

Croydon Council

For General Release

REPORT TO:	PENSION COMMITTEE 8 December 2020
SUBJECT:	Croydon Local Pension Board
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury
CABINET MEMBER:	Councillor Callton Young OBE Cabinet Member for Resources & Financial Governance
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON: This report informs the Committee of the work of the Pension Board.	
FINANCIAL IMPACT There are no financial implications associated with this report.	

1. RECOMMENDATIONS

- 1.1 The Committee is invited to note the focus of activity of the Pensions Board.

2. EXECUTIVE SUMMARY

- 2.1 This report considers the role of the Pensions Board and provides an oversight of the key issues facing the Local Government Pension Scheme at present. The report describes how the activities of the Board are designed to tackle these issues.

3. DETAIL

- 3.1 The role of the Croydon Local Pension Board is defined by section 5(1) and (2) of the Public Services Pensions Act, 2013. Essentially the Board was established to assist the Administering Authority (Croydon Council) in its role as the Scheme Manager of the Local Government Pension Scheme (the LGPS) and to secure compliance with the Scheme Regulations and any other legislation relating to the governance and administration of the LGPS. This compares with the role of the Pensions Committee, which is to ensure that the Fund is properly operated in accordance with the LGPS Regulations; to adopt

Fund specific policies concerning the administration of the Fund, investing of Fund monies and the management of the Fund's solvency level; and to discharge its fiduciary responsibility in the best interest of the Fund.

- 3.2 This definition of purpose shapes the Board's agenda and informs its workload. Indeed a considerable part of the Board's workload is about forward planning and ensuring that these many areas of relevance get due attention. The Board meets quarterly.
- 3.3 The headline issues for the Board and the Scheme in the wider sense relate to the adequacy of the current investment strategy to deliver against expectations, in particular in the context of the pandemic; the Scheme Advisory Board's Good Governance Project; the £95k cap and the exit payment cap; the McCloud case; covenant risk; and the adequacy of resources, especially staffing resources. The Board commissioned a local review of the governance of the scheme which was undertaken by AON Hewitt, This review was reported to the Board in September 2019, and the Board will monitor closely progress against the agreed Action Plan.
- 3.4 Given the Board's increasing role in the governance of the Scheme, the Board considered a report on a remuneration strategy for Board members.
- 3.5 The measures of the adequacy of the resources directed to administering the Scheme are the mandatory and discretionary key performance indicators. During the past year the Board has paid particular attention to the performance indicators relating to the administration of the scheme, and the resources available. Close attention is focussed on staff recruitment and retention, especially in respect to the additional burdens specified above and discussed here. The LGPS is one of the most complicated public service schemes to administer: staff can have benefits accrued under four different sets of regulations, and the existence of a Fund complicates matters further when staff change employers. As a result the Board pays particular attention to potential breaches of the LGPS regulations. Concerns relating to the management of the Scheme are assessed and tabulated by a Risk Register which is reported to this Pensions Committee periodically.
- 3.6 The role of the Board is forward looking as well as being concerned with the day to day management of the Scheme. Consequently it takes into consideration the work of other bodies whose remit relates to the LGPS. The Public Services Pensions Act, 2013 that established the Local Boards also created an over-arching structure that reports to the Secretary of State; incidentally, these structures have been established for each of the public service schemes, although the LGPS is unusual in being a funded scheme rather than having benefits paid from taxation. This Scheme Advisory Board is engaged with very much the same concerns as have been mentioned above: public sector exit payments; the £95k cap; COVID 19; McCloud – so it is important for the Board to keep abreast of developments and communications relating to these issues.
- 3.7 The Pensions Regulator has a role in supervising the LGPS and the Board considers issues and concerns raised by his office. In addition CIPFA, the Chartered Institute of Public Finance and Accountancy, and the Pensions and

Lifetime Savings Association are engaged in projects that relate to the workings of the Board and the management of the Scheme.

- 3.8 Although much of the activity of the Board relates to good governance, there are investment issues too. The Transparency Project is concerned with disclosing and comparing the true costs associated with investments. The SAB is focussing more attention on responsible investment, in particular the role of non-financial considerations in LGPS investments and so this sits with the Board as an aspect of its role to secure compliance with the Scheme Regulations.
- 3.9 Finally, as has been set out above, the role of the Board is closely defined and the obligation to maintain skills and knowledge through the adoption of a comprehensive training plan is set out in guidance. To meet this requirement the Board has access to a number of speakers drawn from the bodies referenced above and from the professional advisors retained to support the Scheme. It is anticipated that eventually the requirements for knowledge, skills and experience will be reflected in the guidance relating to the membership of the Pensions Committee.

4. CONSULTATION

- 4.1 No consultation is required.

5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

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

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

6. HUMAN RESOURCES IMPACT

- 6.1 There are no direct workforce implications arising from the recommendations within this report but the improvement to practice is welcomed as the pension scheme is a key employee benefit to employees.

Approved by: Sue Moorman, Director of Human Resources

7. EQUALITIES IMPACT

- 7.1 There are no equalities impacts arising from this report.

8. ENVIRONMENTAL IMPACT

- 8.1 There are no environmental impacts arising from this report.

9. CRIME AND DISORDER REDUCTION IMPACT

- 9.1 There are no crime and disorder impacts arising from this report.

10. DATA PROTECTION IMPLICATIONS

10.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

The Director of Human Resources comments that this report contains only information which can be publically disclosed.

Approved by: Sue Moorman, Director of Human Resources

CONTACT OFFICER: Nigel Cook – Head of Pensions and Treasury ext. 62552

BACKGROUND DOCUMENTS: None

APPENDICES: None.