held on Thursday, 13 October 2022 at 2.00 pm in

MINUTES

Present: Michael Ellsmore (Chair);
Co-optees: Teresa Fritz and David Whickman
Councillor Margaret Bird

Apologies: Richard Elliott

PART A

22/20 Minutes of the Previous Meeting

The minutes of the meeting held on 7 July 2022 were agreed as an accurate record of the proceedings.

23/20 Disclosure of Interests

There were none.

24/20 Urgent Business (if any)

There were no items of urgent business.

25/20 Croydon Pensions Administration Team Key Performance Indicators for the Period From June 2022 to August 2022

The Pensions Manager introduced the report and explained to members that the pension administration team had been working to prepare for the valuation. The annual allowance calculations and data quality score results would be published at the next Pension Board meeting.

The Pensions Manager informed the Board that two members of their team had left the Council in recent weeks; one staff member had retired for personal reasons and another had left for a promotion at another authority. Advertisements had been published for the positions and it was hoped that they would be filled in the near future.

In response to questions from members, officers informed the Board that:

- Around 22,000 records which belonged to staff within the council were affected and some of those records related to staff with

multiple posts. As the data for the staff working in the council had been obtained, officers could now identify the data for the staff who worked in schools within the borough, which required more detailed analysis;

- There was potential to reach out to contractors to assist with the current workload and that last year they had engaged with their software provider to this end. The process had stalled because of the data issues with the school payroll and a lack of school payroll providers; however, now that the Council's data had been gathered, the focus would switch to the schools' data and officers would be open to contacting external companies for assistance in future;
- In 2016, the council made the decision to not provide a school's payroll service. The council separated the main council payroll onto a different system to the school's pay roll, which was now a third-party provider that the schools employed. On the Council's Pension system, council-run schools came under the council's employer code: this had caused issues as when they received the McCloud report all the schools were lumped together with the Council data. The Pension Manager concluded, stating that they were now in a position where they were aware of whose data belonged to the council and whose data belonged to the schools;
- Officers hoped that there would be an improvement in the number of employees accessing the Pensions self-service area of the website over the next quarter. The Pensions Manager explained that in future, they would look to direct individuals to the website as they would be unable to help deal with all their queries;
- The Pensions Manager received an email which stated that there were under 40 tasks left to do. The bulk of the outstanding tasks related to tracing and a generic letter had been sent to ask people to contact the team as they could not issue the deferred benefit statements to their addresses; and,
- The next step with the dashboard was to assess the data based on the matching criteria and before implementing a regular tracing regime using resources from the software provider.

The Chair disclosed that the Board had asked for a resources plan from McCloud, at the time advised by the Pensions Manager.

RESOLVED:

- To note the Key Performance Indicators and the performance against these indicators set out in Appendix A to this report.

26/20 Reporting Breaches of the Law

The Acting Head of Pensions and Treasury introduced the item and stated that the report had been taken to the Pension Committee and had been approved. The Acting Head of Pensions and Treasury explained that the policy was about identifying, recording and determining whether an issue was a material breach that needed to be reported to the regulator.

The Acting Head of Pensions and Treasury informed the Board that he was contacted by the regulator regarding the lack of minutes and was reminded that the council needed to have a policy in place to report minutes and to make sure that the minutes were documented.

RESOLVED:

- To note and comment on revisions to the Fund's "Reporting Breaches of the Law Policy" and to note the Fund's Breaches of the Law log.

27/20 Review of Breaches Log

The Acting Head of Pensions and Treasury introduced the report and explained that within the breaches log there were two breaches which had been removed because they had been on the log for over three years. There had also been two breaches added and five breaches which were amended. The breaches that had been removed were the 'Failure to produce benefit statements in 2019' and 'Failure to pay refund contributions'. The breaches that were added were the 'Failure to issue 100% benefit statements by the 31st of August 2022' and the 'Failure to publish the 2021 accounts'.

The Pensions Manager explained that they had issued 100% of annual benefit statements for the active members but had fallen short on their targets on issuing the annual benefit statements for the deferred members. Once the deferred members had been traced, they would be issued with benefit statements.

In response to a question from a member, officers informed the Board that:

- All active members received their annual benefits statements. The employers were effective at providing end of year data, so the data was in a much better place which enabled officers to inform members about their benefits statements in a timely manner.

RESOLVED:

- To note the report

28/20 Review of Risk Register

The Acting Head of Pensions and Treasury introduced the report and stated that the purpose was to monitor the risk that the Fund came under; since the last review they had removed four risks and added seven risks.

The risks that had been added included cyber security, staff recruitment and retention, the Russian invasion of Ukraine, Deluxe White Paper to deploy 5% of capital to opportunities within the UK, changes of legislation, task force for the climate change disclosures (TCFD), interruptions to systems, and liquidity risk (concerns around inflation).

In response to a question from a member, officers informed the Board that:

- Once officers had obtained the figures of the consumer price index (CPI) then they could project the cash flow and stated that the fund was almost cash flow neutral. This did not include income that came from investments, all the income was reinvested apart from some of the distributions from private equity and infrastructure.

The Acting Head of Pensions and Treasury agreed to share the cash flow projection with the Board once it was finalised.

RESOLVED:

- To note the contents of the Pension Fund Risk Register and to comment as appropriate.

29/20 Triennial Valuation

The Acting Head of Pensions and Treasury introduced the report and explained that as part of the Triennial Valuation they had reviewed the draft Funding Strategy Statement and taken that and the provisional whole fund results to the Pension Committee the previous Tuesday.

The Funding Strategy Statement set the strategy of the policy of how the Fund sets contributions and how to set investment returns. As the draft Funding Strategy Statement had been approved by the Pensions Committee

it would go out to all the employers for consultation, after which the Pensions team would be able to set contribution rates for employers at the scheme.

The results of the Triennial Valuation stated that the Council was 97% funded, which was a snapshot at the 31 March 2022. Valuations had gone down since then and inflation expectations had changed, so the question was whether the valuations still held up.

The Acting Head of Pensions and Treasury assured the Board that as part of the process they modelled thousands of scenarios, and the current state of the market was one of the scenarios modelled which was how they were assured that the assumptions that were included in the funding strategy statement still held up.

The Acting Head of Pensions and Treasury stated that the report would come back in March 2023 to be signed off by the Pension Committee.

In response to a question from a member, officers informed the Board that:

- Since the draft valuation results had been produced, the Actuary had assessed them monthly to ensure the assumptions used were still valid and that the results showed an accurate picture of the Fund's position.

RESOLVED, to:

- Note and comment on the draft FSS (Appendix A) and 'satellite' policy documents on contribution reviews (Appendix B), academy funding (Appendix C), bulk transfers (Appendix D), cessations (Appendix E) and prepayments (Appendix F) to be issued to all participating employers for comment alongside their 2022 valuation results.
- Note the progress made towards the 2022 valuation.
- Note the initial whole Fund results effective 31 March 2022.

30/20 Governance and Compliance Statement

The Acting Head of Pensions and Treasury introduced the report and explained that the Governance Best Practice Compliance Statement was initially taken to Committee in June and there were some outstanding points

from that committee which were related to principal G(a). The Committee wanted to change this to 'not fully compliant' due to the performance of the meeting papers and with principles A, C and D there were questions about whether the Pensions Board was a committee or sub-committee; this was checked and regulations state that the Pensions Board was not a secondary Committee. In addition, principal E was changed to 'partially complaint' because of the issues surrounding historic training.

RESOLVED:

- To note and comment on the revised draft Governance Best Practice Compliance Statement attached as Appendix A.

31/20 Progress on Implementing Findings of Governance

The Acting Head of Pensions and Treasury introduced the report and explained that following the last meeting he had produced the actions to be carried forward which was the 'governance review action plan'. The governance review action plan was taken to Committee the previous Tuesday, and the committee had agreed that this was a sensible way forward.

Officers informed the Board that the Pension Committee had agreed to the remuneration of the members of the Pensions Board who were not remunerated by their employer.

In response to questions from members, officers informed the Board that:

- There was still an issue on the Council side with the treatment of a particular accounting item in the Statement of Accounts for 2019/20 and as soon as that had been resolved the account should be able to be signed off as audited. The audit of the Pension Fund had been substantially completed last year, and a draft report from the auditor had been received which did not highlight any issues;
- Officers had taken the changes to the constitution to the Pension Committee and the next stage in the process was present the changes to the Monitoring Officer before they could be included in the Constitution; and,
- The pension fund accounts were a subset of the Council accounts and they would have to be signed off as audited at the same time as the council's accounts.

RESOLVED:

- To note the outstanding actions to be taken forward as a result of the findings from the various Governance Reviews as detailed in section 3.4 of this report.
- To note the progress achieved in addressing the findings of the Governance Reviews of 2019 and 2021.

32/20 Training Plan and Review of Committee and Board Training

The Acting Head of Pensions and Treasury introduced the report and explained that the knowledge and skills policy had been agreed in June, and that since then they had scheduled several sessions for Pension Board and Committee members. The Local Government Association (LGA) fundamentals course and the training available on the Hymans Robertson portal formed the core part of everyone's training and the additional sessions were not mandatory, but they had hoped that members would take it upon themselves to ensure they were up to date with their training.

In response to a question from a member, officers informed the Board that:

- One of the changes they had put in the council's constitution stated that Pension Board members would have to follow the Council code of conduct and he would inform Board members if they required any training on the code of conduct.

RESOLVED:

- To note the contents of the joint Pension Committee and Pension Board Training Log and note and comment on the Training Plan.

33/20 Local Government Pension Scheme Advisory Board / The Pensions Regulator Update

The Acting Head of Pensions and Treasury introduced the report and explained to the Board that the Chair of the Scheme Advisory Board had written to the Minister about the separation of pension fund accounts from main local authority accounts and the Department for Levelling-Up, Housing and Communities (DLUHC) has issued a consultation about the TCFD.

RESOLVED:

- To note the report.

34/20 Pension Board Annual Report 2021/22

The Chair introduced the item and stated that moving forward the Pension Board would focus on governance as a board and they would keep an eye on the governance project. They would also continue to major in pensions admin and would remain particularly interested in resource allocation.

In response to a question from a member, the Chair stated that:

- They would acknowledge that the Board would play a major part in creating a mapping exercise.

RESOLVED:

- To note the draft Pension Board Annual Report 2021/22 prepared by the Chair of the Board and comment as they see fit.

35/20 Proposed Changes to the Constitution

The Acting Head of Pensions and Treasury introduced the report and explained that the proposed changes had been taken to the Pensions Committee and they had made a point regarding voting rights. The proposed changes had been brought to the Pensions Board to provide justification to the policy before the changes were taken to the Monitoring Officer.

In response to a question from a member, officers informed the Board that:

- As the staff representative was appointed by the trade unions it would be their decision on whether to change the representative on an annual basis or whether they kept the same individual on the Committee.

RESOLVED:

- To note the proposed amended sections of the Constitution as they relate to The Pension Committee and Pension Board which are being considered at the Pension Committee meeting on 11 October 2022 for recommendation to the Monitoring Officer.

36/20 Exclusion of the Press and Public

This item was not required.

The meeting ended at 3.02 pm

Signed:

Date:

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