

Pension Board Annual Report 2018/2019

Introduction

Local Pension Boards were established under the 2013 Pensions Act. Each Local Government Pension Scheme administering authority is required to establish a Board to assist with the effective and efficient governance and administration of the Scheme. The Board is also tasked with assisting the Committee in ensuring compliance with legislative requirements and those of the Pension Regulator. The Board has an oversight role, with the decision making body remaining the Pension Committee.

Membership

The Board consists of 6 voting members comprising 3 member representatives and 3 employer representatives and an independent chair. During 2018/2019 these posts were held by:

Chair: Michael Ellsmore

Employer Representatives:

Councillor Maggie Mansell (until meeting of 15 November 2018)

Councillor Jerry Fitzpatrick (from meeting of 26 March 2019) Richard Elliott (the Brit School for Performing Arts and Technology)

Member Representatives:

Teresa Fritz

Ava Watt (Union representative)

David Whickman (Union representative)

The Board is supported by the Director of Finance, Investment & Risk, Interim S151 Officer, Lisa Taylor and the Head of Pensions and Treasury, Nigel Cook and the pensions teams.

Councillor Maggie Mansell

At the meeting on 10 January 2019 the Chair notified the Members of the Board that the death of Councillor Maggie Mansell had been announced. Councillor Mansell was noted for being a long serving Member of Council and a former Mayor. Her active contribution to the Board and her knowledge of the pension arena were noted. The Chair spoke on behalf of the other Board Members to express his sorrow at this news and to note that Councillor Mansell would be much missed.

Activity during 2018/2019

This report covers the fourth year of the operation of the Board. It has continued to establish itself as part of the Croydon Council governance structure in relation to the Pension Fund. Board members take their responsibilities seriously and readily engage in the training programme in order to further develop their skills and knowledge.

The Board's core function is to provide an oversight of the governance and administration of the Fund. A key task in fulfilling this function was the commissioning of a governance review during its first year. The Board has continued to monitor the review's action plan and are pleased with the progress made. The Board also reviewed and monitored the following:

- The Pension Committee's forward plan which, in turn, informed the business plan for the Board;
- The Fund's Governance Policy;
- The Fund's Investment Strategy Statement;
- The development of the London CIV and the draft statutory guidance on pooling assets;
- The Fund's administration key performance indicators;
- The Fund's Risk Register;
- The Scheme Advisory Board's Annual Report and other matters raised by the Board;
- The Pensions Regulator's survey;
- The McCloud / Cost Cap case;
- Investment issues including currency hedging and the fixed income portfolio; and
- The agenda papers of the Pensions Committee.

Looking Ahead

The Board is expecting 2019/20 to be another busy year for the Local Government Pension Scheme both specifically at Croydon and on the national scene.

The work for the triennial valuation has already started and the Board will be looking to play its part in discussions with the Actuary and the review of the Funding Strategy Statement and the Investment Strategy Statement. In the Board's workplan we have scheduled discussions at each of our meetings during the coming autumn and winter.

No-one is really sure about the outcome of the McCloud / Cost Cap case nor of its effect on the LGPS but we shall be keen to be involved in considering its implications for Croydon.

We have commissioned Aon Hewitt to carry out a follow up to the Governance Review they presented to us three years ago and expect to consider this at our October meeting. The Chair has met Aon Hewitt and, whilst we are expecting the report to be encouraging, we know that we shall need to set aside time to update various of our policy statements.

Training and keeping our knowledge and skills up-to-date will remain important to us and we shall be looking to take advantage of opportunities that become available.

Pensions administration will continue to attract attention from the Pensions Regulator. The Board will therefore continue to monitor closely the performance and resources of

the pension administration team. The near future will also see attention from the Government Actuary's Department on comparative valuation and more work on the reporting of costs; these fall within the remit of the Board and will feature in its business plan.

Finally, 2019/2020 may see further transfers of assets to the London CIV and developments in its governance arrangements. The Board will continue to monitor and support the Council as these developments become apparent.