

Croydon Council

REPORT TO:	Pension Committee 15 September 2020
SUBJECT:	Pension Fund Business Plan
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: This report recommends that the Pension Committee adopts a Business Plan for the management of the Fund.	
FINANCIAL SUMMARY: There are no direct financial implications associated with this report but it should assist in the efficient management of the Fund which could have an impact on the General Fund of the Council.	

1. RECOMMENDATION

- 1.1 The Committee are asked to comment on and agree to the recommended Business Plan.

2. EXECUTIVE SUMMARY

- 2.1 This report reminds the Committee of the arguments made by Aon Hewitt in their Governance Review for the Fund to adopt a Business Plan for the Fund and asks them to comment on and to agree the draft attached as Appendix A.

3. DETAIL

- 3.1. Over recent years the Committee have regularly considered a "Forward Plan" through which they have been invited to consider their proposed business over the subsequent months. However, they have not been asked to consider and adopt a more extensive Business Plan.
- 3.2 In their Governance Review of the Fund Aon Hewitt highlight guidance provided by The Pensions Regulator and CIPFA who recommend respectively:
 - *Setting a clear purpose and strategy is essential to managing the Fund effectively*

- *A medium term business plan should be created for the pension fund*

They further quote from the Myners Principles as follows:

The CFO should ensure that a medium term business plan is created for the pension fund which should include the major milestones and issues to be considered by the committee. The business plan should contain financial estimates for the investment and administration of the fund and include appropriate provision for training. Key targets and the method of measurement should be stated, and the plan should be submitted to the Committee for consideration.

The business plan should review the level of internal and external resources the committee requires to carry out its functions effectively and contain recommended actions to put right any deficiencies or to anticipate changing requirements in the future.

- 3.3 Aon Hewitt also discuss the philosophy of a business plan and the key benefits from adopting one and recommend as follows:

We recommend incorporating tasks into a business plan relating to all of the following areas, all of which should be considered in the context of the agreed strategies / aims of the Fund:

- *legislation (e.g. valuation, implementation of forthcoming legislative changes),*
- *performance monitoring (e.g. the review of an area of a service that is failing to meet the agreed service standard),*
- *the evolving environment (e.g. new investment vehicles, a greater focus on information technology efficiencies),*
- *risk management (e.g. reviewing staffing structure due to increasing manpower risk).*

- 3.4 Through the agreed Action Plan the Fund has agreed to introduce a three-year rolling business plan incorporating the tasks listed above and including specific references to the London CIV and a Fund budget.

- 3.5 Attached as Appendix A is a draft Business Plan 2020-2023 on which the Committee are recommended to comment and agree subject to any amendments they wish to make.

4 FINANCIAL CONSIDERATIONS

- 4.1 There are no financial considerations arising from this report.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk, S. 151 Officer.

5. OTHER CONSIDERATIONS

- 5.1 There are no Customer Focus, Equalities, Environment and Design, Crime and Disorder or Human Rights considerations arising from this report

6. LEGAL CONSIDERATIONS

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance and Deputy Monitoring Officer that the Pension Committee Role (see Terms of Reference in Constitution Part 4N for further information) includes:

1. To ensure that the Fund is properly operated in accordance with the Local Government Pensions Scheme Regulations (“the Regulations”) all other relevant legislation and best practice as advised by the Pensions Regulator, including financial, governance and administrative matters.
2. To adopt Fund specific policies concerning the administration of the Fund, investing of Fund monies and the management of the Fund’s solvency level. In addition, the Committee is responsible for compliance with all financial and regulatory requirements of the Fund.
3. To discharge its fiduciary responsibility in the best interest of the Fund, in particular:
 - a. To set the investment policy and review the performance of the Fund’s investment managers, pooling operators, scheme administration, and external advisors;
 - b. To make arrangements for the triennial actuarial valuation;
 - c. To determine the Pension Administration Strategy;
 - d. To approve and monitor compliance of statutory statements and policies required under the Regulations;
 - e. To approve the Fund’s Statements of Accounts and annual report;
 - f. To ensure that the Council discharges its obligation, as administering authority for the local government pension scheme, to other scheme employers;
 - g. To make representations to government as appropriate concerning any proposed changes to the Local Government Pension Scheme; and
 - h. To keep these terms of reference under review.

Approved by: Sandra Herbert, Head of Litigation and Corporate law on behalf of the Director of Law and Governance and Deputy Monitoring Officer

7. FREEDOM OF INFORMATION

- 7.1 This report contains only information that can be publicly disclosed.

8 DATA PROTECTION IMPLICATIONS

- 8.1 Will the subject of the report involve the processing of ‘personal data’?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

Approved by: Lisa Taylor, Director of Finance, Investment and Risk, S151 Officer

9 HUMAN RESOURCES CONSIDERATIONS

9.1 There are no direct workforce impacts arising from this report but the pension scheme is an important staff benefit for recruitment and retention.

Approved by: Sue Moorman, HR Director

CONTACT OFFICER:

Nigel Cook, Head of Pensions and Treasury,
Resources Department, ext. 62552.

BACKGROUND DOCUMENTS:

None.

APPENDIX:

Appendix A: Croydon Pension Fund: Medium Term Business Plan 2020-2023