

## **Pension Board**

**Meeting of held on Thursday, 5 July 2018 at 2.00 pm in F10 - Town Hall, Katharine Street,  
Croydon CR0 1NX**

### **MINUTES**

**Present:** Michael Ellsmore ( Chair)  
Councillor Maggie Mansell,  
Richard Elliott, Ava Payne and David Wickman

**Also Present:** Nigel Cook, Head of Pensions and Treasury  
Dave Simpson  
Councillor Andrew Pelling

**Apologies:** Theresa Fritz

### **PART A**

**26/18 Minutes of the Previous Meeting**

The Board RESOLVED to approve the Part A minutes of the 29 March 2018 meeting as a correct record.

**27/18 Disclosure of Interests**

There were none.

**28/18 Urgent Business (if any)**

There were no items of urgent business.

**29/18 Scheme Advisory Board Annual Report**

The Head of Pensions and Treasury introduced the report which covered governance, funding, membership, investment, benefits and the financial auditor and advisor statements.

A Board Member commented that the average Local Authority investment return was 19% and Croydon's was 21.4%, this good performance was noted.

The Head of Pensions and Treasury stated that Croydon's performance was good as the Fund had been over weight in equities.

In response to a Member question on whether the returns were net of fees, officers responded that they were and 8.7% on 30 year return was good.

The Board **Noted** the contents of the report

### 30/18 **Pensions Regulator Survey**

The Head of Pensions and Treasury introduced the report which interpreted findings and expectations following the survey of public pension schemes in autumn 2017 completed by those running the schemes. The survey had been effective in producing coverage of 101 administering authorities in England and Wales.

The survey was important in capturing information on governance, record keeping and internal controls. It also highlighted the need for the Pension Board to keep track of the work of the Pension Committee and those administering the schemes.

Board members were encouraged to utilise the Trustee toolkit accessible via the Pensions Regulator website which contained various resources and online learning to better support knowledge and understanding as introduced by the Pensions Act 2004.

The Board **Noted** the contents of the report.

### 31/18 **The Pensions Regulator's 21st Century Trusteeship Campaign**

The Board was provided with an outline of the considerations of the key themes of the discussion paper which included the importance of diversity, working with third parties, managing conflicts of interest, working with advisors and a range of other themes. This was in order to gain a holistic view on how bodies and the pensions industry could raise standards and improve governance

The findings reinforced the need for good governance. The Board was also informed of a Member Learning and Development session that was planned for the Pensions Committee in September 2018 and were encouraged to attend.

The Board **Noted** the contents of the report.

### 32/18 **Risk Register Review**

The Board was presented with the full register of risks relating to governance, funding , assets and liabilities, and operation risks as considered by the General Purpose and Audit Committee.

The Board considered whether some risks should be pre-empted in order to minimise impact and commented on risks associated with recruitment.

The Head of Pension and Treasury stated that there are many challenges with recruitment, in particular for teams where a high level of expertise was required.

The Board Members commented that a lack of resources was a risk to the effectiveness of the Administration of the scheme and would encourage recruitment of at least two full time members of staff to support the pension's team. It was also suggested that if there were difficulties in recruiting an experienced professional an alternative would be to recruit internally with a view to develop the individual..

The Board **Noted** the contents of the report and acknowledges significant risks due to issues with recruitment and lack of resources.

#### 33/18 **Governance Review**

The Head of Pensions and Treasury presented the report which detailed the work commissioned by the board to review the governance arrangements for the Croydon Local Government Pension Scheme.

The Contract for governance consultancy was awarded to AON Hewitt who will report back by December 2018 on their assessment as to whether the Council maintained compliance with best practice

The Board **Noted** the contents of the report.

#### 34/18 **Options for Property Transfer Proposal**

The Head of Pensions and Treasury introduced the report which detailed the delegation of authority to the Executive Director of Resources to obtain specialist advice in order to develop proposals regarding the asset transfer initiative. This paper was presented to the 5 June 2018 Pensions Committee meeting and the Executive Director of resources was directed to provide a comprehensive report to a later meeting of the Committee.

The Board was informed that Croydon had set up partnerships to address the issues of housing shortages.

It was acknowledged that there were legal risks associated with this proposal, such as regulatory risks if the government made changes to associated rules,

investment risks and political risks around suitability of investment on UK GDP.

The Board learnt that the proposals were ground-breaking but not unique to Croydon. Actuaries had been commissioned to work out the proposals as well as to evaluate and consider the impact on employer contributions.

In response to a Board Member question on whether the proposal was to purchase existing or build new homes, officers stated that 100 had been bought already and they were not all exclusively within the boundaries of Croydon.

In response to whether this meant that assets were being double counted, officers stated that gifting and double counting was not the case.

In response to a question as to whether the pension fund would benefit from the rent generated, the Board was informed that the rent would go to the Croydon Affordable Homes Initiative as this was a proposed solution to the housing situation.

The Board expressed concerns over the potential conflict of interest between the Council as the largest employer and as the administering authority.

Councillor Andrew Pelling, Chair of the Pensions Committee stated that he understood the reservations by Board members as this was also expressed by Members of the Pensions Committee and as a result had requested a meeting to be held to specifically consider the proposals in detail prior to its presentation at the Council meeting.

The Board **Resolved** that

(i) The Council had to display that conflicts of interest that arise are managed appropriately.

(ii) The further reports referred to above should be presented to a later meeting of the Pensions Board for consideration.

#### 35/18 **Review of Pension Committee Agenda**

The Board was presented with the agenda papers that were presented to the Pensions Committee at its 5 June 2018 meeting. In particular the Board Members were directed to the renewal of Investment Advisor Contract paper which highlighted the award of contract to Mercers as appointed by the executive.

The Board **Noted** the contents of the reports.

#### 36/18 **LGPS Funding reporting in a 'Pooled World'.**

The Board was presented with the proposals by CIPFA for revised reporting for LGPS funds. This would allow for greater transparency, understanding of costs and performance.

Details would be reported annually to the board on performance.

The Board **Noted** the contents of the report

**37/18 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.”

The motion was put and it was agreed by the Board to exclude the press and public for the remainder of the meeting.

**38/18 Minutes of the Previous Meeting**

The Part B Minutes of the 29 March 2018 meeting were agreed as an accurate record

**39/18 Review of Pension Committee Agenda**

The Board received the Part B papers of the meeting of the 5 June 2018 Pensions Committee.

The Board **Noted** the contents of the report.

The meeting ended at 4.00 pm

**Signed:**

**Date:**

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