

Pension Committee

**Meeting held on Tuesday 18 October 2016 at 10:00 a.m. in Council Chamber,
the Town Hall, Katharine Street, Croydon CR0 1NX**

DRAFT MINUTES - PART A

Present: Councillor S Brew, Councillor P Clouder, Councillor S Hall,
Councillor P Hay-Justice, Councillor M Henson, Councillor Y Hopley,
Mr. P Howard, Mr. I Makumbi, Councillor D Mead, Councillor A
Pelling, Councillor J Audsley(Also In attendance)

In attendance: Nigel Cook (Head of Pensions and Treasury), Lisa Taylor (Assistant
Director of Finance and Deputy S151 Officer), Mike Ellsmore (Chair
of Croydon Pension Board), Daniel Carpenter (Aon Hewitt), David
Lyons (Aon Hewitt), Bryan Chalmers (Hymans Robertson), Robbie
McInroy (Hymans Robertson), Richard Simpson (Executive Director -
Resources).

MINUTES - PART A

A1 Minutes of the last meeting

The minutes of the meeting held on 23 May 2016 were approved as
a correct record of the meeting.

The minutes of the meeting held on 7 June 2016 were approved as a
correct record of the meeting, save that Councillor Audsley
requested that at minute A17/16 the description of Share Action be
changed to "a responsible investment organisation".

A2 Disclosure of Interest

There were none.

A3 Urgent Business (if any)

There was no urgent business to consider.

A4 Exempt Items

The allocation between Part A and Part B of the agenda was
approved.

A5 2016 Actuarial Evaluation

The item was introduced by the representatives from Hymans Roberston with a presentation which can be found online here: <https://secure.croydon.gov.uk/akscroydon/users/public/admin/kab14.pl?operation=SUBMIT&meet=23&cmte=PEN&grpid=public&arc=1>

It was stated that a valuation was required by law, and the presentation would present the initial findings of the Croydon fund. The graph at slides 11, 12 and 13 highlighted the many uncertainties involved in the valuation process. Some assumptions were more important than others and the task of the actuary was to make a prudent estimate. These assumptions were revisited and reset every three years.

Economists were forecasting lower returns on investments than in previous years and for a prolonged period of time; the anticipated returns were 4.4%. Whilst investment returns had been unusually strong, the assumption was based on this lower rate due to the economic forecasts for the coming years.

The table on slide 16 illustrated the whole fund results, which were calculated by collapsing all the different cash flows into one date. The information must be submitted to the LGPS Scheme Advisory Board (SAB) who would then make their own valuation. The SAB valuation process is completely different and is used more for the purposes of creating a league table system for fund comparison. Slide 23 illustrated a risk register of scheme members to measure the risk of employers failing to meet contribution rates. The graphs on slides 24 and 25 measured five thousand possible outcomes and assessed the probability of those outcomes occurring.

In response to questions from the Committee, the following was stated:

- Academies were assessed as low risk in slide 23 because they were essentially underwritten by central government.
- The recommended contribution rates stated in slide 26 were measured as a percentage of salary contributions by the employer. It also took into account contributions towards the deficit.
- In "dry runs" of the valuation in 2013 a number of amber flags were identified. However the key point was to have a plan towards full funding, and league tables of funds did not always show the full picture.

The Committee **NOTED** the presentation from Hymans Robertson.

A6

Annual Report and Local Pension Board Report

The Head of Pensions and Treasury introduced the item by confirming that the submitted papers included the final set of accounts that had been audited with a positive outcome.

In response to questions, the following was stated:

- At the time of publishing the report the Fund still had cash held with Blue Crest, hence why this is accounted for. There is generally a six month delay when closing an account for the cash to return to the Fund.
- The significant drop in the profit on disposal of investments, at pack page 47 of the report, does not reflect anything of concern, and was just a matter of when the data was collated. Investments were held for as long as possible and were only sold to reinvest. The Executive Director for Resources added that the significant increase in the fund between April 2014-15 should also be taken into account when considering these figures.
- Receipt of contributions from academies was monitored on a monthly basis and there was a team who engage with academy members on an almost daily basis. The team worked with academies failing to meet their liabilities, and in extreme cases they could be reported to the Pensions Regulator.
- The private companies listed in the table on pack page 52 related only to members of staff who had been transferred via the TUPE process to the listed companies.
- The administration strategy for the Fund set out all the Key Performance Indicators (KPIs) for the administration of the fund and was a publicly available document.
- Communication with scheme members is only undertaken where necessary, as experience had shown that communicating too frequently with members raised concerns with some. Officers would welcome ideas from Committees regarding communication with members.
- The Fund was not actively involved in the SF3 costs scheme. It was the view of officers that the scheme did not properly account for the quality of service provided and reduced the process purely to a costs comparison. The Fund spent considerable money on providing a high quality service through communication, IT systems and other such outlays.

The Chair identified a number of corrections for the annual report:

- At page 21 there were three rather than four non-voting members.
- At page 21 references to "Chairman" and "Vice-Chairman" needed to be replaced with "Chair" and "Vice-Chair".
- At the Asset Allocation section (page 38) there was a number missing in the year of hedge fund liquidation. There was also a typo of "investing" and "Private Equity" was required to be capitalised in that section for consistency with the rest of the report.
- At page 19, fourth paragraph, to rephrase "so to maintain" to "so as to maintain".
- At page 38, the second sentence in the first substantial paragraph required the removal of "take" after "illiquid and the". In the same sentence, an "o" needed to be removed from

the final word. Within the same paragraph, "201" needed to be replaced with "2015".

The Committee considered that it would like to see the Fund's SF3 figures to ensure that members were receiving value for money. The Committee also heard from officers that a slight change in the wording of recommendation 1.2, as stated in the covering report, was required.

The Committee **RESOLVED** to:

- 1.1 Approve the Pension Fund Annual Report, subject to the amendments identified by the Committee.
- 1.2 Note the contents of the Audit Finding Report from the Fund's Auditors.
- 1.3 Note the Annual Report of the Local Pension Board
- 1.4 Request the Fund's SF3 costings be brought to the next Committee meeting.

A7 Risk Register and Business Plan

The Head of Pensions and Treasury introduced the item by stating that the administration of the Fund was the main focus of the risk register.

The Committee **NOTED** the contents of the risk register.

A8 Section 13 Report

The Head of Pensions and Treasury introduced the item by stated that the report summarised the findings of the "dry run" Section 13 report by the Government Actuary's Department. The overarching results of the report were that the LGPS was one of the best-managed public sector schemes. As stated in paragraph 3.7 of the report, there was one amber flag identified in the Croydon scheme. Officers were confident that this matter would not reappear in the upcoming valuation.

The Committee **NOTED** the contents of the report.

A9 Progress Report for Quarter Ended 30 June 2016

The Head of Pensions and Treasury introduced the item by highlighting to the Committee the new layout of the report for this standing item. Attention was drawn to the graph on pack page 121. The blue line showed the actuary's assumptions from the last valuation as compared to the actual outcomes plotted by the red line. Attention was also drawn to the table on pack page 123 and specifically the third column that identified profit levels from the

different fund managers. The fund valuation figure at the last row of column four had since been updated to £980 million. Finally, on the table at pack page 127, in the infrastructure sub-section, 7.6% should be the figure that read "#REF".

In response to questions from the Committee, the following was stated:

- The recently approved asset allocation strategy put an emphasis on property and infrastructure, a de-risking of the strategy that had helped reduce the Fund's exposure to the weakening of the pound sterling.
- The Private Rental Sector assets were focussed on the top-end of the sector, with examples such as the Saffron House development in West Croydon. This class of property had been less affected by the Brexit vote and so good returns were still expected despite the referendum result. Social housing did not form part of this portfolio.

The Executive Director for Resources confirmed that officers were looking at L&G investment options but there was nothing on the table at that stage.

The Committee **NOTED** the contents of the report.

A10 [The following motion is to be moved and seconded as the “camera resolution” where it is proposed to move into part B of a meeting]

Councillor Pelling proposed, and Councillor Henson seconded, the CAMERA resolution to move the remainder of the meeting into Part B.

The Committee **RESOLVED** to approve the CAMERA resolution.

A11 Any Other Business

Peter Howard raised with the Committee the possibility of allowing the pensioner representatives a vote on the Committee.

Councillor Hall stated that as this was a constitutional matter it would have to be brought to Annual Council. Councillor Hall stated that, in principle, he was in favour of allowing pensioner representatives a vote, but it was also important to ensure that political proportionality was maintained on the Committee. It was proposed that the pensioner representatives were allocated one vote to be shared between the two members.

Peter Howard stated that he would support such a proposal.

Committee Members expressed support for the proposal but raised concerns over the legal validity of granting the vote. The Head of Pensions and Treasury confirmed that legal advice was received when pensioner representatives were first introduced to the Committee, and the regulations did allow for the granting of voting rights by the Pension Committee. There was an important distinction that the pensioner representatives were not co-optees, but elected to the Committee.

The meeting concluded at 12.08pm

Croydon Council

REPORT TO:	PENSION COMMITTEE 6 December 2016
AGENDA ITEM:	8
SUBJECT:	Key Performance Indicators for the Local Government Pension Scheme
LEAD OFFICER:	Richard Simpson Executive Director of Resources
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: The Pension Committee is responsible for the effective administration of the Local Government Pension Scheme. These Key Performance indicators provide a measure of how well that administration works.	
FINANCIAL SUMMARY: Poor administration may ultimately lead to incorrect calculation or payment of benefits or indeed financial penalties.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1 RECOMMENDATIONS
1.1 The Committee is asked to note the Key Performance Indicators set out in this report.

2 EXECUTIVE SUMMARY

- 2.1 This report sets out Key Performance Indicators for the administration of the Local Government Pension Scheme.

3 DETAIL

- 3.1 The Pension Committee have asked for information to help assess whether the Scheme is being administered effectively. The standards by which performance can be assessed are set out in the Administration Strategy and published on the Scheme's website so as to be available for scrutiny by stakeholders, who include members and other Scheme employers. The Administration Strategy Statement document is appended to this report.
- 3.2 The Local Government Pension Scheme (LGPS) represents a significant benefit to scheme members. Much of the success in promoting the Scheme amongst scheme members and ensuring a high quality service delivery depends upon the relationship between the administering authority and Scheme employers in the day to day administration of the Scheme. Good quality administration is essential in the overall promotion of the Scheme and remind or alert employees to the value of the LGPS, thereby helping with recruitment, retention and motivation of employees.
- 3.3 Development of an administration strategy, as allowed for by the Local Government Pension Scheme, is seen as one of the tools which can help in delivering a high quality administration service to the scheme member and other interested parties. Delivery of a high quality administration service is not the responsibility of one person or organisation, but is rather the partnership of a number of different parties.
- 3.4 The aim of the Administration Strategy Statement is to set out the quality and performance standards expected of the Council in its role as administering authority and scheme employer, as well as all other scheme employers within the London Borough of Croydon Pension Fund. It seeks to promote good working relationships, improve efficiency and enforce quality amongst the scheme employers and the administering authority.
- 3.5 The Fund comprises of 83 scheme employers and approximately 21,900 members, this includes active, deferred, pensioner and dependent members of the LGPS. The efficient delivery of the benefits of the LGPS is dependent on good quality data and sound administrative procedures being in place between a number of interested parties, including the administering authority and scheme employers. The strategy statement sets out the expected levels of performance for both the administering authority and the scheme employers within the London Borough of Croydon Pension Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.
- 3.6 This report is only concerned with the performance of the administration team. It would be a more challenging exercise to measure the performance of other Scheme employers in discharging their responsibilities. Nevertheless on those occasions when the administering team become aware of issues around the

administration of the Scheme by other employers, such as failing to enroll staff or pay over contributions collected, there are a range of remedies available and these are deployed as appropriate. These include engaging with employers to educate and encourage through to sanctions such as reporting cases to the Pensions Regulator and levying fines.

3.7 There are performance targets for both the administering authority (Croydon Council) and for Scheme Employers. The detail behind each of these measures can be accessed in the Administration Strategy which is included as an appendix to this report.

Administering Authority	Liaison and Communication	16 measures
	Fund Administration	5 measures
	Scheme Administration	28 measures
Scheme Employers	Liaison and Communication	9 measures
	Fund Administration	3 measures
	Scheme Administration	19 measures

3.8 The Administering Authority has met all of the targets relating to liaison and communication and Fund Administration. Measures relating to the Scheme Administration are recorded on the software system that maintains members' records and calculates benefits and entitlements. The Key indicators are:

Internal Dispute Resolution Process, Stage 1 No cases at present.

Internal Dispute Resolution Process, Stage 2 No cases at present.

Cases referred to the Ombudsman No cases referred.

Death notifications: Respond and commence action within 2 working days following notification of death 104 cases. 97% within target.

Payment of retirement benefits (including any interest due as a result of the late payment of benefits): Commence payment within the next pension payroll following commencement of pension entitlement. Thereafter make payment on the pension pay day of each month. Any lump sum payments to be paid into the member's account within 5 working days after last day of membership and receipt of all relevant information. 228 cases. 91% put into payment within 5 working days after last day of membership.

Scheme member to be set up on to pension administration software system: 7 working days of receipt of all necessary information 617 cases. 49% set up within 7 working days.

This last measure relates solely to the period of time taken to set up the scheme member. Further work is required to identify the number of days of delay caused by waiting for information, forms to be completed, replies, and so forth.

3.9 Members should note that these measures are often reliant upon information being made available in a timely fashion, be that from the Scheme member themselves, from their employer or from a dependent.

- 3.10 Information about the cost of administering the Scheme is published in the Annual Report of the Croydon Pension Fund. These figures are collected by the government and reported on a scheme-wide basis. The Centre for Policy Studies, a think tank often critical of the LGPS, have analysed this data and reported that costs per member range from £13.70 a year to £139.40 a year. This analysis was based on the most recent published information which related to 2012/2013. For that period Croydon's cost of administration per member was £51.90; the average for England and Wales was £34.60 per member.

4 CONSULTATION

- 4.1 Officers have fully consulted with the Pension Fund's advisers in preparing this report.

5 FINANCIAL CONSIDERATIONS

- 5.1 This report provides information relating to the administration of the LGPS. Poor performance from the administering authority may result in financial penalties or incorrect calculation and payment of benefits. Failure on behalf of other Scheme Employers to meet the requirements of the administration strategy can result in the levying of fines.

6 COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 6.1 The Acting Council Solicitor comments that there are no additional legal implications arising by virtue of the recommendations in this report.
- 6.2 (Approved for and on behalf of Jacqueline Harris-Baker, Acting Council Solicitor and Acting Monitoring Officer)

7 FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

- 7.1 This report does not contain any information which will not be made publically available by being published on the Council's Pension Fund website.

CONTACT OFFICER:

Nigel Cook – Head of Pensions and Treasury
Corporate Resources Department, ext. 62552.

APPENDIX A: Administration Strategy Statement

BACKGROUND DOCUMENTS: None

The background of the central graphic features a series of concentric, semi-transparent circles in shades of grey. Two large, semi-transparent arrows are overlaid on these circles: one pointing downwards from the top-left and another pointing upwards from the bottom-right.

Administration Strategy Statement

London Borough of Croydon Pension Fund

January 2016

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1 Introduction

The Local Government Pension Scheme (LGPS) represents a significant benefit to scheme members. Much of the success in promoting the scheme amongst scheme members and ensuring a high quality service delivery depends upon the relationship between the administering authority and scheme employers in the day to day administration of the scheme. Good quality administration is essential (can also help) in the overall promotion of the scheme and remind or alert employees to the value of the LGPS, thereby helping with recruitment, retention and motivation of employees.

Development of an administration strategy, as allowed for by the Local Government Pension Scheme (LGPS), is seen as one of the tools which can help in delivering a high quality administration service to the scheme member and other interested parties. Delivery of a high quality administration service is not the responsibility of one person or organisation, but is rather the joint working / partnership of a number of different parties.

This is the pension administration strategy statement of the London Borough of Croydon Pension Fund, administered by Croydon Council (the administering authority). It has been developed following consultation with employers in the London Borough of Croydon Pension Fund Pension Fund.

The aim of this strategy statement is to set out the quality and performance standards expected of Borough of Croydon Council in its role of administering authority and scheme employer, as well as all other scheme employers within the London Borough of Croydon Pension Fund. It seeks to promote good working relationships, improve efficiency and enforce quality amongst the scheme employers and the administering authority.

The Fund comprises of 83 scheme employers and approximately 21,900 members, this includes active, deferred, pensioner and dependant members (as at 31 March 2015) of the Local Government Pension Scheme. The efficient delivery of the benefits of the LGPS is dependent on good quality data and sound administrative procedures being in place between a number of interested parties, including the administering authority and scheme employers. This strategy statement sets out the expected levels of performance of both the administering authority and the scheme employers within the London Borough of Croydon Pension Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

This pension administration strategy statement is effective from *1 January 2016*.

Any enquiries in relation to this pension administration strategy statement should be sent to:

The Pension Team
Resources Department
London Borough of Croydon
Floor 11 Zone A Bernard Weatherill House
8 Mint Walk
Croydon, CR0 1EA

Telephone: 0208 760 5768 x62892
Email: pensions@croydon.gov.uk
www.croydonpensionscheme.org

2 Regulatory framework

Regulation 59(1) of the Local Government Pension Scheme Regulations 2013 enables an LGPS administering authority to prepare a written statement ("the pension administration strategy") which contains such of the matters mentioned below as they consider appropriate:-

- Procedures for liaison and communication with Scheme employers.
- The establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions under the LGPS by-
 - (i) the setting of performance targets;
 - (ii) the making of agreements about levels of performance and associated matters; or
 - (iii) such other means as the administering authority consider appropriate;
- Procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance.
- Procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions.
- The circumstances in which the administering authority may consider giving written notice to any of its Scheme employers on account of that employer's unsatisfactory performance in carrying out its Scheme functions under these Regulations when measured against levels of performance.
- Such other matters as appear to the administering authority to be suitable for inclusion in that strategy.

In addition, regulation 59(6) of the LGPS Regulations also requires that, where a pension administration strategy is published, a copy is issued to each of their relevant employing authorities as well as to the Secretary of State. Similarly, when the strategy is revised at any future time the administering authority (after say a material change to any policies contained within the strategy) must notify all of its Scheme employers and also the Secretary of State.

It is a requirement that, in preparing or revising any pension administration strategy, the administering authority must consult its relevant employing authorities and such other persons as it considers appropriate.

Regard must be had by both the administering authority and its Scheme employers to the current version of any pension administration strategy when carrying out their functions under the LGPS Regulations.

In addition, regulation 70 of the LGPS Regulations allows an administering authority to recover additional costs from a Scheme employer where, in its opinion, they are directly related to the poor performance of that scheme employer. Where this situation arises the administering authority is required to give written notice to the Scheme employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

The following strategy statement, therefore, sets out the information required in accordance with regulation 59(1) and forms the basis of the day to day relationship between Croydon Council as the administering authority and the Scheme employers of the London Borough of Croydon Pension Fund. It also sets out the circumstances under regulation 70 of the LGPS Regulations where additional costs are incurred as a result of the poor performance of a Scheme employer, together with the steps that would be taken before any such action were taken.

3 Responsibilities and procedures

PROCEDURES FOR LIAISON AND COMMUNICATION WITH EMPLOYERS

The delivery of a high quality administration service is not solely the responsibility of the administering authority, but depends on the joint working of the administering authority with a number of individuals in different organisations to ensure scheme members, and other interested parties, receive the appropriate level of service or ensure that statutory requirements are met.

This strategy statement has been developed following consultation with Scheme employers and other interested parties. It takes account of Scheme employers' current pension knowledge, perception of current administration standards and specific training needs to ensure the level of service can be delivered to the required standard.

Procedures have been agreed for the liaison and communication between London Borough of Croydon Pension Fund and its scheme employers. Full details are provided with the Fund's communication policy, which is available on the Fund's website at <http://www.croydonpensionscheme.org/about-us/forms-and-publications.aspx>

A brief summary is set out in Appendix 1.

ESTABLISHING LEVELS OF PERFORMANCE

Performance standards

The LGPS prescribes that certain decisions be taken by either the administering authority or the Scheme employer, in relation to the rights and entitlements of individual Scheme members. In order to meet these obligations in a timely and accurate manner, and also to comply with overriding disclosure requirements, the London Borough of Croydon Pension Fund has agreed levels of performance between itself and Scheme employers which are set out in Appendix 2:

Quality

Overriding legislation

In carrying out their roles and responsibilities in relation to the administration of the Local Government Pension Scheme the administering authority and Scheme employers will, as a minimum, comply with overriding legislation, including:

- Pensions Act 1995 and associated disclosure legislation;
- Freedom of Information Act 2000;
- The Equality Act 2010
- Data Protection Act 1998;
- Finance Act 2004; and
- Health and Safety legislation.

Where agreed, the administering authority and Scheme employers will comply with local standards which go beyond the minimum requirements set out in overriding legislation. Such best practice standards are outlined in the section on timeliness set out below.

Internal standards

The administering authority and Scheme employers will ensure that all functions/tasks are carried out to agreed quality standards. In this respect the standards to be met are:

- compliance with all requirements set out in the employer procedural guide;
- work to be completed in the required format and/or on the appropriate forms contained within the employer procedural guide;
- information to be legible and accurate;
- communications to be in a plain language style
- information provided to be checked for accuracy by an appropriately qualified member of staff;
- information provided to be authorised by an agreed signatory; and
- actions carried out, or information provided, within the timescales set out in this strategy document.

TIMELINESS

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the scheme. The scheme itself sets out a number of requirements for the administering authority or Scheme employers to provide information to each other, scheme members and prospective scheme members, dependants, other pension arrangements or other regulatory bodies. Locally agreed performance standards have been agreed which cover all aspects of the administration of the scheme, where appropriate going beyond the overriding legislative requirements. These locally agreed standards for the London Borough of Croydon Pension Fund are set out below.

External providers

The administering authority or its Scheme employers will ensure that any external service providers with responsibility for carrying out any functions relating to the administration of the Local Government Pension Scheme (such as external pension administration providers, payroll and HR providers) are aware of the standards to be met. They will also be responsible for ensuring that those standards are met.

Procedures for ensuring compliance with statutory requirements and levels of performance

Ensuring compliance is the responsibility of the administering authority and its Scheme employers. We will work closely with all Scheme employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation or in this Administration Strategy. We will also work with employers to ensure that overall quality and timeliness standards are met as part of a service development plan. Various means will be employed, in order to ensure such compliance and service improvement, after first seeking views from as wide an audience as possible. These include:

Audit

The London Borough of Croydon Pension Fund will be subject to regular audits of its processes and internal controls. The London Borough of Croydon Pension Fund and its Scheme employers will be expected to fully comply with any requests for information from both internal and approved external auditors. Any subsequent recommendations made will be considered by the London Borough of Croydon Pension Fund and where appropriate duly implemented (following discussions with scheme employers where necessary).

Performance monitoring

The London Borough of Croydon Pension Fund will monitor performance against specific tasks from the event date (e.g. date of leaving/retirement, etc) to the date of the completion of the task (notwithstanding that service levels for benchmarking purposes are measured from the date that all necessary data has been received/is available). As part of this monitoring exercise we will include the monitoring of the performance of each Scheme employer in the provision of all necessary data required by the administering authority enabling completion of each task. We will also monitor the performance of the administering authority in carrying out its responsibilities in relation to the scheme.

The London Borough of Croydon Pension Fund as the administering authority will regularly monitor performance by benchmarking with other administering authorities by using benchmarking clubs and other comparators available. Quality and standards of performance will be included in performance monitoring and benchmarking.

Employer liaison meetings

An annual meeting will take place with representatives of the administering authority and the scheme employer to monitor and review performance against targets, the quality of information exchange and ensure compliance with statutory obligations.

Employer forums

Quarterly meetings will take place at a suitable venue to enable an exchange of experience between the London Borough of Croydon Pension Fund and its Scheme employers to promote and ensure statutory compliance.

Employer liaison officers

Each Scheme employer will designate a named individual to act as a scheme liaison officer; being the main contact with regard to any aspect of administering the LGPS. Similarly, the London Borough of Croydon Pension Fund will designate a named individual within the pensions services team for each scheme employer, to act as the pension liaison officer for each scheme employer.

The London Borough of Croydon Pension Fund pension liaison officer will meet with the Scheme employer representative at least annually to discuss any issues relating to the LGPS and/or raise any issues around the performance of the Scheme employer or services provided by the administering authority. More frequent meetings will be arranged if necessary (particularly if issues around the perceived poor performance of the scheme employer arise).

Communication policy statement

The London Borough of Croydon Pension Fund communication policy statement includes specific details on monitoring the compliance of the administering authority and its Scheme employers in communication with various parties associated with the Local Government Pension Scheme. This statement is included as an appendix to this strategy.

Procedures for improving communication between administering and employing authorities

Good communication reminds, or alerts, employees to the value of the LGPS which negates misleading media information and aids recruitment, retention and the motivation of the workforce. Effective communication between authorities reduces errors, improves efficiency and leads to good working relationships.

Where areas of improvement are identified from benchmarking or performance monitoring as indicated in the above section the London Borough of Croydon Pension Fund will be responsible for working closely with the Scheme employers in improving the identified weaknesses.

Where improvements are made they will be reported in the service improvement plan. As part of the review process any new procedures or practises introduced will be kept under review to monitor achievement.

Service improvement plan

The London Borough of Croydon Pension Fund will develop, in conjunction with its Scheme employers, a rolling three year service improvement plan for the provision of the pensions administration service. This plan will include development areas, aimed at improving business efficiency through increased use of technology, together with service improvements identified as part of the benchmarking and monitoring of the administering authority's and Scheme employers' performance. This plan will be monitored on an annual basis and reports provided to scheme employers/senior officer/the Pension Committee and the Local Pension Board.

Scheme employer procedural guide

If appropriate the London Borough of Croydon Pension Fund will update the employer procedural guide to reflect changes to processes, forms and/or responsibilities highlighted as a result of the monitoring of quality and timeliness.

Newsletters

Newsletters which will be issued to all employees annually (or more frequently if necessary) dealing with changes to scheme rules and Scheme employer procedures or responsibilities associated with them.

Technical bulletins

Bulletins will be issued to Scheme employers at least half yearly (more frequently if necessary) updating them on recent and forthcoming changes to the scheme. These Bulletins will provide technical advice and guidance to Scheme employers on the changes along with any changes to, or additions to, the responsibilities of the Scheme employers.

Training sessions

The London Borough of Croydon Pension Fund will provide training to its Scheme employers as and when required in order to undertake training where significant performance issues are identified, or on request from the Scheme employer. It is mandatory for your named acting liaison officer to attend.

Employer forums

Regular meetings (at least quarterly) will take place with representatives of the London Borough of Croydon Pension Fund and its Scheme employers to discuss recent developments within the LGPS or pensions generally, as well as to monitor and review communication strategies. It is mandatory for your named acting liaison officer to attend.

Employer liaison meetings

The London Borough of Croydon Pension Fund pension liaison officer will meet with the Scheme employer representative at least annually to discuss any issues relating to the LGPS and/or raise any issues around the performance of the Scheme employer or services provided by the administering authority. At these meetings the service improvement plan will be reviewed, to discuss progress against targets. More frequent meetings will be arranged if necessary (particularly if specific issues around the perceived poor performance of the Scheme employer arise). It is mandatory for your named acting liaison officer to attend.

Continual review

The London Borough of Croydon Pension Fund will continually review the performance of the administering authority and Scheme employers against the targets and standards set out in this strategy and address with Scheme employers any issues that might be highlighted. The London Borough of Croydon Pension Fund will also monitor success against the targets set out in the three year rolling service improvement plan, and take all necessary action where this is found not to be the case.

Circumstances where the administering authority may levy costs associated with the employing authority's poor performance

Regulation 70 of the Local Government Pension Scheme Regulations 2013 provides that an administering authority may recover from a Scheme employer any additional costs associated with the administration of the scheme incurred as a result of the poor level of performance of that Scheme employer. Where an administering authority wishes to recover any such additional costs they must give written notice stating:-

- The reasons in their opinion that the scheme employer's poor performance contributed to the additional cost;
- The amount of the additional cost incurred;
- The basis on how the additional cost was calculated; and
- The provisions of the pension administration strategy relevant to the decision to give notice.

Circumstances where costs might be recovered

It is the policy of the London Borough of Croydon Pension Fund to recover all additional costs incurred in the administration of the LGPS as a direct result of the poor performance of the administering authority, any Scheme employer or third party service provider. The circumstances where such additional costs will be recovered are:

- persistent failure to provide relevant information to the administering authority, scheme member or other interested party in accordance with specified performance targets (either as a result of timeliness of delivery or quality of information);
- failure to pass relevant information to the Scheme member or potential members, either due to poor quality or not meeting the agreed timescales outlined in the performance targets;
- failure to deduct and pay over correct scheme member and employer contributions to the London Borough of Croydon Fund within the stated timescales;
- Instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or any other regulatory body.

- The cost of any remedial action required to be taken by the London Borough of Croydon and caused by the failure of a Scheme employer to meet their requirements as set out in regulation or the specified performance targets.
- Advice supplied from a third party provider, with or without the consent from the administering authority. Where there is no previous arrangement in place between Employer and third party provider – the costs incurred will still be re-charged back to the Employer that originally requested work, information or raised queries.

Approach taken by administering authority

The London Borough of Croydon Pension Fund will seek, at the earliest opportunity, to work closely with Scheme employers in identifying any areas of poor performance, provide the necessary training and development and put in place appropriate processes to improve the level of service delivery in future. Consideration for seeking additional administration costs where persistent failure occurs and no improvement is demonstrated by a Scheme employer would be seen as a failure and should only be taken once all opportunities to resolve any issues identified are exhausted. The following sets out the steps we will take in dealing with poor performance by a Scheme employer:

- write to the Scheme employer, setting out area(s) of poor performance;
- meet with the Scheme employer, to discuss area(s) of poor performance and how these can be addressed;
- issue formal written notice, where no improvement is demonstrated by the Scheme employer or there is a failure by the Scheme employer to take agreed action, setting out the area(s) of poor performance that have been identified, the steps taken to resolve those area(s) and notice that the additional costs will now be reclaimed;
- clearly set out the calculations of any loss resulting to the London Borough of Croydon Pension Fund or administering authority, or additional cost, taking account of time and resources in resolving the specific area of poor performance; and
- make claim against the Scheme employer, setting out reasons for doing so, in accordance with the LGPS Regulations
- set out clearly the date or dates by which payments must be made

4 Review process

The London Borough of Croydon will review this Administration Strategy to ensure it remains up to date and meets the necessary regulatory requirements at least every three years. A current version of the administration strategy statement will always be available on our website at www.croydonpensionscheme.org and paper copies will be available on request.

5 Consultation

In preparing this pension administration strategy we have consulted with the relevant Scheme employers and other persons considered appropriate. Where it is necessary to revise this pension administration strategy the relevant Scheme employers will be notified in writing of the changes and where a copy of the revised strategy may be obtained.

Appendix 1 - Summary of communication and liaison

Employer's forums will be held on a quarterly basis in the Town Hall or Bernard Wetherill House, this is a forum for Employers to meet and discuss pension issues, speak to the pension team and be kept informed of changes to the Scheme and Pension Fund Investment. It is mandatory for your named acting liaison officer to attend.

An annual Employee **Newsletter** will be sent out to Scheme employers, to forward on to staff. The newsletter will cover major Scheme changes and contact information.

Regular updates on **Pension Scheme changes** will be sent to you, keeping you fully informed when changes occur.

Regular updates on **Pension Scheme changes** will be sent to Scheme employers, to forward on to staff as and when required.

Annual Benefits Statements will be available to Scheme members on Member Self-Service, any queries which may arise from the statements which result from information employers have provided will be referred directly back to the employer to investigate.

A **Pension Open Day** will be held annually, where invited speakers will discuss the current topic of the day.

Workshops/roadshows the Pension Team will come out to Scheme employers to speak to staff at various times of the year, to help explain the sometime complex pension issues. These must be arranged with the Pensions Administration Manager well in advance to assure availability and content.

Consulting with Scheme employers - in preparing or reviewing the Fund's policies and discretions, this will also include results of the tri- annual valuation, as the administering authority we will continue to consult with our Scheme employers.

Pension Fund Report - this annual report includes various Pension Fund Investment information and statistics of the Scheme membership profile. It also includes the Pension Team and the Fund performance levels.

Appendix 2 - Performance standards

By the administering authority

Function / Task	Performance target
LIAISON AND COMMUNICATION	
Confirm nominated employer liaison officer	30 working days of employer joining fund or change to nominated officer
Publish and keep under review the London Borough of Croydon Pension Fund administration strategy	Within three months of decision to develop an administration strategy or one month of any changes being agreed with scheme employers
Issue and keep up to date employer procedural guide to employer	30 working days from admission of new employer or date of change/amendment
Issue and keep up to date pension website, scheme guide and all other literature for issue to scheme members	30 working days from admission of new employer or date of change/amendment
Issue and keep up to date all forms required for completion by either scheme members, prospective scheme members or scheme employers	30 working days from admission of new employer or date of change/amendment
Formulate and publish policies in relation to all areas where the administering authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the London Borough of Croydon Committee
Host employer forum	Annually
Attend employer liaison meetings with scheme employers	To be agreed with individual Scheme employers
Organise training sessions for Scheme employers	Upon request from Scheme employers, or as required
Notify scheme employers and Scheme members of changes to LGPS scheme rules or relevant legislation	Within one month of the change(s) coming into effect
Notify Scheme employer (including London Borough of Croydon in its role as a Scheme employer) of issues relating to Scheme employer's poor performance (including arranging a meeting if required)	Within 5 working days of performance issue becoming apparent
Notify Scheme employer (including London Borough of Croydon in its role as a Scheme employer) of a decision to recover additional costs associated with the Scheme employer's poor performance (including any interest that may be due)	Within 10 working days of scheme employer failure to improve performance, as agreed
Issue annual benefit statements to active members, deferred members and pension credit members as at 31 March each year	Within 5 months of the end of the scheme year to which it relates
Full response to written enquiries	Within 10 working days of receipt of enquiry. Acknowledgement of receipt to be given within 3 working days

Function / Task	Performance target
Response to email enquiries	Within 7 working days of receipt of enquiry
Response to telephone enquiries	Within 5 seconds. If response to enquiry cannot be given immediately the caller will be given an expected call back date and time

Function / Task	Performance Target
FUND ADMINISTRATION	
Issue formal valuation results (including individual employer details)	10 working days from receipt of results from fund actuary (but in any event no later than 31 March following the valuation date)
Carry out interim valuation exercise on cessation of admission agreements or scheme employer ceasing participation in the London Borough of Croydon Pension Fund	Upon each cessation or occasion where a scheme employer ceases participation in the London Borough of Croydon Pension Fund
Publish, and keep under review, the Fund's governance policy statement	Within 30 working days of policy being agreed by the London Borough of Croydon Pension Committee
Publish and keep under review the London Borough of Croydon Pension Fund funding strategy statement	To be reviewed at each triennial valuation, following consultation with Scheme employers and the fund's actuary. Revised statement to be issued with the final valuation report
Publish the Pension Fund annual report and any report from the auditor	By 30 September following the year end to which it relates

Function / Task	Performance Target
SCHEME ADMINISTRATION	
Scheme member to be set up on to pension administration software system	7 working days of receipt of all necessary information
Make all necessary decisions in relation to a scheme member and issue combined statutory notification to new scheme member (including aggregation of previous LGPS membership)	7 working days of receipt of all necessary information
Provide responses to scheme members/scheme employers/personal representatives/dependents and other authorised persons	10 working days from receipt of enquiry
Contact previous pension schemes to request estimate of any available transfers	10 working days from receipt of enquiry
Provide transfer-in quote to scheme member	10 working days of receipt of all necessary information from previous scheme) (request from scheme member)
Confirm transfer-in payment and additional benefit (membership change) to scheme member	10 working days of receipt of payment of transfer of value
Arrange for the transfer of scheme member free standing additional voluntary contributions into in-house arrangement	10 working days of all the necessary information from FSAVC provider (receipt of request from scheme member)
Respond to enquiries to purchase additional pension	5 working days
Prepare and send quotation details to member	10 working days
Function / Task	Performance Target
On receipt of a request from the member or new pension provider, supply a transfer value quotation	5 working days of receipt of all necessary information
Calculate the estimated transfer value payable and inform the new pension provider of amount payable	10 working days of receipt of all necessary information
On receipt of the member's decision to proceed with the transfer, calculate and pay the transfer value	10 working days of receipt of information
Notify scheme employer of scheme member's election to pay additional pension contributions, including all required information to enable deductions to commence	5(10) working days of receipt of election from scheme member
Calculate cost of additional pension contributions, and notify scheme member	10 working days of receipt of request from scheme member
Determine additional pension to be credited to the member from additional pension contributions, following publication of revised GAD guidance from time to time	10 working days of receipt of revised GAD guidance
Notify Scheme employer of request from scheme member to cease additional pension contribution, and notify scheme member of the amount of pension credited	5(10) working days of receipt of request from scheme member

Function / Task	Performance Target
Process scheme member request to pay/amend/cease additional voluntary contributions	5(10) working days of receipt of request from scheme member
Provide requested estimates of benefits to employees / employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency	7 working days after receipt of all necessary information (from date of request)
Notify leavers of deferred benefit entitlements	10 working days after the expiry of one month from date of leaving and receipt of all necessary information
Notify retiring employees of benefits (enclosing HMRC disclosure forms)	10 working days of receipt of all necessary information
Payment of retirement benefits (including any interest due as a result of the late payment of benefits)	Commence payment within the next pension payroll following commencement of pension entitlement Thereafter make payment on the pension pay day of each month Any lump sum payments to be paid into the member's account within 5 working days after last day of membership and receipt of----- all relevant information.
Contact deferred members to notify pension benefits due and confirm personal details	3 months before pension benefits due
Confirm in writing the deferred pension benefits due, when payments will be made, set up on payroll for pay period immediately following due date.	Within 10 working days of receipt of all necessary information
Function / Task	Performance Target
Death notifications	Respond and commence action within 2 working days following notification of death
Send confirmation of any amounts payable and payment dates	Within 5 working days of receipt of all relevant documents
Process all stage 2 pension dispute applications	Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.

Publish and keep under review the London Borough of Croydon Pension Fund policy on the abatement of pension on re-employment under previous regulations	Notify scheme members and scheme employers within one month of any changes or revisions to the policy
Confirm divorce settlement details in writing	Within 10 working days of receipt of written decision from the scheme member

By the Scheme employer

Function / Task	Performance Target
LIAISON AND COMMUNICATION	
Confirm nominated representative	30 working days of employer joining fund or change to nominated representative
Formulate and publish policies in relation to all areas where the Scheme employer may exercise a discretion within the scheme (including providing a copy of the policy decision(s) to the London Borough of Croydon Pension Fund	Within 30 working days of policy being agreed by the Scheme employer
Remit and provide schedule and make payment of employer/employee contributions	By the 19 th calendar day of month after deduction
Respond to enquiries from administering authority	5 working days from receipt of enquiry
Provide year end information required by the London Borough of Croydon Pension Fund, in a format agreed with the London Borough of Croydon Pension Fund	By 30 April following the year end
Ensure payment of additional costs to the London Borough of Croydon Pension Fund associated with the poor performance of the Scheme employer	Within 30 working days of receipt of invoice from the London Borough of Croydon Pension Fund
Distribute any information provided by the London Borough of Croydon Pension Fund to scheme members/potential scheme members	Within 15 days of its receipt
Notification to the London Borough of Croydon Pension Fund (so they can liaise with actuary) of material changes to workforce/assumption related areas (e.g. restructurings/pay reviews/employer going to cease/contracting out of services).	No later than 5 working days after notice has been given to individuals or the total workforce
Provide new/prospective scheme members with scheme information and new joiner forms	5 working days of commencement of employment, change in contractual conditions or as a result of auto enrolment staging

Function / Task	Performance Target
FUND ADMINISTRATION	
All new prospective admission bodies to undertake, to the satisfaction of the London Borough of Croydon Pension Fund, a risk assessment of the level of bond required in order to protect other scheme employers participating in the pension fund	To be completed before the body can be admitted to the London Borough of Croydon Pension Fund
All admission bodies to undertake a review of the level of bond or indemnity required to protect the other scheme employers participating in the fund	Annually, or such other period as may be agreed with the London Borough of Croydon Pension Fund
Payment of additional fund payments in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency retirement	Within 30 working days of receipt of invoice from the London Borough of Croydon Pension Fund or within timescales specified in each case

Function / Task	Performance Target
SCHEME ADMINISTRATION	
Make all necessary decisions in relation to new scheme members in the LGPS (pensionable pay, appropriate contribution pay band, etc)	10 working days of scheme member joining
Provide administering authority with scheme members' details	10 working days of scheme member joining/from month end of joining
Arrange for the correct deduction of employee contributions from a scheme member's pensionable pay on becoming a scheme member	Immediately on joining the scheme, opting in, auto enrolment or change in circumstances
Ensure correct employee contribution rate is applied	Immediately upon commencing scheme membership and each April payroll thereafter
Ensure correct rate of employer contribution is applied	Immediately upon commencing scheme membership and each April payroll thereafter
Arrange for reassessment of employee contribution rate in line with employer's policy and notification of any change in rate to affected scheme member(s)	Review as per policy and notification within 10 working days of change in contribution rate
Commence deduction of additional pension contributions or amend such deductions, as appropriate	Month following election to pay contributions or notification received from administering authority
Cease deduction of additional pension contributions	Immediately following receipt of election from scheme member
Arrange for the deduction of AVCs and payment over of contributions to AVC provider(s)	Commence deduction of AVCs in month following the month of election Pay over contributions to the AVC provider(s) by the 19 th of the month following the month of election

Function / Task	Performance Target
Refund any Scheme member contributions deducted in error	Month following month of deduction or error discovered
Cease deduction of employee contributions where a scheme member opts to leave the scheme	Month following month of election, or such later date specified by the scheme member
Notify material changes in employee's circumstances (e.g. marital or civil partnership status)	Within 10 working days of receipt of notice
Leave of absence with permission (maternity / paternity / secondment / without pay etc. (communications with employee and confirmation to pension fund)	Within 10 working days of notice from employee / HR / payroll
Determine reason for leaving and provide notification to administering authority of Scheme leavers.	10 working days of leaving/month end of leaving
Determine reason for retirement and provide notification to administering authority of retiree	Within 10 working days of retirement
Accurately assess final pay for each Scheme member who leaves/retire/dies and forward to London Borough of Croydon Pension Fund.	Within 10 working days following date of leaving/retirement/death
Notification to London Borough of Croydon Pension Fund of death of Scheme member	5 working days of date notified
Appoint an independent medical practitioner qualified in occupational health medicine, in order to consider all ill health retirement applications and agree appointment with London Borough of Croydon Pension Fund	Within one month of commencing participation in the London Borough of Croydon Pension fund or date of resignation of existing medical adviser
Appoint adjudicator for stage 1 of the pension internal dispute resolution process and provide full details to the administering authority	Within one month of commencing participation in the London Borough of Croydon Pension fund or date of resignation of existing adjudicator

Appendix 3 - New entrants and current Scheme members

The Regulations require automatic membership of the Scheme for any person under age 75 who is appointed to work for your organisation where the contract of employment is 3 months or greater. This rule is the same for admission bodies, provided that he/she falls within a description of employee specified as such within the Admission Agreement between the admission body and the Council.

Any employee who is eligible to join the LGPS may elect to be excluded from the scheme before or at any time after appointment. Before making such an election employees will be made aware of the benefits they will be losing out on.

An employee's right to belong to the scheme, and the right not to join or to leave the scheme should be set out in his/her Contract of Employment.

It is important that the issue, completion and recording of elections to join or to be excluded from the scheme, is closely monitored.

The following documents are currently in use in relation to the transmission of information between a new employee, the Scheme employer and the Council.

A **Pensions Option Form** and an **Employee's Guide to the Local Government Pension Scheme** are issued to every new employee.

5.1 Opting out of the pension Scheme over 3 months membership

If a scheme member wishes to opt out of the pension scheme, the election must be given in writing, and sent to the Pension team with the notification of cessation of membership form. The Pension team will determine the Member's Scheme benefit entitlement.

LGPS Opt Out Forms

The LGPS opt out forms for Scheme members to opt out of the Pension Scheme are now only available from the Pension Website (<http://www.croydonpensionscheme.org/about-us/forms-and-publications.aspx>). If individuals do not have access to a computer a hard copy may be obtained from the Pensions Team.

5.2 Auto-Enrolment Employer Duties

The Government through legislation in the Pension Act 2011 have put in place auto- enrolment to workplace pensions.

This major change requires that employees are to be automatically enrolled into a scheme and will then have to opt out if they do not wish to contribute and means it is illegal to discourage people from joining a scheme.

All employers should therefore familiarise themselves with their responsibilities

5.3 Academies

Academies had their own staging date and auto re-enrolment dates dependent on the size of their payroll.

Appendix 4 - Early leavers

Scheme members may leave employment and/or the pension scheme - before becoming entitled to immediate payment of retirement benefits - for a number of reasons, which may or may not be known to their employer. Whenever possible, however, the reason for leaving should be ascertained as this may determine the administrative procedures to be followed and/or the information to be given to the Scheme member.

It is important to remember that any Scheme member who leaves after having completed 2 or more years' membership in the LGPS, or who has transferred accrued rights from a previous pension scheme into the LGPS, is entitled to deferred benefits and cannot receive a refund of pension contributions. Scheme employers should always encourage Scheme members to contact the Pension Team for information with regard to their pension entitlements and not make their own assumptions.

The following documents are currently in use in relation to the transmission of information between Scheme employers and the Pension Team.

Notification of Cessation of Membership/Employment

To be completed in respect of every early leaver to whom the following circumstances apply.
(Please retain a copy for your records)

- On leaving the scheme before attaining the age of 60 years.
- In the event of the Scheme employer determining cessation of employment is by reason of permanent ill health.

After completion, the notification should be forwarded to the Pension Team, together with any relevant documents.

Please Note: No retirement benefits will be paid out to members who have retired if the relevant documents are not completed.

Appendix 5 - Retirements

Retirement or cessation of employment with entitlement to immediate payment of retirement benefits occurs if the following conditions are satisfied:

1 The Scheme member has been a member of the scheme for a minimum of 2 years,

OR

2 The Scheme member has been a member of the scheme for less than 2 years but has transferred in pension rights from another scheme.

Note: the above conditions do not apply if a Scheme member attains age 75. Scheme benefits must be released at age 75 whatever their length of Scheme membership. The Scheme member must be notified of his entitlement at least three months before attaining the age of 75

Pension entitlement will be determined by the Pension Team where membership ceases for any of the following reasons

- Compulsorily on attaining age 75.
- Voluntarily on or after attaining age 60, if there is an entitlement to immediate payment of benefits without reduction but before age 75.
- At any age by reason of permanent ill health
- On or after attaining age 55, by reason of redundancy or in the interests of the efficient exercise of the employer's functions.
- On or after age 55, for any reason, and application is made by the Scheme member for early payment.

A "Notification of Scheme Member Retiring on Pension" is to be completed in respect of every retiring employee and a copy forwarded to the Pension Team immediately before or as early as possible after, the date of retirement together with any relevant documents. Please retain a copy for your records.

If retirement is because the Scheme employer has determined the retirement is because of permanent ill health the notification should be accompanied by a copy of the Independent Registered Medical Practitioner's certification.

Appendix 6 - Early retirement costs recharged to the Scheme employer

When do they arise?

Early retirement costs arise when an employee retires –

- On the grounds of permanent ill-health
- On the grounds of redundancy
- On the grounds of efficiency
- With the consent of the employer before age 60
- On Flexible Retirement before age 60
- Or when preserved benefits are paid prematurely on ill-health or compassionate grounds.

The cost is the notional value lost by the pension fund from the removal of contributions to the pension fund, the loss of investment on those contributions and from paying the pension benefits earlier than anticipated and over a longer term.

The costs will be recovered as follows:

- In cases of ill health – from the Scheme employer
- In all other cases - immediately from the Scheme employer.

Appendix 7 - Deaths in Service

Death in service of an active member gives rise to entitlement to a Death Grant and, in appropriate circumstances, to dependants' pensions.

Dependents includes –

Married Spouse

Cohabitees (certain provisions apply)

Civil Partners

Children (certain provisions apply)

A Notification of Death in Service Form should be completed immediately upon the notification of the death in service of a Scheme member and forwarded to The Pension Team, together with the death certificate.

Submission of this form should not be delayed if the death certificate is not available.

Please retain a copy for your records.

Appendix 8 - Additional Voluntary Contribution Scheme

London Borough of Croydon Pension Fund Croydon has provides its in-house AVC Scheme with Prudential, who provide a range of investment fund funds, as well as a facility for Scheme members to provide additional death in service cover.

It is essential that AVC deductions are invested as quickly as possible in order to maximise the return to each member.

Monthly AVC deductions should be paid directly to the AVC provider (Prudential) as soon as the payrolls are processed. A schedule must be sent with the payment, giving details of all contributions paid over to Prudential which must reach Prudential by the 19th day of the month following the month they were deducted. Failure to do so is in breach of legislation and may be reported to the Pensions Regulator

Weekly paid AVCs can be accumulated for 4-5 weeks and paid over at monthly intervals.

Appendix 9 - Ill health Retirement

The LGPS provides ill health retirement cover for Scheme members that are unable to work because of serious illness. There is a 3 tier benefit policy in place.

Tier 1: If a Scheme member has at least 2 years in the pension scheme and the employer determines he or she has no reasonable prospect of being capable of gainful employment before age 65, ill health benefits are based on the membership built up to the date of leaving **plus all** the Scheme member's prospective membership from leaving to age 65

Tier 2: If a Scheme member has at least 2 years in the pension scheme and the employer determines he or she is unlikely to be capable of gainful employment within a reasonable period of leaving, but may be capable of gainful employment at some date in the future before age 65, ill health benefits are based on membership built up to leaving **plus 25%** of prospective membership from leaving to age 65.

Tier 3: If the employer determines that it is likely a Scheme member will obtain gainful employment within 3 years; the benefits payable will be the benefits accrued as at the date of leaving. A member receiving benefits under the third tier shall:

- Inform his or her former Scheme employer if further employment is obtained
- Answer any queries in relation to current employment status, pay and working hours.

Any members retiring under this tier must have their employment status monitored by the former Scheme employer after 18 months.

If gainful employment has been secured the pension must cease and any overpayment recovered.

If gainful employment has not been secured, the former Scheme employer must obtain a further certificate from an Independent registered practitioner.

In any event, benefits payable under this tier will cease after they have been in payment for 3 years and the former Scheme member will become a pensioner with deferred benefits.

'Gainful employment' means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

Please note to all Employers the Council will only accept ill health retirement application supported and approved by the Council Occupational Health (O H) doctor.

If you choose to use your own O H doctor, their report will be sent to the Council O H for verification and approval. All costs associated to this process are charged to the Employer. If you wish to use the services of Councils O H doctor please contact the Governance & Compliance team in the first instances.

Appendix 10 – Examples of instances where costs may be recharged

The table below provides of examples of situations when the London Borough of Croydon Pension Fund may recharge employers for additional costs. It is not intended to be definitive and the Fund reserves the right to levy an additional charge in any circumstances of poor performance under Regulation 70 of the Local Government Pension Scheme Regulations 2013 and in accordance with this strategy. For the calculation of additional recharges for poor performance please see Section 3.

	Item in relation to the LGPS	Cost
1	Late notification of a New Starter	£50
2	Late notification of changes personal details-name and address	£50
3	Late notification of Maternity leave, strike, jury service, unpaid leave	£50
4	Late notification of an early leaver	£50
5	Late notification of member retiring	£50
6	Late notification of death in service	£50
7	Late notification of contribution banding changes	£50
8	Late payment of monthly contributions	£50
9	Late delivery of payroll details in support of monthly contributions (due at the same time as the monthly contributions payments).	£50
10	Late notification annual year end information	£250
11	Any fines imposed on the Fund by the Regulator, which is deemed to be the fault of the Employer, will be passed on to that Employer	Re-charge amount
12	Any fines imposed on the Fund due to failure to provided information for Auto enrolment process	Re-charge amount
13	FRS17 report preparation and submission to actuary, plus actuary time	Re-charge amount
14	FRS17 report preparation and submission to actuary, plus actuary time for Academies	£2,500+ pa
15	Queries to 3rd party providers, without prior notification of cost to Employer, will be re-charged back to the Employer which raised the query	Re-charge amount
16	All legal costs and any other third party costs incurred from outsourcing, queries, disagreements and not an exhaustive list are to be re-charged	Re-charge amount
17	Due to extra work load generated from Retirement Estimates, 10 a year will be free. Above that will be charged at £20 each person. Payment should be arranged prior to the release of the information	£20 each (after 10 free per annum)

Please note any engagement with external providers e.g. Actuaries, Solicitors the full cost will be recharged back to the Scheme employer. This will include any outsourcing of contracts and FRS17 reports.

To try and keep the cost down when engaging with these 3rd party companies please make sure your data is as clean as possible.

Appendix 11 - Cohabiting Partners

The LGPS provides for a cohabiting partner, of either the opposite or same sex, to receive a survivor's pension, subject to meeting the relevant criteria laid down in the scheme i.e. that all of the following conditions have applied for a continuous period of at least 2 years on the date both the scheme member and their nominated cohabiting partner sign the nomination form:

- both the scheme member and their co-habiting partner are, and have been, free to marry each other or enter into a civil partnership with each other, and
- the scheme member and their co-habiting partner have been living together as if they were husband and wife, or civil partners, and
- neither the scheme member or their co-habiting partner have been living with someone else as if they were husband and wife or civil partners, and
- either the co-habiting partner is financially dependent on the scheme member or they are financially interdependent on each other.

Appendix 12 – Payment of monthly contributions by Scheme employers

The following documents and processes are in use in relation to current administrative procedures.

LGP31B - Remittance advice for payments to the Fund

Payment by BACS

The completed form LGP31B should be emailed to the Pension address as shown on the form at the time the BACS payment is made.

A schedule of the Scheme members who have had deductions taken should include:

- National Insurance Number
- Name
- Contribution band percentage rate
- Additional contribution percentage rate (where applicable) and contribution amount
- Pensionable pay
- Monthly Scheme member contribution
- Monthly employer contribution
- Total Scheme member and employer's contribution to date
- Total pensionable pay to date
- Date joined or left LGPS (if in current year)

This information should be emailed to the Pensions Team or posted to The Pension Team at the Croydon address as soon as the payroll has been run monthly.

Note:

Employer contributions are expressed as a percentage of pensionable pay and are payable at such rate(s) as may be advised by London Borough of Croydon Pension Fund following the completion of each triennial actuarial valuation of the pension fund

All sums to which form LGP31B relates shall be paid over no later than the **19th day of the month following the month of account. Payment of Interest will be charged by the Council where contributions have been received late.** Contributions deducted from weekly wages should be accumulated for 4 or 5 weeks and paid over at the appropriate month end.

Late payment of pension contributions by Scheme employers is a serious offence and the Pensions Regulator or the Pensions Ombudsman has significant powers of sanction. The Pensions Regulator can impose fines of up to £50,000 for each instance of persistent offence. Recent changes to the Pensions Act have made it easier to prosecute employers for late payment of contributions.

Note: AVC payments should not be included on the LGPS31B and should be paid direct to the AVC provider.

A copy of the AVC Schedule should be forwarded to the Pensions Team along with any new applications to pay AVC's or any notifications to cease.

Appendix 13 - Year end procedures

Financial Returns

Immediately after the end of each financial year, each Scheme employer must submit to the Pension Team by 15 May of that year an interface file / schedule or report detailing the relevant financial information to allow the end of year process / updating of member records and when relevant the tri-annual valuation. A template/ interface layout will be provided 2 months prior to the relevant 31 March.

The prompt and accurate notification of this information is vital to ensure the Pension Scheme complies with Regulatory requirements.

The schedule / interface file/reports should be completed and emailed to the Pensions office by 15 May of the year end to which the information relates

Once the pension's database has been updated, if there are any queries, we will email/write to you. It is important that any enquiries are resolved before the end of year process, which will update the member self-service site and facilitate the production of the Annual Benefit Statements.

Appendix 14 - Additional pension contributions (APCs)

Benefits purchased

Employee only APCs and employee/employer shared cost APCs

Scheme members may choose to buy extra annual pension, up to a set maximum, using an Additional Pension Contribution (APC) contract (with or without a contribution from the employer – known as a shared cost APC (SCAPC) where there is a contribution from the employer). The maximum at April 2014 was £6,500 and represented an increase from the 2008 Scheme maximum of £5,000. The maximum of £6,500 is increased each April (starting April 2015) by Pensions Increase (assuming a PI date of 1 April 2013). The April 2015 maximum is £6,675.

To buy extra pension. The Scheme member may choose to make a one off contribution or regular additional contributions, with or without a contribution from the employer, in order to buy a set amount of additional pension. The cost (a cash amount NOT a percentage of pay) is determined by the Scheme member's age and the amount they wish to purchase. An employer may, if they wish, agree to meet some or all of the cost of any additional pension purchased. Note that a Scheme member cannot commence an APC in this circumstance if they are in the 50/50 section.

To buy 'lost' pension for authorised unpaid leave of absence (including any period of unpaid additional maternity, paternity or adoption leave or unpaid shared parental leave following a period of relevant child related leave i.e. following ordinary maternity, paternity or adoption leave or paid shared parental leave and any paid additional maternity or adoption leave). Where an employee elects to pay an APC to purchase any or all of the amount of pension 'lost' during the period of absence and makes the election within 30 days of returning to work (or such longer period as the employer may allow) the employer shall, for any individual period of absence up to 36 months, but not any period beyond that, pay 2/3rds of the cost of the APC (a shared cost APC). The amount of 'lost' pension shall be calculated as 1/49th of the 'lost' pensionable pay for the period of unpaid leave if the person was in the main section during that period, or 1/98th of the 'lost' pensionable pay for the period of unpaid leave if they were in the 50/50 section during that period. A Scheme member can commence an APC or shared cost APC in this circumstance even if they are in the 50/50 section.

To buy pension 'lost' during a trade dispute. Where an employee is absent due to a trade dispute they may choose to buy extra pension to replace the amount of pension 'lost' during the period of the trade dispute. The amount of 'lost' pension shall be calculated as 1/49th of the pensionable pay 'lost' during the period of the trade dispute. If the Scheme member wishes to go ahead with a purchase of extra pension in any of the above circumstances they will need to sign a contract to do so and both the payroll and Pension Fund administering authority must be notified of the amount to be purchased, the cash contribution, the period over which it is to be paid, the reason for the purchase and, if the member has more than one pensionable employment, the employment to which the APC contract is to be attached.

Employer only APCs

Employers can award additional annual pension to active Scheme members of up to a set maximum (less any amount of additional annual pension the employer has already contributed towards or is contributing towards under a shared cost APC). The maximum at April 2014 was £6,500. The maximum of £6,500 is increased each April (starting April 2015) by Pensions Increase (assuming a PI date of 1 April 2013). The April 2015 maximum is £6,675. Such an award may also be made within six months of leaving to those persons who have left on the grounds of redundancy or business efficiency.

The employer would make a one off contribution in order to buy a set amount of additional pension for the member. The cost is determined by the employee's age and the amount purchased.

Appendix 15 - The 50:50 Option

The LGPS 2014 contains two sections – the MAIN section and the 50/50 section. The difference between the two sections is that in the 50/50 section the amount of contributions to be deducted from the Scheme member is half that due under the main section (and, therefore, the member accrues half the normal pension whilst in the 50/50 section).

Note that whilst an individual is in the 50/50 section the employer contribution is still the normal full contribution rate (not half).

The Scheme member may elect to move between the main and 50/50 sections of the Scheme any number of times but each election only takes effect from the next available pay period.

An employer must give an employee who elects for the 50/50 section information on the effect on that person's likely benefits from the 2014 Scheme.

The employer will be required to notify both the payroll administrator and the Pension Team of the date of the move to a different section and to maintain a record of elections.

At year end (or date of leaving if earlier), employers should confirm to the administering authority which section the member was in at that time.

Each employer will need to determine the most effective method of holding the above information which may or may not involve the payroll system holding the relevant data. Notification that the employee has elected to move from the main section to the 50/50 section (or vice versa) from the beginning of the next available pay period following the election.

If the employee is in the 50/50 section and goes on to no pay due to sickness or injury, the employee must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time. The person will, of course, have the right to make a further 50/50 election which, if made before the payroll is closed, would mean the member would have continuous 50/50 membership.

If the Scheme member is in the 50/50 section and goes on to no pay during ordinary maternity leave, ordinary adoption leave or paternity leave, the member must be moved back into the main section from the beginning of the next pay period if they are still on nil pay at that time.

If the employee is in the 50/50 section they must be moved back to the main section from the beginning of the pay period following the employers' "automatic re-enrolment date". This would happen irrespective of what category of worker they are for the purposes of the Pensions Act 2008.

Croydon Council

REPORT TO:	PENSION COMMITTEE 6 December 2016
AGENDA ITEM:	9
SUBJECT:	Progress Report for Quarter Ended 30 September 2016
LEAD OFFICER:	Richard Simpson Executive Director of Resources
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Treasury
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: Reviewing and ensuring that the performance of the Council's Pension Fund investments are in line with their benchmark and in line with the assumptions made by the Actuary.	
FINANCIAL SUMMARY: This report shows that the market value of the Pension Fund (the Fund) investments as at 30 September 2016 was £981.5m compared to £915.2m at 30 June 2016, an increase of £66.3m and a return of 6.05% over the quarter. The performance figures in this report have been compiled from data provided by each fund manager and are quoted net of fees. Independent information and analysis on the fund managers and markets have been provided by the Fund's independent investment advisor AON Hewitt.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1 RECOMMENDATIONS
1.1 The Committee are asked to consider and note the contents of this report.

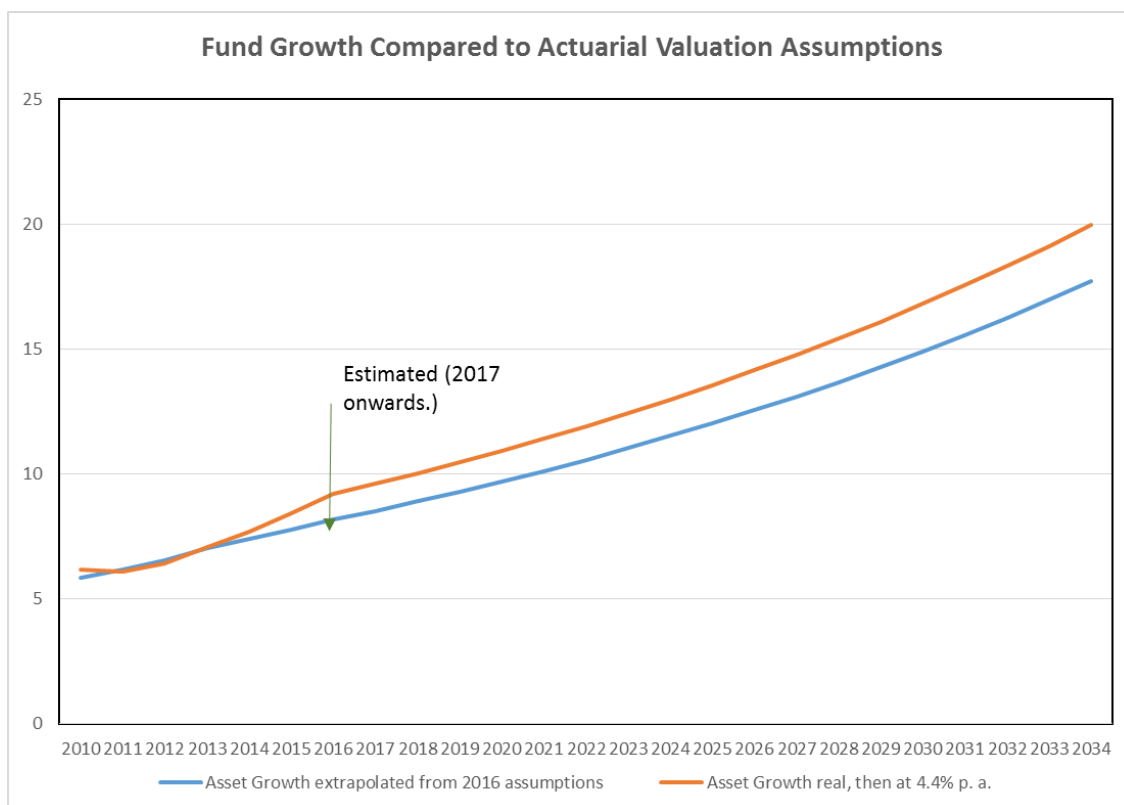
2 EXECUTIVE SUMMARY

- 2.1 This report provides an update on the London Borough of Croydon Pension Fund's (the Fund's) performance for the quarter to 30 September 2016. The report falls into three parts. Section 1 addresses performance against strategic goals. The second section considers the asset allocation strategy and how that is being applied. The third and final section deals with risk management. Detailed numeric data and commentary from the Fund's advisors is included as appendices to this report for readers who are interested in that deeper analysis.

3 DETAIL

Section 1: Performance

- 3.1 The investments comprising the Croydon Fund are expected to outperform gilt yields by 2%. This target, established by the 2013 Actuarial Valuation, is set out in the Funding Strategy Statement (FSS) adopted by this Committee 8 July 2014 (Minute A18/14). This will be revised by the 2016 Triennial Actuarial Valuation which is currently being undertaken and which has agreed upon an asset outperformance assumption of 2.2% over gilts (gilt yield being assessed by the market as being 2.2%), currently equivalent to 4.4% in total. The assumption at the time of the 2013 valuation was that gilt yields would be 3% so the real expected return, otherwise described as the discount rate, was 5%. That valuation also assumed that the funding gap would be closed over a 22 year period. However, as a risk based model has been adopted, the recovery period is less critical.
- 3.2 The following graph has been compiled from this information. The blue line shows the expected track of the value of assets growing in line with the FSS assumptions. This will be adjusted in the light of the 2016 and subsequent valuations. The orange line shows the actual value of the Fund to date and plots the course of growth over subsequent years using the same assumptions. This is a simplistic measure of the success of the strategy which does not take account of other variables, such as changes in demographic factors, wage inflation forecasts and other assumptions and that does not reflect changes in cash contributions nor movements in the gilt yield curve. However it is valuable as a tool to help track whether the direction of travel is in the right direction.



3.3 Details of the performance of individual components of the portfolio are summarised in Appendix A. As the portfolio has been built on the premise that diversification mitigates the impact of return volatility, the performance of individual investments is less important than the return of the Fund in aggregate and certainly cannot be assessed over less than a full cycle, and the duration of the cycle will vary from asset to asset.

Section 2: Asset Allocation Strategy

3.4 A new asset allocation strategy was approved at the Committee meeting held on 8 September 2015 (Minute .A29/15 refers). Recognising that there are a number of factors dictating the delivery timeframe for the asset allocation, namely: the selection process and time taken to undertake due diligence; the revision of the LGPS investment regulations; and the role of the London CIV; delivering the revised asset allocation remains a work in progress.

3.5 This asset allocation will give rise to a portfolio which can be broken down as follows:

Equities including allocation to emerging markets.	42%	+/- 5%
Fixed interest	23%	+/- 5%
Alternates	34%	+/- 5%
<i>Comprised of:</i>		
Private Equity	8%	
Infrastructure	10%	
Traditional Property	10%	
PRS	6%	
Cash		1%
		100%

3.6 Progress towards revised asset allocation

3.6.1 **Private Equity** – A net investment of £3.5m has been made with our existing private equity managers; coupled with increases in their valuations, this has led to our allocation increasing from 7.5% to 7.8%. The Fund is also undergoing Legal due diligence on another Private Equity fund, which is expected to be completed by the year end. This will bring the Fund up to the 8% target allocation. Going forward, further opportunities will be explored with existing managers and potentially new managers in order to maintain the allocation in line with the target.

Allocation: on target.

3.6.2 **Infrastructure** – During the quarter a net investment of £0.2m was drawn by existing infrastructure managers and although valuations increased, they did not increase at the same rate as the rest of the portfolio, so the allocation percentage decreased from 5.0% to 4.7%. During the next quarter we are expecting over £25m to be drawn, the majority of this by The Green Investment Bank Offshore Wind Fund. Officers are also looking at two other opportunities which will enable the Fund to meet the target asset allocation.

Allocation: on target.

3.6.3 **Traditional Property** – The target allocation has been met and officers are expecting this level of investment to continue as Schroder, the Fund's property manager reinvests the income generated by the current portfolio of assets.

Allocation: achieved target level.

3.6.4 **Private Rental Sector** - The Fund signed a commitment of £25m to the M&G UK Residential Fund in January 2016 and the Fund has now reached the front of the queue for draw downs (this fund was heavily over-subscribed). During the quarter £5.1m was drawn by M&G and a further £3.9m will be drawn in the next quarter. We are currently exploring options with the London CIV in order to fill the rest of the allocation.

Allocation: on target.

3.6.5 **Global Equities** – The Fund remained overweight at 56.9% when compared to the previous quarter, despite £7.5m being transferred to other assets. This is due to the strong performance of equities continuing over the quarter. A further £25m is planned to be transferred from global equities to infrastructure over the next quarter. Members

will be aware that the asset allocation strategy recognized that moving from the previous asset allocation would be a gradual process, driven by the availability of opportunities. It is also recognized that the preservation of returns is important. Consequently the current over-weight position in equities represents a positive benefit to the Fund. This must intentionally be a short-term position and the transfer of funds to other alternate asset classes, as described above, is part of the process of locking in some of the recent returns. The Fund's view is that this beneficial environment will persist for a while yet. Officers will continue to identify opportunities within the asset allocation strategy which will be funded by taking some of the growth in value from the equity allocation.

3.6.6 Fixed Interest – The Fund is currently underweight in its fixed income allocation and this is largely due to outperformance of other assets. Officers are exploring alternate opportunities to our traditional bond portfolio including debt managers.

The table below illustrates the movement in the Fund's valuation during the quarter and the current asset allocation against the target.

London Borough of Croydon Pension Fund
Fund valuation and asset allocation for the quarter ending 30 September 2016

	Valuation at 30/06/2016 £'000	Net Cashflow £'000	Gain/loss £'000	Valuation at 30/09/2016 £'000	Asset Allocation Fund Percentage	Asset Allocation Target Percentage
Equities					56.9%	42%
Legal & General World DB	51,145	- 7,500	3,955	47,600		
Legal & General FTSE4Good	469,861	-	41,029	510,890		
Fixed Interest					19.7%	23%
Standard Life	124,167	-	4,623	128,789		
Wellington	62,648	-	1,782	64,430		
Infrastructure					4.7%	10%
Temporis	7,308	659	0	7,967		
Equitix	38,389	- 486	632	38,535		
Private Equity					7.8%	8%
Knightsbridge	15,792	- 235	942	16,499		
Pantheon	47,911	- 394	3,391	50,908		
Access	4,692	4,179	208	9,079		
Property					9.5%	10%
Schroders	93,409	-	257	93,152		
Property PRS					0.5%	6%
M&G		5,130	195	4,935		
Cash					0.9%	1%
Cash	- 109	8,786	7	8,684		
Fund Total	915,212	10,139	56,116	981,467	100%	100%

3.7 Including commitments made before the beginning of the year a further £164 million will be invested in private equity, infrastructure and property funds. This will be funded by cash from a combination of employer contributions, dividends paid in cash and cash disinvested from the equity portfolio. Depending on the opportunities identified by fund managers these sums may be drawn down over a period of several years. It should be noted that, even after the cash invested in equities but earmarked for other investments is invested, the portfolio will be over-weight in the equity asset class. This will be corrected over a period of time as investment opportunities in infrastructure and private rental sector funds are identified.

3.8 Members should note that at present, none of these investments feature on the London CIV's project plan to establish sub-funds and accommodate transferred

investments. Nevertheless one of the core objectives for the pooling project has been achieved as the London CIV has negotiated a significant discount for equity fees.

- 3.9 Members' attention is drawn to the relative performance of equities compared with property. As the impact of Brexit worked its way through the markets, the fall in the value of Sterling gave a lift to equities whilst property was quite severely marked down, although this has since recovered slightly. Thus the strategy of diversification across asset classes protected the portfolio from excess volatility and provided a degree of downside protection.

Section 3: Risk Management

- 3.10 The principle risk addressed by the Funding Strategy is that returns on investment will fall below the target asset outperformance assumption to ensure that the Pension Fund matches the value of liabilities in the future. Dependent upon that are of course a number of issues.
- 3.11 The global economy will always represent a specific risk and opportunity for the Fund and will effectively be impossible to quantify or evaluate. As each asset class, investment strategy and characteristic will be impacted differently by any number of macroeconomic scenarios it is critical to ensure that the portfolio is sufficiently diversified. This will ensure that opportunities can be exploited and downside volatility reduced as far as possible.
- 3.12 In terms of the Pension Fund investment strategy in relation to the global picture, officers believe:
- The domestic US economy will continue to grow at a healthy rate and the outcome of the presidential election will not have a lasting impact on this outlook.
 - China will also continue to demonstrate strong growth and this will be critical in stoking the continued expansion of emerging markets. By and large emerging market revenue account issues have been resolved.
 - There remain concerns about the European economy, especially around German and Italian banks and the unresolved Euro question.
- 3.13 However there are equally many opportunities that can be exploited by very focused fund managers. The wave of elections culminating in the German Chancellor in October 2017 will create conditions of volatility that can be opportunities to capture returns.
- 3.14 The role of Central Banks in guiding local economies and that specific impact on the global economy remains an area for concern. Interest rates and inflation both represent significant headwinds impacting on the valuation of liabilities and the investments designed to match them.
- 3.15 Concentration risk is a particular concern, especially considering the extent to which the Fund is over-weight in equities. 9% of the value of the portfolio is invested in the top 10 stocks and arguably these are heavily correlated.

3.16 The portfolio term Brexit encompasses a number of risks. Immediate concerns that the UK economy would register a shock have not materialised. The fall in the relative value of sterling has masked a long term issue around productivity and actually benefitted the portfolio. Other concerns may manifest themselves in the future. One issue that seems certain to impact the fund is that of passporting and the cost of accessing investment opportunities. Although it is unlikely that performance will suffer there is a greater risk that costs, incurred by fund managers, as a function of being a custodian, and officer time, will increase. It is unlikely that these costs could be mitigated by negotiation or the use of pooling arrangements.

3.17 AON Hewitt, the Fund's investment advisor, have drafted a Manager Monitoring Report, a Market Review for the 3 months to 30 September 2016 and a Quarterly Investment Outlook which provides context for this risk analysis. These reports are included in the closed part of this Committee agenda.

4 CONSULTATION

4.1 Officers have fully consulted with the Pension Fund's advisers in preparing this report.

5 FINANCIAL CONSIDERATIONS

5.1 This report deals exclusively with the investment of the Council's Pension Fund and compares the return on investment of the Fund against the benchmark return.

6. COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

6.1 The Acting Council Solicitor comments that there are no additional legal implications arising by virtue of the recommendations in this report.

6.2 (Approved for and on behalf of Jacqueline Harris-Baker, Acting Council Solicitor and Acting Monitoring Officer)

7. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

7.1 This report contains only information that can be publicly disclosed. The confidential information is reported in the closed part of the agenda.

CONTACT OFFICER:

Nigel Cook – Head of Pensions and Treasury
Corporate Resources Department, ext. 62552.

BACKGROUND DOCUMENTS:

Quarterly reports from each fund manager (circulated under separate cover)

Appendices

Appendix A: Fund Returns

The following appendices are commercially sensitive:

Appendix B: AON Hewitt Manager Monitoring Report

Appendix C: AON Hewitt Market Review: 3 months to 30 September 2016

Appendix D: AON Hewitt Quarterly Investment Outlook

Appendix A

London Borough of Croydon fund returns for the period ending 30 September 2016

EQUITIES					
L&G FTSE 4GOOD	Quarter	1 year	3 year	5 year	inception
Fund	8.7%	27.2%			6.9%
Benchmark	8.7%	27.7%			7.0%
L&G World Index	Quarter	1 year	3 year	5 year	inception
Fund	8.3%	31.0%			14.7%
Benchmark	8.3%	31.2%			14.8%
FIXED INTEREST					
Standard Life	Quarter	1 year	3 year	5 year	inception
Fund	3.7%	8.6%	5.3%	5.8%	5.5%
Benchmark	3.3%	8.3%	5.7%	5.6%	5.7%
Wellington	Quarter	1 year	3 year	5 year	inception
Fund	2.8%	13.0%	9.1%	7.1%	8.1%
Benchmark	3.5%	13.6%	9.1%	7.2%	7.7%
INFRASTRUCTURE					
Equitix	Quarter	1 year	3 year	5 year	inception
Fund	1.7%	15.4%	4.2%	9.9%	11.5%
Benchmark	1.3%	5.9%	5.7%	6.4%	7.0%
Temporis	Quarter	1 year	3 year	5 year	inception
Fund	0.00%				-1.70%
Benchmark	1.34%				2.71%
PRIVATE EQUITY					
Knightsbridge	Quarter	1 year	3 year	5 year	inception
Fund	6.0%	20.1%	26.9%	16.4%	10.4%
Benchmark	1.3%	5.9%	5.7%	6.4%	7.0%
Pantheon	Quarter	1 year	3 year	5 year	inception
Fund	7.1%	35.6%	13.8%	11.6%	11.4%
Benchmark	1.3%	5.9%	5.7%	6.4%	7.2%
Access	Quarter	1 year	3 year	5 year	inception
Fund	4.4%				47.5%
Benchmark	1.3%				2.7%
PROPERTY					
Schroders	Quarter	1 year	3 year	5 year	inception
Fund	-0.3%	1.2%	12.0%		10.4%
Benchmark	-0.7%	3.3%	11.4%		9.4%
PROPERTY PRS					
M&G	Quarter	1 year	3 year	5 year	inception
Fund	-12.36%				-12.36%
Benchmark	-0.70%				-0.70%
Total Fund					
	Quarter	1 year	3 year	5yr	inception
Fund	6.05%	20.01%	10.94%	10.92%	7.99%
CPI + 4%	1.10%	4.94%	4.68%	5.38%	6.23%

Returns are net of fees and annualised apart from for the last quarter

All returns are calculated on a time weighted basis.

Schroders and M&G returns use the bid-price valuation