

<b>REPORT TO:</b>	<b>Pension Board</b> <b>13 January 2022</b>
<b>SUBJECT:</b>	<b>Pension Committee 3 December 2021</b>
<b>LEAD OFFICER:</b>	<b>Nigel Cook Head of Pensions and Treasury</b>
<b>1. RECOMMENDATION</b>  1.1 The Board is asked to note the most significant matters arising from the meeting of the Pension Committee on 3 December 2021.	

## **2. EXECUTIVE SUMMARY**

- 2.1 This report summarises the reports and the discussions thereon on the agenda considered at the meeting of the Pension Committee on 3 December 2021.

### **DETAIL**

- 3.1 Paragraphs 3.2 – 3.12 below provide summaries of the reports and discussion of items on the agenda considered at the meeting of the Pension Committee on 3 December 2021

#### **3.2 Minutes of the previous meeting**

- 3.2.1 The Committee was asked to approve the minutes of the meeting of 14 September 2021 as a correct record. There were some amendments: all were accepted and will be included in the minutes as officially published.

#### **3.3 Governance Review**

- 3.3.1 This is the subject of a more detailed report elsewhere on this agenda.

#### **3.4 London Borough of Croydon Pension Fund: Property Transfer Proposal**

- 3.4.1 The Committee was “asked to recommend that the decision of Full Council of 28<sup>th</sup> January 2019, involving transfer of properties into the Pension Fund, be rescinded.” The report set out the arguments for rescinding the decision. Officers and advisers argued that the decision was no longer appropriate since the Fund’s funding position had improved since the decision was made, it was not part of the agreed investment strategy, it created unnecessary complexity and risk and was “a sub-optimal response to the need to efficiently manage contributions.” Written comments supporting this advice from both the Investment Adviser and the Scheme Actuary were included in the report.

- 3.4.2 There was a lengthy debate with Members speaking both for and against the proposal. On the Chair’s recommendation it was agreed that the matter be reconsidered at the Committee’s next meeting on 15 March.

### **3.5 Pension Fund Governance: the Admission Policy, the Bulk Transfer Policy and the Policy for Employers Leaving the Fund**

3.5.1 As recommended, the Committee agreed the three policies.

### **3.6 Pension Fund Annual Report 2019/20**

3.6.1 Subject to a few minor drafting changes the Committee noted the Annual Report.

### **3.7 Pension Fund Annual Report 2020/21**

3.7.1 Subject to a few minor drafting changes, and amendments to his Foreword that the Chair would be requesting, the Committee noted the Annual Report.

### **3.8 Review of Breaches Log**

3.8.1 The Committee noted the report and, in particular, the three most recent breaches and recover actions:

- Failure to pay a refund to members who left the Fund under specific circumstances – 249 cases with average net refund value of £333.74;
- Failure to produce minutes of relevant meetings; and
- Failure to publish Fund Accounts for 2019/20 in line with Regulations.

### **3.9 Update of funding position as at 30 September 2021**

3.9.1 Committee received advice from the Scheme Actuary that between the last formal triennial valuation as at 31 March 2019 and 30 September 2021 the past service funding position of the Fund had improved from a projected deficit of £165m (88% funded) to a forecast surplus of £102m (107% funded).

3.9.2 This improved position presents funding strategy options including:

- To reduce employer contributions – the Fund might consider using the stronger funding position to relieve contribution pressure on employers i.e. use the funding surplus to offset some of the future cost of benefits;
- Review investment strategy – consider reducing the risk in the investment strategy; and
- Build up a risk reserve – consider maintaining a risk reserve to mitigate any future adverse experience.

### **3.10 Progress Report for Quarter Ended 30 September 2021**

3.10.1 In reports considered under Part A and Part B of the agenda the Committee were advised of the growth in the value of the Fund to £1,652m and of adjustments proposed in asset allocation to move towards a re-balance with the Investment Strategy Statement.

### **3.11 Minute Taking at Meetings of the Pension Committee and Pension Board**

3.11.1 In reports considered under Part A and Part B of the agenda the Committee agreed that the possibility of securing alternative provision for minute taking of Committee and Board meetings be pursued.

### **3.12. Reduction in Council Employer Rate Contributions**

3.12.1 The Committee agreed to reduce the Council employer rate contributions for the two years 2021/22 and 2022/23 to 23.2% from 25.7% and 25.2% respectively.

#### **4 DATA PROTECTION IMPLICATIONS**

4.1 Will the subject of the report involve the processing of 'personal data'?

No.

**Approved by:** Richard Ennis, Interim Corporate Director of Resources (Section 151) and Deputy Chief Executive

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#### **BACKGROUND DOCUMENTS:**

None

#### **APPENDIX:**

None