

## **Pension Committee**

Meeting of held on Tuesday, 13 March 2018 at 10.00 am in Council Chamber - Town Hall

### **MINUTES**

**Present:** Councillor Patricia Hay-Justice (Vice-Chair),  
Councillors Simon Brew, Robert Canning, Simon Hall, Maddie Henson,  
Yvette Hopley and Dudley Mead

**Apologies:** Councillor Wayne Trakas-Lawlor

### **PART A**

#### **17/18 Minutes of the Previous Meeting**

The minutes of the meeting held on 5 December 2017 were approved as an accurate record subject to the attendance information being amended to include Councillor Clancy (as substitute), Gill Driver and Peter Howard as present and Councillor Brew as sending apologies.

The minutes of the meeting held on 29 January 2018 were approved as an accurate record subject to the attendance information being amended to include Councillor Henson as sending apologies and Councillor Chowdhury in attendance as substitute.

#### **18/18 Disclosure of Interests**

Councillor Henson declared that she had worked for Willis Towers Watson, discussed at agenda item 7 on the London CIV consultation.

#### **19/18 Urgent Business (if any)**

There were no items of urgent business.

#### **20/18 Local Pension Board**

The Chair of the Croydon Pension Board provided the Committee with a verbal update on the work of the Pension Board. The membership and terms of reference of the Board were explained and Members were informed that the two key areas of the Board's work were reviewing the governance and the

administration of the fund. The Board would be reviewing its membership and terms of reference at its July 2018 meeting, marking three years since its inception.

Discussion took place around the implementation of recommendations arising from the Board's commissioned governance review. It was noted that almost all the recommendations had been actioned with one outstanding that had been being worked on by officers. There was also clarification made what were recommendations and what was commentary within the governance review.

The Chair of the Committee thanked the Chair of the Pension Board for the presentation and the work being undertaken by the Board.

#### 21/18 **Key Performance Indicators**

The Head of Pensions and Treasury introduced the report and drew the Committee's attention to the tables on pages 12 and 13 of the agenda. Information was provided to Members on the work being undertaken to deal with the administrative backlog since the work had been brought back in-house.

The Committee discussed the challenges of the roll-out of the Iconnect software to employers in the scheme and officers were commended on the work done to deplete the backlog.

The Committee NOTED the contents of the report.

#### 22/18 **London CIV Consultation**

Councillor Hall, who was a member of the London CIV sectoral committee, provided the Committee with an update on the governance work being undertaken by the London CIV. The feedback on the fundamentals of the proposals had generally been supported by the boroughs who had responded. The key was to ensure the governance models provided for the bespoke needs of individual authorities within the CIV.

Through the discussion it was requested that a further report be brought to the Committee in June to update Members on what sub-funds were being developed by the CIV and the timelines for implementation.

Some concern was raised at the lack of monitoring of new products by the Committee, which would be undertaken by the CIV. It was noted that pooling funds was a requirement by central government and thus the resulting loss of direct monitoring of fund managers by the Committee was inevitable, however the Committee would still hold the power to determine the investment strategy of the Croydon fund.

The Committee NOTED the contents of the report.

The Head of Pensions and Treasury introduced the report and drew the Committee's attention to the ongoing asset allocation away from equities and into alternative investments in order to meet the designated balance in the strategy. It was reported that the Chair and Vice-Chair of the Committee, along with officers, had met with representatives of Janus Henderson to consider their offer on emerging markets through the London CIV.

Representatives from Aon Hewitt provided the Committee with an analysis of the recent trends in equity markets, particularly noting that since the end of the 2017 calendar year there had been a levelling out of the market, which had been anticipated.

The Committee discussed the Janus Henderson offer in detail and were informed of the due diligence undertaken by both officers and Aon Hewitt. The proposed portfolio would be comparatively risk-averse within the sector and it was noted that only a small proportion of the fund's investments were proposed to be allocated for the sub-fund. It was stated that the product could not be formally launched until a minimum number of authorities had committed to investing in it. In response to Member concerns about the effect of potential trade wars to emerging markets, officers were confident that the Janus Henderson products were conservatively constructed to be risk-averse and to avoid long-term negative effects in such situations.

At 11.05am Councillor Henson left the meeting.

The representatives from Aon Hewitt delivered a presentation on private debt investment. The context of private debt was described to the Committee, and it was stated that this sector provided a good opportunity to help balance the fund away from its overweight equity position. The nature of private debt was explained in detail and the Committee asked questions on the subject.

At 11.29am Councillor Mead left the meeting.

Questions were asked regarding the nature of the fund managers involved in private debt and the fee structures offered.

Officers clarified that the Committee were not being asked to make an investment decision at this meeting but that officers would look at potential options and bring a recommendation to a future Committee meeting.

The Committee NOTED the report and the decision to invest 5% of the value of the Fund in an actively managed Emerging Market equity fund (paragraph 3.6.7. refers) by transitioning 5% of the value of the portfolio into the London CIV emerging markets sub-fund.

The Chair announced that Councillor Dudley Mead had served on the Committee for 38 years and that this meeting would be his last. Councillor

Mead was formally thanked by the Committee for his considerable service to the Council.

It was also announced that Isa Makumbi would be retiring from the Council and stepping down from the Committee as a result. The Chair thanked Isa for his work on the Committee over a number of years.

**24/18 Exclusion of the Press and Public**

The following motion was moved by Councillor Hopley and seconded by Councillor Dudley Mead to exclude 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 Committee to exclude the press and public for the remainder of the meeting.

**25/18 Minutes of the Previous Meeting**

The Part B minutes of the meeting held on 5 December 2017 were approved as a correct record subject to the attendance information being amended to include Councillor Clancy (as substitute), Gill Driver and Peter Howard as present and Councillor Brew as sending apologies.

**26/18 Progress Report for Quarter Ended 31 December 2017**

The Committee considered the Part B report

The meeting ended at 11.58 am

**Signed:**

**Date:**

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