

Pension Board

Meeting held on Thursday, 25 July 2024 at 2.00 pm in Room 1.06, Bernard Weatherill House

MINUTES

Present: Michael Ellsmore (Chair);

Co-optees: Richard Elliott (Employer Representative), Teresa Fritz (Employee Representative) (Online), Ava Payne (Online) and David Whickman (Employee Representative)

Councillor Margaret Bird

Also Present: Ian Talbot, Gillian Philip, Matthew Hallett

Apologies: Jane West

PART A

113/24 Minutes of the Previous Meeting

RESOLVED: that the minutes of the meeting held on Thursday 11 April 2024 were agreed as an accurate record.

114/24 Disclosure of Interests

There were none.

115/24 Urgent Business (if any)

There were no urgent items of business.

116/24 Croydon Pensions Administration Team Key Performance Indicators for the Period March 2024 to May 2024

The Pension Manager introduced the report and explained that there had been good processes with bulk calculations, and officers had taken steps to try to be able to report them with their KPI's. The Pension Manager informed the Board that the team had made some improvements to their systems and processes which had offered encouragement, and the team would look to begin another set of bulk calculations next week.

The Pension Manager stated that the pensions team had received the information from nearly all the employers for their end of year processes, only two employers were yet to respond.

The Pension Manager explained that a contract had been signed with Heywood regarding the member self-service system and the technical team were now able to fully test the system. The Pension Manager informed the Board that the PLSA have their engagement week in September but there was another in November, so the team would be able to do further testing later in the year.

The Pension Manager explained that new guidance had been published earlier in the year which had increased the KPI requirements. The pension team had an upgrade to the Insights reporting system which was heavily focused on the new KPI requirements. The Pension Manager stated that the team's workflow had been streamlined, however they now needed to unpick this and include a lot more levels to meet the reporting requirements; these changes would take time to implement and wouldn't be in place until next year as the team needed time to adjust.

In response to a question from a member, officers informed the Board that:

- The Council did not manage school's payroll so they were free to choose whoever they wished.
- The team would do most of the testing themselves with Hotmail and Gmail accounts
- The Pension Manager had filled in the survey, they looked at 6 workstreams and pensions was not one of the areas, they would then look to implement some of these improvements to the workstreams into other areas which may benefit pensions.
- There was room for AI to assist with the work of the pensions team.

- There had been discussion with the pension team's technical person, they were still uploading from end of year schedules. The team were confident that they would meet the deadline, the annual benefits statement had not changed much from the previous year.
- Officers were confident that the Insight reporting will improve the quality of their work. When a new process was introduced, there would need to be some training and process notes drafted before staff could become accustomed to it, however once the new process was set out the new reporting would be seamless.
- It was required for the annual report, but they would need to run monthly in order to form part of the annual report. They would be using different tasks to set up new workloads.
- There was not a firm timetable for when schools should be contacted, officers acknowledged that engaging with schools during the summer months was not ideal. The pension team anticipated that October would prove to be more productive.
- The employer function required a governance process, and Governance teams would usually help with the process.
- The legal requirement is to notify members of their benefits within three months and the team had not met this requirement for various reasons such as issues with data or the workload of officers.
- Officers usually worked with internal comms regarding annual benefits statements. They worked closely with colleagues in other authorities. External employers were a bit trickier to deal with.

RESOLVED: To note the Key Performance Indicators and the performance against these indicators set out in Appendix A to this report.

117/24 Pension Board Annual Report 2023/24

The Chair and explained that they had majored on governance and administration, and they had focused on cyber security which was always a major risk. The Chair stated that the Board would continue to assess areas such as governance, the new General Code of The Pensions Regulator and equality, diversity and inclusion (EDI) and believed that continuity of the membership on the board and communication between members and officers had played a major role into how the fund has progressed.

RESOLVED:

1. To review and comment on the contents of the draft Pension Board Report for 2023/24.
2. To agree to publish the report as a final version subject to any changes agreed.

118/24 Governance Best Practice Compliance Statement

The Head of Pensions and Treasury introduced the report and explained that this was an annual review of the governance best practice statement. The Head of Pensions and Treasury stated that there had been a slight change from previous years and the fund was still partially compliant, however, it had been noted there was another employer rep and there was a voting staff side member.

The Chair expressed his concern as cyber security would always be an item that would be considered during private session at Committee meetings. The Board were very concerned that they were not being allowed access to the part b session at Pension Committee meetings and this was supported by officers. The Board felt as though they were unable to carry out their function if they did not have access to part b papers as set out by the regulator.

In response to a question from members, officers informed the Board that Officers were looking at filling the gap on the Board, and following the training on EDI they were trying to incorporate this into the process. The vacancies on the Pension Board and Committee would be appointed to at the same time.

RESOLVED: To review and comment on the draft Governance Best Practice Compliance Statement attached as Appendix A.

119/24 The Collective Investment Vehicle for London Local Authorities Pension Funds: Compliance with Pooling Requirements, Review of Savings and Governance Structure

The Head of Pensions and Treasury introduced the report and explained that it was worth the Board having oversight of pooling as the government had mentioned the merging of funds. The report stated the progress they had made with the London CIV. The Head of Pensions and Treasury informed the Board that the Fund had pooled 54% of its assets and the governments directive was for funds to have all assets pooled by 31 March 2025. The Head of Pensions and Treasury believed that the Fund should pool all its listed

assets and explained that there was a plan to achieve this before the deadline on the 31 March 2025. The Head of Pensions and Treasury explained that the Fund had moved £100m of assets to the London CIV's Multi Asset Credit mandate and they would also move assets to the London CIV All Maturities Buy and Maintain Credit Fund mandate. The Head of Pensions and Treasury informed the Board that the global equities and the fixed income assets would be moved into the London CIV as well as the Fund's M&G investments. The Head of Pensions and Treasury stated that the Fund would have 70% of its assets pooled by the 31 March 2025 and the London CIV had appointed a manager to manage property funds under the London CIV pooling umbrella.

The Head of Pensions and Treasury explained that officers supported pooling, but their initial reluctance came from the belief that the London CIV was not ready to manage their assets, however, the London CIV had been operating for over 10 years and officers believed that the London CIV was now ready to manage the fund's assets. The Head of Pensions and Treasury informed the Board that the previous Minister had issued guidance encouraging funds towards pooling, the Council responded stating that they were concerned about the local accountability issues with merging funds. The Head of Pensions and Treasury stated that if the investments did not work out then it could increase contributions required from employers. The Head of Pensions and Treasury explained that officers believed that strategic investment decisions were better made locally. Croydon is keen to work with other Councils in certain areas to improve resilience and efficiency, but we believe merging funds would not provide the best solution.

In response to a question from members, officers informed the Board that:

- The pension fund was in the best position it had been in for several years.
- If the government wanted funds to invest in the UK, then they would need to take on some of the risk to create conditions which were more favourable for investment.
- There was a Society of London Treasurers (SLT) response which had been agreed by most of the London Boroughs.
- The Scheme Advisory Board's (SAB) stance on governance was helpful and supportive of the officers and other Councils.

RESOLVED: To note and comment on the contents of this report.

120/24 The Local Government Pension Scheme Advisory Board - England and Wales Annual Report 2023

The Head of Pensions and Treasury introduced the report and explained that the SAB had produced their annual report for 2022/23. The Head of Pensions and Treasury was encouraged that the LGPS was 106% funded and the fact there were 6.5 million members demonstrated that the LGPS was in a healthy position.

In response to a question from members, officers informed the Board that the Croydon fund did not participate in the PIRC league table, although it would be ranked in the top quartile.

RESOLVED: To note the contents of this report.

121/24 Review of Breaches of the Law

The Head of Pensions and Treasury introduced the report and explained that the accounts were still waiting for sign off. The Head of Pensions and Treasury stated that there was a requirement for all local authorities to have accounts signed off by September however due to the election this had been delayed. The Head of Pensions and Treasury stated that the auditors were still looking at the 2019/20 accounts and had asked him for confirmation regarding some aspects of the pension fund.

The Head of Pensions and Treasury informed the employer discretions were waiting for final comments from the corporate management team (CMT) and they were ready to be published.

In response to a question from members, officers informed the Board that:

- An issue found with the 2019/20 accounts could have a knock-on effect to accounts for other years.
- There was a concern that there were four years of accounts outstanding, this had been commented on at the PLSA conference.

RESOLVED: To review and note the contents of the Pension Fund Breaches of the Law Log.

122/24 Review of Risk Register

The Head of Pensions and Treasury introduced the report and explained that there had been some updates on the register. The Head of Pensions and Treasury stated that none of the employers were at risk of solvency and if they did become at risk of solvency in the future it would not have a material impact to the fund. The Head of Pensions and Treasury informed the Board that officers received a quarterly scheme funding report from the scheme actuary and stated that officers needed to assess the risks associated with cash flow and liquidity.

In response to questions from members, officers informed the Board that:

- Officers had fallen behind in their progress with the mapping exercise and would look to work with AON or another specialist for assistance.
- Heywoods had conducted a lot of internal testing.

RESOLVED: To review and note the contents of the Pension Fund Risk Register.

123/24 Pension Board Training Update

The Head of Pensions and Treasury introduced the report and explained that he would be sending out an invite for the tri-boroughs training to Members.

RESOLVED: Each Pension Board Member was recommended to complete a feedback form for each training opportunity they have completed and to email it to officers so that their attendance can be recorded.

124/24 Documents Published on the Fund Website

The Head of Pensions and Treasury introduced the report and explained that as part of the governance review action plan, officers had to ensure they had the Fund's policies, the annual reports and the accounts on the website. The Head of Pensions and Treasury informed the Board that officers aimed to have the accounts published on the website by December even if they were not signed off.

In response to questions from members, officers informed the Board that they would follow up with Hymans to make the system more user friendly.

RESOLVED: To note the contents of schedule A.

125/24 Local Government Pension Scheme Advisory Board / The Pensions Regulator Update

The Head of Pensions and Treasury introduced the report and explained that he would need to catch up on the code of transparency.

In response to questions from members, officers informed the Board that at the London officers' group, it was explained that the consultation had been placed on hold following elections.

RESOLVED: To agree to note the contents of this report.

126/24 Exclusion of the Press and Public

This motion was not required.

The meeting ended at 3.52 pm

Signed:

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Date:

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