

Pension Committee

Meeting held on Tuesday, 19 March 2024 at 10.00 am in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Callton Young OBE (Chair);
Councillor Clive Fraser (Vice-Chair);
Councillors Simon Brew, Patricia Hay-Justice, Yvette Hopley, Karen Jewitt, Endri Llabuti and Alasdair Stewart

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

Also Present: Matthew Hallett (Acting Head of Pensions and Treasury), Gillian Phillip (Pensions Manager), Mike Ellsmore (Chair of Pension Board), Robbie Sinnott (Mercer), Jane West (Corporate Director of Resources & S151 Officer), Ian Talbot; Mary Lambe (AON); Robbie McInroy (Fund Actuary Mercers)

PART A

115/24 Minutes of the Previous Meeting

The minutes of the meeting held on Tuesday, 12 December 2023 as an accurate record.

Councillor Stewart was concerned that his name had been misspelled in the minutes of the previous two meetings and in the agenda for the current meeting and asked if officers could ensure that his name be spelled correctly in all papers in future.

Councillor Hopley stated that she had spoken to a member of Democratic Services regarding the mistakes in the previous minutes, however, the amendments still had not been made. The Clerk explained that there was an issue with the system used to upload the minutes, which was why the amendments had not shown up in the published minute.

The Corporate Director of Resources & S151 Officer would investigate the issue with the technology to resolve the technical issues experienced.

Councillor Fraser stated that there had been an issue with access to part B papers on the system. Councillor Fraser asked if the part B papers could be circulated to members when the agendas were published in future. Councillor Fraser enquired about the progress of appointing a non-council employee representative to the Committee.

The Acting Head of Pensions and Treasury explained that as there was also space on the Pension Board for an employer representative, officers would look to appoint to both positions at the same time.

116/24 Disclosure of Interests

The Committee agreed that their register of interest forms were up to date.

The Acting Head of Pensions and Treasury explained that for item 13 which covered the interfund valuation, members had a dual role as the Council is both an employer in the Fund and the Administering Authority.

117/24 Urgent Business (if any)

There were no items of urgent business.

118/24 Training Plan

The Acting Head of Pensions and Treasury introduced the item and explained that the Pensions Regulator code which would come out on the 27 March emphasises the importance of training for Members. The Acting Head of Pensions and Treasury informed the Committee that officers had been working with AON to produce a training plan for 2024/25 for Members.

Mary Lambe explained that AON had assisted officers with establishing the key areas for the training plan for 2024/25. Mary Lambe informed the Committee that officers had received a report from Hymans on the National Knowledge Assessment which took place in December 2022. This assessment highlighted the gaps in the training for Committee and Board Members. Mary Lambe stated that there were different requirements for Pension Board and Committee members, Board Members legally had a higher requirement to obtain the relevant knowledge and skills required to perform their role, however there was increasing pressure from Government and other bodies for Committee Members to have the same legal statutory requirements.

Mary Lambe informed the Committee that the pooling consultation from the Government included training policies for Committees and Mary Lambe understood that work was being carried out on the regulations for these policies and this could be ready by the summer of 2024.

Mary Lambe explained that there was a table in the report which detailed the Pension Boards score on the National Knowledge Assessment findings, where members filled in surveys based on their knowledge and the information submitted was measured against the 8 CIPFA competencies. Mary Lambe stated that there would be a session which Pension Committee and Board members could attend in future and if the Hymans online learning

(LOLA) was undertaken by Members, then they would score higher than they did in the National Knowledge Assessment.

Mary Lambe explained that it was expected that the topics in the training plan would align with issues arising, this would be in addition to the foundation level training that would be provided.

In response to questions from members officers informed the Committee that:

- The attendance for any training sessions arranged by officers was recorded.
- The training plan 2024/25 was presented to the Pension Board at a meeting in January 2024.
- In 2022 several new Members on the Committee took part in the National Knowledge Assessment which would partly explain the score that the Council received.
- There was belief that the next time that Members completed the National Knowledge Assessment, the scoring would be higher as Members had undergone several training sessions over the previous two years and the membership of the Committee had been consistent since 2022.
- The Acting Head of Pensions and Treasury was in the process of drafting a business plan for the members training budget and would inform the committee when it had been established.
- Officers were in the process of producing a business plan and assessing their training budget. Once this had been completed, officers would clarify whether there would be a separate budget for pension fund training or whether the training would be paid for from the Members budget.

Councillor Hopley stated that she had attended the Cyber Security training session but her attendance had not been recorded.

Resolved:

1.1 To agree the proposed joint Pension Committee and Board Training Plan for 2024/25.

119/24 Training Update

The Acting Head of Pensions and Treasury introduced the item and explained that the report detailed the training that Committee Members had attended. The Acting Head of Pensions and Treasury urged members to check whether the training record was accurate and to inform the Pension Governance Team Manager if there were any inaccuracies.

Resolved:

- 1.1 To review the training log to ensure it is an accurate record of training undertaken
- 1.2 To advise Officers to update the log for any training not recorded.

120/24 Pension Fund Governance: Pension Fund Communications Policy Statement

The Acting Head of Pensions and Treasury introduced the item and explained that as per the Local Government Pension Scheme Regulations, every pension fund was required to draft a policy on communication with its members, its prospective members, members representatives, and employers. The pension funds policy was last updated and reviewed by Committee in September 2019 and officers had been through the policy updated it to the version which had been presented for the Committees consideration.

Resolved:

- 1.1 To consider and agree the Fund's Communications Policy Statement

121/24 Croydon Council Pension Fund Data Retention and GDPR

The Pension Manager introduced the item and explained that out of necessity, the Council held a lot of personal data for pensioner members, active deferred pensioners and their dependents. The Pension Manager stated that under the UK General Data Protection Regulations, officers were required to publish certain documentation about privacy statements and retention policies, which had recently been updated to ensure that they were in line with the LGA's most recent templates.

In response to questions from Members officers informed the Committee that:

- Officers could show tracked changes on these types of documents in future so that Members could clearly see the changes made.

Resolved:

- 1.1 The Committee is asked to approve the updated documentation listed below:

- Full Privacy Notice attached as Appendix A
- Summary Privacy Notice attached as Appendix B
- Personal Data Retention Policy attached as Appendix C
- Personal Data Retention Policy Expectations attached as Appendix D
- Memorandum of Understanding for Employers attached as Appendix E

122/24 Croydon Pensions Administration Team Key Performance Indicators for the Period November 2023 to January 2024

The Pensions Manager introduced the item and explained that the report detailed the performance of the admin team from November 2023 to January 2024. The Pension Manager informed the Committee that the admin team had performed consistently well in the lifestyle events of deaths, retirements, and estimates.

The Pensions Manager stated that officers were aware that the leaver calculations still required work and the team had spent a lot of time assessing how to improve processes and the team had identified several areas where they felt as though they could make improvements.

The Pensions Manager explained that at this time of year, officers would start to communicate with employers about end of year processes and expectations for them to provide data within a timely manner so that they could complete all of their end of year processes.

In response to questions from Members officers informed the Committee:

- There was a plan for improvements, the Pensions Manager had met with team leaders to identify the areas for improvements as some of the teams' processes were outdated. The system was good, but it could be used even more efficiently, and officers were looking to introduce more automation. Officers acknowledged that some of the issues were out of their control, such as the issues around gathering information from other authorities and employers, but officers would focus on the issues with their processes and expected to see an improvement in performance subsequently.
- There was a workflow system within the software system that the officers used and if all went well there would be a calculation, checking and an end stage. If the team had requested information from an employer, then a member of the team would need to input this into the system. The issue had been due to members of the team not updating the system correctly, there had been discussions about the issue and members of the team would undergo training.
- Officers usually saw delays when schools changed payroll providers as there was always a slight adjustment period where there were issues with obtaining information from a previous payroll provide officers would work with schools through these issues. Officers issued the admin strategy to all employers, and they would look to offer bitesize training which provided information on areas where they had seen any issues.
- When a calculation had been made then the system would pull the information into a letter but this took quite a while to set up, officers would try and find a more efficient method.
- The pension administration team usually hit their target performance level for death cases and death cases were treated as a priority. There were several reasons as to why the team had not hit 100% such as

officers receiving forms late, protracted cases where officers had tried to obtain data from many people etc.

Resolved:

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

123/24 Review of Breaches of the Law

The Acting Head of Pensions and Treasury introduced the item and explained that there were no new entries on the breaches of the law log.

Resolved:

1.1 To review and note the contents of the Pension Fund Breaches of the Law Log.

124/24 Audit Findings Report

The Acting Head of Pensions and Treasury introduced the item and explained that Grant Thornton had produced an audit findings report on the 2019/20 accounts. The Acting Head of Pensions and Treasury stated that the audit was carried out in 2021 and the report had been presented to the Audit and Governance Committee in November 2023 and there were no issues raised in the audit.

The Acting Head of Pensions and Treasury informed the Committee that the report from Grant Thornton mentioned the valuation of level 3 assets and by nature these assets were difficult to value as there was not a registered market that these assets could be traded on.

The Corporate Director of Resources & S151 Officer stated that accounts had been to the Audit and Governance Committee and the external auditor had given the accounts a disclaimed opinion because of the Kroll report, which could delay the final certification. The Corporate Director of Resources & S151 Officer explained that the external auditor from Grant Thornton had given their seal of approval to the accounts however she was slightly concerned that Grant Thornton would not provide a final certification until after the Kroll report had been resolved.

Resolved:

1.1 To review and note the contents of the Audit Findings Report for the year ended 31 March 2020.

125/24 Local Government Pension Scheme Advisory Board / The Pensions

Regulator Update

The Acting Head of Pensions and Treasury introduced the item and explained that the Pension Regulator's new code of practice would come into effect on the 27 March and officers would work with AON to determine where the fund stood in regard to the requirements of the code and he would inform the Committee on any changes that needed to be implemented.

Resolved:

1.1 To agree to note the contents of the report.

126/24 Inter-valuation Funding Update 31 December 2023

The Acting Head of Pensions and Treasury introduced the item and explained that he had asked Hymans Robertson to produce a report detailing the updated funding position as of 31 December 2023. The Acting Head of Pensions and Treasury informed the Committee that Hymans Robertson had produced a tool which could monitor the funding position on a quarterly basis, and officers would use this tool in future as part of their risk management strategy.

Robbie McInroy explained that the Fund was in a good position and was showing a surplus, this was after a long period of trying to make up the shortfall. Robbie McInroy informed the Committee that the Fund had made good investment returns of the past few years, and the 122% funding level as of the 31 December 2023 showed that the fund had more assets set aside than the calculated past service liabilities of the members on that date. Robbie McInroy explained that the strong position was driven by an improved future outlook on investments which lowered the value of liabilities and this was largely due to the shift in the economic environment since the last valuation in 2022.

However, Robbie McInroy stated that if the assets were liquidated then there would not be enough money to pay for the members benefits built up and that the Fund would still need to maintain a 4% investment return over the next 20 years to retain a 100% funding level in the future.

Robbie McInroy explained that the new economic environment required the Fund to focus on risks such as inflation, climate risk and longevity, and officers would decide how the best approach to managing these risks ahead of the valuation next year.

Robbie McInroy informed the Committee that there were several options under consideration to manage the funds improved position. The first option could be to reduce employer contribution rates as there was a surplus. The second option could be to adjust the investment strategy to reduce the amount of risk that the Fund was subjected to. A third option could be to retain

the surplus returns and use it as a buffer to guard against future volatility in the market.

Members of the Committee stated that it would be useful for officers to present a summary of the history of the employer contributions over the previous 20 years, to provide Members with more historical context when they consider their options regarding employer contributions moving forward.

Resolved:

1.1 To note the Inter-valuation funding update report provided by the Fund's Actuary.

127/24 Part A Progress Report for the Quarter Ended 31 December 2023

The Acting Head of Pensions and Treasury introduced the item and explained that the Fund had increased by 4.2% to £1.78 billion over the quarter, and the Fund was now quite overweight in its equity position so officers would look to rebalance this position.

Resolved:

1.1 To note the contents of the report.

128/24 Exclusion of the Press and Public

RESOLVED that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

129/24 Part B Progress Report for the Quarter Ended 31 December 2023

RESOLVED that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

130/24 Investment in the LCIV MAC Fund

RESOLVED that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

131/24 Further Commitments to Existing Funds

RESOLVED that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The meeting ended at 12.08 pm

Signed:

Date:

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