

Pension Board Agenda



To: Michael Ellsmore (Chair)
Co-optees: Richard Elliott, Teresa Fritz, Daniel Pyke, Ava Watt and David
Whickman
Councillor Jerry Fitzpatrick

A meeting of the **Pension Board** which you are hereby summoned to attend, will be held on **Thursday, 17 October 2019** at **2.00 pm** in **F10 Town Hall**

JACQUELINE HARRIS BAKER
Council Solicitor and Monitoring Officer
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Annette Wiles 0208 8726 6000 x64877
annette.wiles@croydon.gov.uk
www.croydon.gov.uk/meetings
Wednesday, 9 October 2019

Members of the public are welcome to attend this meeting.
If you require any assistance, please contact the person detailed above, on the righthand side.

N.B This meeting will be paperless. The agenda can be accessed online at www.croydon.gov.uk/meetings

AGENDA – PART A

1. Apologies for Absence

To receive any apologies for absence from any members of the Board.

2. Minutes of the Previous Meeting (Pages 5 - 10)

To approve the minutes of the meeting held on 11 July 2019 as an accurate record.

3. Disclosure of Interests

In accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, Members and co-opted Members of the Council are reminded that it is a requirement to register disclosable pecuniary interests (DPIs) and gifts and hospitality to the value of which exceeds £50 or multiple gifts and/or instances of hospitality with a cumulative value of £50 or more when received from a single donor within a rolling twelve month period. In addition, Members and co-opted Members are reminded that unless their disclosable pecuniary interest is registered on the register of interests or is the subject of a pending notification to the Monitoring Officer, they are required to disclose those disclosable pecuniary interests at the meeting. This should be done by completing the Disclosure of Interest form and handing it to the Democratic Services representative at the start of the meeting. The Chair will then invite Members to make their disclosure orally at the commencement of Agenda item 3. Completed disclosure forms will be provided to the Monitoring Officer for inclusion on the Register of Members' Interests.

4. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

5. AON Governance Review (Pages 11 - 12)

For the members of the Board to consider the final report of the Governance Review.

6. Croydon Local Government Pension Scheme Administration Team Performance Report for October 2019 (Pages 13 - 18)

For the members of the Board to receive an update report on the administration of the Pension Fund.

7. Risk Register Review (Pages 19 - 24)

For the members of the Board to consider the Pension Fund Risk

Register.

- 8. Scheme Advisory Board Annual Report (Pages 25 - 34)**
For members of the Board to consider the Scheme Advisory Board Annual Report.
- 9. The Pensions Regulator: Governance and administration risks in public service pension schemes (Pages 35 - 40)**
For the members of the Board to consider the report on governance and administration in public service pension schemes from the Pensions Regulator.
- 10. Pension Committee Governance Update (Pages 41 - 66)**
For the members of the Board to consider the policy statements.
- 11. The Local Government Pension Scheme Advisory Board Code of Transparency (Pages 67 - 72)**
For the members of the Board to consider the Local Government Pension Scheme Advisory Board Code of Transparency.
- 12. Local Pension Board Training Policy (Pages 73 - 80)**
For the members of the Board to consider the training policy.
- 13. Chair's update**
For the members of the Board to receive a verbal update from the Chair.
- 14. Exclusion of the Press and Public**
The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

“That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended.”

PART B

- 15. Minutes (Part B) of the Previous Meeting (Pages 81 - 82)**
To approve the minutes (Part B) of the meeting held on 11 July 2019 as an accurate record.

Pension Board

Meeting held on Thursday, 11 July 2019 at 2.00 pm in G4, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Michael Ellsmore (Chair);
Richard Elliott, Teresa Fritz, Daniel Pyke, Ava Watt, David Whickman and
Councillor Jerry Fitzpatrick

Also Present: Councillor Andrew Pelling
Lisa Taylor (Director of Finance, Investment and Risk (S151 Officer)), Nigel
Cook (Head of Pensions and Treasury), Victoria Richardson (Head of HR and
Finance Service Centre), Claire Agbaba (Pensions Team Leader) and Gill
Nelson (Pensions Team Leader)

PART A

27/19 Minutes of the Previous Meeting

The minutes of the meeting held on 26 March 2019 were agreed as an accurate record

28/19 Disclosure of Interests

There were no disclosures of interests.

29/19 Urgent Business (if any)

There were no items of urgent business.

30/19 Pension Fund Annual Report

The report was introduced by the Head of Pensions and Treasury who noted the draft report contained in the agenda pack and how the structure of this was determined by guidance. Members were invited to provide their feedback.

Members noted that the Investment Strategy should reference the Property Asset Transfer. This was acknowledged by the Head of Pensions and Treasury who thought it likely this would be included in the notes as a contingent asset.

In response to a Member question, the Director for Finance, Investment and Risk provided reassurance with regard to the auditors of the fund citing the regulations to which these were subject. It was noted that the contract for the auditing of the fund had a few years to run.

It was requested by Members that the annual report better highlight the facilities offered for member self-service currently featured in section 4.3. Additionally, the Chair specifically asked that the terms of reference of the Board be included in the report.

The increase in the value of the fund as noted on page 33 of the agenda pack was noted.

RESOLVED: the Board AGREED to note the report.

31/19 Local Pension Board Annual Report

The Chair highlighted that the Board's annual report provided the opportunity to look ahead within the context of the triennial evaluation, work on which had already commenced. The need to focus on training for Members and the administration of the fund were specifically noted. The Chair also stressed the work of the Board on the Governance Review, the outcome of which was anticipated.

RESOLVED: the Board AGREED to note the report.

32/19 Good Governance Structures for the LGPS: Separation of Responsibilities Project

The Head of Pensions and Treasury introduced the report noting that the Scheme Advisory Board had commissioned a consultation on good governance structures for the Local Government Pension Scheme including a focus on conflicts of interests. It was highlighted that the three options identified for evaluation are detailed in section 3.10 of the report. It was reported that the Chair of the Board had been interviewed as part of the consultation process.

It was asked if the consultation would look at the use of advisers given there can often be a repetition in those employed. The Head of Pensions and Treasury advised that this wasn't specifically part of the review.

RESOLVED: the Board AGREED to note the report.

33/19 Update on Developments in Respect of the McCloud/Cost Cap Case

The Head of Pensions and Treasury provided an introduction including an update subsequent to the publication of the report. Whilst this was not completely resolved it was reported it had been agreed to reflect the implications of the outcome of the McCloud case in the accounts as requested by the auditor. It was anticipated that the McCloud case would continue and be applied to the Local Government Pension Scheme and other public sector schemes with an impact on the triennial evaluation.

In response to a Member question, it was advised that it would be for employers to determine whether to recalculate costs but that advice could be sought from the Head of Pensions and Treasury.

The Chair emphasised the importance of the case and its implications going forward.

34/19 Croydon Local Government Pension Scheme Administration Team Performance Report for May 2019

The Head of HR and Finance Service Centre introduced the report noting that the aspiration to provide a fuller report in the future reflecting guidance from The Chartered Institute of Public Finance and Accountancy. It was explained that current systems do not make reporting on performance easy to achieve. The focus was on the performance of those items of greatest importance: notifications of retirement and death. The target is to respond within five working days to any death notification but currently this was taking on average ten working days. The target for response was ten working days following any notification of retirement which was being largely achieved. There were 7,000 outstanding cases with about half of these being deferred benefit calculations which were of lower priority.

It was explained that some of the performance issues were as a result of a previously vacant pension administrator post. However, this had been filled and additionally there was a proposal to increase the number of pension administrators from two to four. At the time of the meeting there were two vacant posts in the pensions team; a pensions manager and governance manager. The difficulties of recruiting to Local Government Pension Scheme (LGPS) posts were highlighted. As a result those with experience of deferred benefit schemes were being appointed with training having to be provided on the LGPS. Additionally, options around how to better manage deferred cases were being explored including outsourcing the administration.

In response to Member questions, it was explained that whilst the backlog of cases was increasing this was exclusive of responses to notifications of retirement and death which were prioritised and that the backlog would remain static at best unless some additional way was found for this to be addressed. It was noted that a business case for an additional post was being written for submission before the end of August 2019. Outsourcing was also being explored specifically to address the backlog and to remove the pressure this placed on the team and to allow it to move forward.

The Chair expressed his encouragement that this action be expedited to ensure the improved performance of the administration of the scheme. It was stressed that there are seven Key Performance Indicators that are mandatory and should be prioritised. The Board's nervousness about ensuring it was fulfilling its role in the eyes of the regulator was highlighted.

The Head of Pensions and Treasury reported that in terms of fulfilling its requirements, the only one missed had been around 40 annual benefit statements.

The Director of Finance, Investment and Risk summarised that the gaps in personnel were being identified across the relevant teams with the respective heads of service working together to achieve the most quick and efficient recruitment.

35/19 LGPS Governance Updates - Items Under Consideration by the Scheme Advisory Board

The item was introduced by the Head of Pensions and Treasury who noted the work of the Scheme Advisory Board on a Code of Transparency which sought to provide visibility of underlying fees and charges. Board Members anticipated that this would eventually form part of the good governance framework.

The consultation by the Treasury on a cost-cap for public sector exit payments was also highlighted. The Board noted that teachers' schemes no longer have auto-enrolment leading to a variability in pension payments. The desire that regulations be changed to address this was expressed.

RESOLVED: The Board AGREED to note the report.

36/19 Pension Board Forward Plan 2019/20

It was noted that the final report on the Governance Review would come to the Board's meeting in October 2019 with the representative of Aon in attendance. This would include a review of compliance with the Code of Conduct.

Training records (in summary version) were reported as forming part of the annual report.

It was acknowledged that an update on the performance of the administration of the scheme would become a standing item and that the Board would receive the triennial evaluation following its presentation to the Pension Committee.

37/19 Exclusion of the Press and Public

"That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for the following items of business on the grounds that it involves the likely disclosure of exempt information falling within those paragraphs indicated in Part 1 of Schedule 12A of the Local Government Act 1972, as amended."

RESOLVED: The motion was proposed by the Chair and seconded by Councillor Fitzpatrick. It was put to the Committee which AGREED to exclude the press and public for the remainder of the meeting.

38/19 Minutes (Part B) of the previous meeting

The minutes (Part B) of the meeting held on 26 March 2019 were agreed as an accurate record

39/19 Property Asset Transfer

RESOLVED: The Board AGREED to invite the Scheme Advisory Board Secretary (Robert Holloway) to attend the Board's meeting in January 2020 to discuss the general role of the Board. It was requested that a briefing for this session to be provided for approval to the Board's meeting in October 2019.

The meeting ended at 3.23 pm

Signed:

Date:

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Croydon Council

REPORT TO:	Local Pension Board 17 October 2019
SUBJECT:	Governance Review London Borough of Croydon Pension Fund – Aon Hewitt
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury

1. RECOMMENDATION

- 1.1 The Board is invited to note the Governance Review which is appended to this report.
- 1.2 Note that an Action plan to deliver the findings of the report will be developed and presented to the Pensions Committee in December 2019 and this Board in January 2020.

2. EXECUTIVE SUMMARY

- 2.1 This report informs the Pension Board that the review of the Governance arrangements for the Croydon Local Government Pension Scheme Pension Fund has been completed and that report is appended. An action plan is being prepared for submission to the Committee and Board.

3 DETAIL

- 3.1 At their first meeting on 2 July 2015 the Board agreed that a priority item for future meetings should be a review of the Governance arrangements for the management of the Council's Pension Fund. A review was commissioned from Aon Hewitt Ltd via the National LGPS Framework. It was carried out in early 2016 and the results were reported to the Board on 21 April 2016. The Board referred the Review to the Pension Committee who considered it on 7 June 2016.

*The Committee **RESOLVED** to:*

1.1 Note the contents of the Governance review.

1.2 Note the progress against achieving the goals set out in the action plan.

1.3 Request that further progress against this action plan be reported to the Committee in six months.

(Minute A42/16 refers.)

- 3.2 The Pension Board have discussed the progress towards meeting the recommendations of the review twice since, (1 December, 2016 minute A41/16 and 11 January, 2018 minute 4/17) and in turn the Pensions Committee have been briefed on this work: 7 March, 2017 and 13 March 2018 (minutes A9/17 and 20/18

respectively, refer).

3.3 In the summer of 2018 Aon Hewitt were commissioned to carry out a further review addressing the following issues:

- Look at the recommendations (reds and ambers) from the 2016 report and assess the Fund's progress against these, using the same methodology as the previous review.
- Where there have been any new policies produced or an existing policy updated, to conduct a full assessment of that policy, without necessarily revisiting any area that had previously been highlighted as satisfactory.
- Consider the governance arrangements in relation to the evolution to asset pooling through the London CIV. This would cover areas such as:
 - Is the reporting in relation to the Fund evolving effectively and does it provide the necessary information?
 - Does the risk management reflect the move to the London CIV?
 - Has the administering authority's governance structure been updated as necessary and
 - How effective is the process for making decisions relating to the CIV?
- A comparison with the results of the 2016 exercise. This would involve the completion of effectiveness questionnaires so that there can be a meaningful comparison with the results from last time; the reach of this exercise would include the officers, Committee and Board.

3.4 The resulting report is appended (Appendix A) for the Board to note. An Action Plan is being developed and will be presented to this Board early next year.

4 DATA PROTECTION IMPLICATIONS

4.1 Will the subject of the Report involve the processing of "personal data?"

No

CONTACT OFFICER:

Nigel Cook, Head of Pensions Investment and Treasury,
Finance, Investment and Risk
Resources Department, ext. 62552.

BACKGROUND DOCUMENTS:

None.

Appendices

Appendix A: Governance Review, London Borough of Croydon Pension Fund, AON, 20 September, 2019.

Croydon Council

REPORT TO:	Local Pension Board 17 October 2019
AGENDA ITEM:	
SUBJECT:	Croydon Local Government Pension Scheme Administration Team Performance Report for August 2019.
LEAD OFFICER:	Vicki Richardson, Head of HR & Finance Service Centre

1. RECOMMENDATIONS

- 1.1 The Board is invited to note the information appended to this report.

2. EXECUTIVE SUMMARY

- 2.1 This report provides the Board with information about the performance indicators relating to the administration of the Local Government Pension Scheme.

3. DETAIL

- 3.1 Attached as Appendix A to this report is a summary of the performance of the Local Government Pension Scheme administration team for the months of July and August 2019. This represents an initial attempt to report performance in a format compliant with the latest CIPFA Pension Panel Guidance.
- 3.3 The report features 7 legal deadlines, i.e. set out in the regulatory framework, and 6 targets set to assist management of the teams. There is also a chart to illustrate the flow into the team of new cases, the number processed within the month and the balance of outstanding cases.

Commentary

- 3.4 A high number of tasks were created in quarter 1 2019/20 due to year end scheme membership information being provided by employers to be processed.
- 3.5 Priority is always given to the life events that most impact scheme members, that is to say retirements and deaths. During August performance against these targets has remained strong. There were a small number of complex deceased cases, processed during August, which impacted performance against targets. Whilst not all deceased cases were processed within target all those received during the reporting period have been processed. A focus on processing outstanding new starters in August 2019 meant that whilst performance against target was low the number processed was high, with a reduction in the number of total outstanding new starters of over 50%.

- 3.6 Annual Benefits Statements were issued to 97% of scheme members by the deadline of 31 August 2019 and the team are looking into the circumstances that lead to there being some cases where it was not possible to issue a statement.
- 3.7 At end August there were 6,221 workflow tasks outstanding which was a significant reduction from end July. Over 60% of the outstanding tasks relate to a historical backlog of deferred benefit cases. A business case has been written which recommends procuring services from a specialist provider to clear the backlog of refunds and deferred benefit cases. This option was chosen over the alternatives as this is the most likely enabler to clearing the backlog in a reasonable timescale and gives greater control over cost. The strategy and options for procuring this service are currently being developed and it is expect this will be presented to the Council's Contracts and Commissioning Board in November.
- 3.9 We have now successfully appointed a new Pension Manager, who has been working within the sector for 12 years and is an experienced pensions professional. There are currently vacancies in the team for a Pension Governance Team Manager, Pension Team Leader, Pension Governance Officers and two Senior Pensions Administrators. Recruitment will commence in October subject to internal recruitment control approval.

CONTACT OFFICER:

Vicki Richards, Head of HR & Finance Service Centre
Resources department, ext. 62460

APPENDICES:

Appendix A: Croydon Local Government Pension Scheme Admin Team Performance Report.

Croydon Pensions Admin Team

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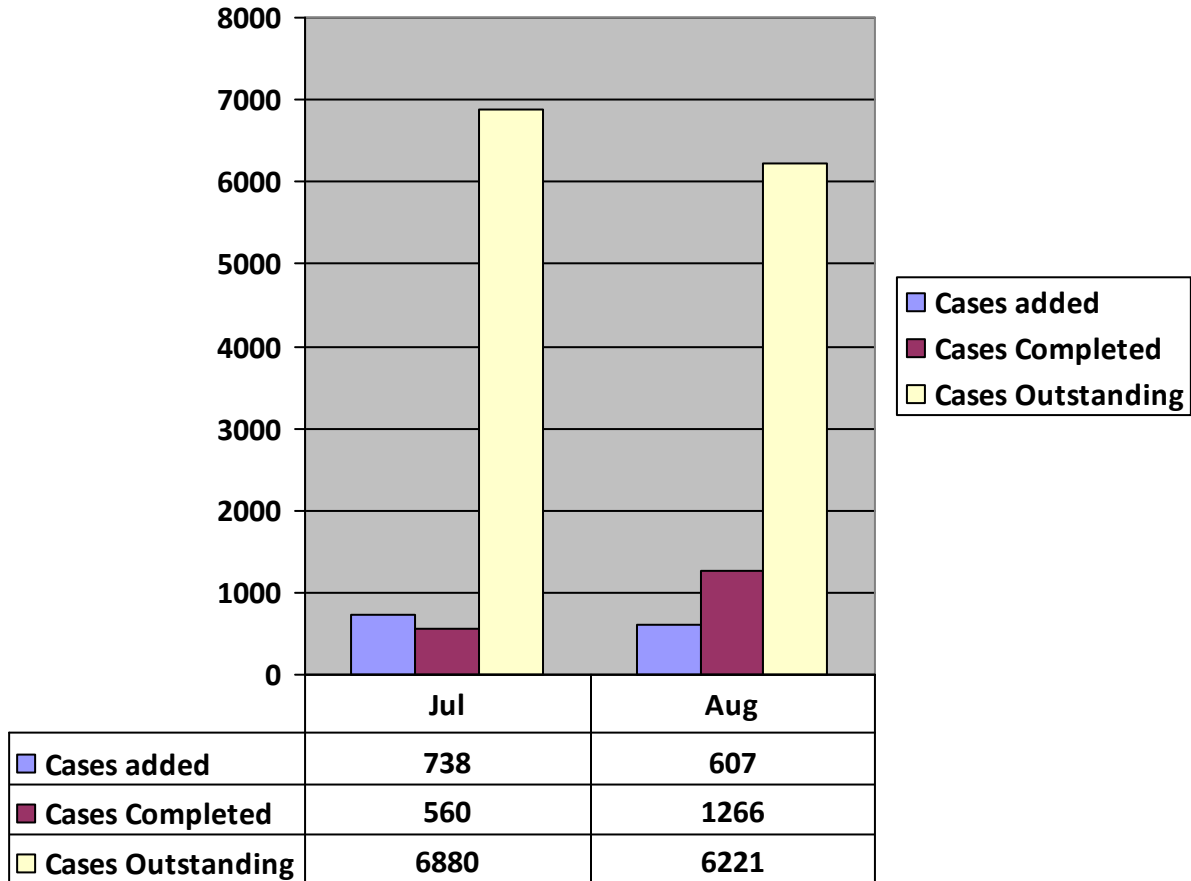
Legal Deadlines

Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline
		July 2019		August 19	
Send a notification of joining the LGPS to a scheme member	Two months from the date of joining the scheme or earlier if within one month of receiving jobholder information where the individual is being automatically enrolled/re-enrolled	69	94.20%	371	47.71%
Inform a member of the scheme of their leaver rights and options	As soon as practicable and no more than two months from the date of notification (from employer or scheme member)	Not available	Not available	Not available	Not available
Inform a scheme member of their calculated benefits (refund or deferred)	As soon as practicable and no more than two months from the date of notification (from employer or scheme member)	68	44.12%	50	24%
Notify the amount of retirement benefits	One month from the date of retirement if on or after normal pension age or two months from the date of retirement if after normal pension age	55	100%	62	100%
Provide a retirement quotation on request	As soon as practicable but no more than two months from the date of request unless there has already been a request in the last 12 months	84	98.81%	82	92.68%
Calculate and notify (dependent(s) of amount of death benefits	As soon as possible but in any event no more than two months from date of becoming aware of death or from date of request from a third party (e.g. personal representative)	23	100%	27	92.59%
Provide all active and deferred members with annual benefit statements each year	By 31 st August	N/A	N/A	16,048	97%

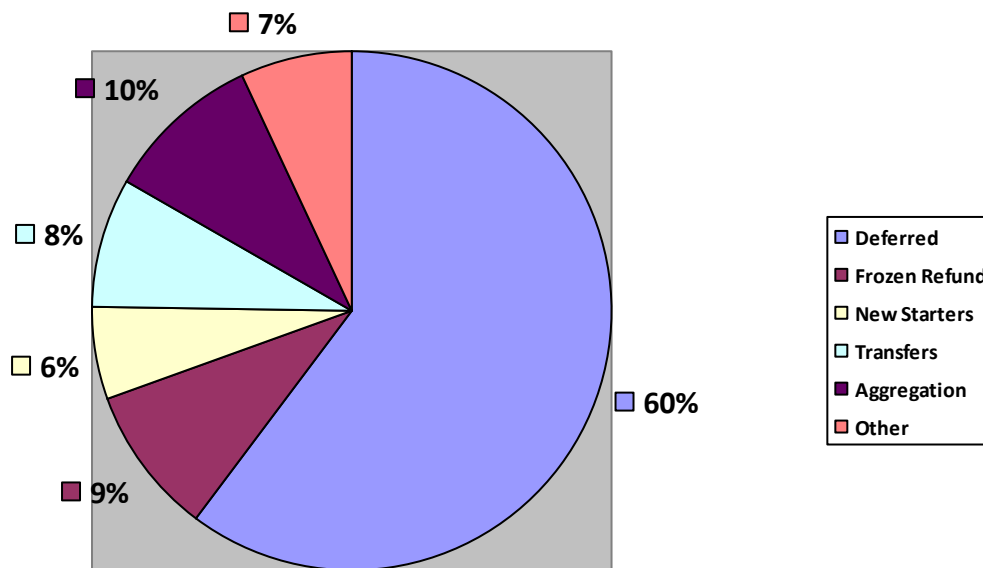
Team Performance Targets

Process	Team Target	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process
		July 2019			August 2019		
Send a notification of joining the LGPS to a scheme member	30 day from date of notification of joining member	69	72.46%	36	371	26.95%	121
Inform a member of the scheme of their leaver rights and options	40 working days from date of notification (from employer or scheme member)	Not available	Not available	Not available	Not available	Not available	Not available
Inform a scheme member of their calculated benefits (refund or deferred)	40 working days from date of notification (from employer or scheme member)	68	38.24%	300	50	16%	409
Notify the amount of retirement benefits	20 working days from date of retirement	55	100%	4	62	100%	3
Provide a retirement quotation on request	15 working days from date of request	84	71.43%	17	82	79.27%	14
Calculate and notify (dependent(s) of amount of death benefits	20 working days from receipt of all information	23	100%	8	27	92.59%	17

Case levels



Outstanding Cases by Type



Croydon Council

REPORT TO:	Local Pension Board 17 October 2019
SUBJECT:	Review of Risk Register
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury

1. RECOMMENDATION

- 1.1 The Board is asked to note the contents of the Pension Fund Risk Register and to comment as appropriate.

2. EXECUTIVE SUMMARY

- 2.1 It is recommended best practice for the Pension Committee to maintain a risk register. This report presents the current register (Appendix A) for the Board's consideration.

3. DETAIL

- 3.1 Best practice recommends that a risk register is maintained by the Fund recording relevant risk scenarios, together with an assessment of their likelihood and impact and appropriate mitigations. This report discusses risks relating to governance, funding, assets and liabilities and operational matters. Appendix A details those risks considered significant enough to merit careful, consistent scrutiny.
- 3.2 The Board is invited to comment on whether it considers this list sufficiently exhaustive, whether the assessment of each risk matches its perception and on the adequacy of existing and future controls.
- 3.3 The risk register is reviewed periodically and brought back to the Board for its consideration twice each annual cycle of meetings – it was most recently reviewed in March 2019.
- 3.4 Risks are rated on a scale of 1 to 5 on the likelihood of the risk occurring and its impact if it does. This allows a range of potential scores of between 1 and 25. The register shows that there are 9 significant risks for the Fund (i.e. scored 12 or higher). The portion of the register that lists those risks which scored 12 or higher is attached as Appendix A to this report.
- 3.5 Members should note that since the March 2019 review two risks have changed significantly: these risks relate to Brexit and to the London Collective Investment Vehicle (CIV).

- 3.6 As at the time of writing negotiations and discussions on the terms of the UK leaving the European Union, Single Market and Customs Union continue without a clear indication of the ultimate point of resolution. This presents three challenges for the administrators of the Croydon LGPS. Firstly, in respect of staff who are non-UK EU citizens. Secondly, relating to potential changes to financial regulatory frameworks, and thirdly, how it impacts on the performance of investments.
- 3.7 The second significant challenge relates to the London CIV. Since the last review there have been three incidents of note: the Emerging Market sub-fund has suffered the loss of key personnel requiring a transfer of investments to another fund manager; Ares, the fund manager expected to run the private debt mandate has withdrawn from the process; and CQS, who manage a fixed income mandate, have been put on watch. In addition there have been a loss of key staff in senior roles, most recently the Chief Investment Officer.

4 DATA PROTECTION IMPLICATIONS

- 4.1 Will the subject of the Report involve the processing of “personal data?”

No

CONTACT OFFICER:

Nigel Cook, Head of Pensions Investment and Treasury,
Finance, Investment and Risk
Resources Department, ext. 62552.

BACKGROUND DOCUMENTS:

None.

Appendix A
Risk Register.

Pensions Risk Register

Risk Scenario			Current Risk Rating			Future controls	Future risk rating			
Risk	Assigned to	Existing Controls	Impact	Likelihood	Risk factor		Impact	Likelihood	Risk Factor	
Governance Risks										
1	If other scheme employers cease trading or operating for any reason the Scheme Actuary will calculate a cessation valuation of their liabilities. If that employer cannot meet that liability the Council has to make good the shortfall.	Governance and Compliance Manager	Employers contributions are monitored on a monthly basis. Council officers rely on good communications to identify any problems at the earliest stage. The range of remedies includes reporting to the Pensions Regulator, involving other statutory bodies, such as the Education Funding Agency, up to court enforcement action.	3	4	12	The team are currently putting in place an employer risk strategy, which will lead to the early identification of employers at risk. The Government (MHCLG) have consulted on this issue and mitigations should reduce the potential impact of this risk.	3	3	9
Funding - Assets and Liabilities Risks										
2	The Fund's invested assets are not sufficient to meet its current or future liabilities.	Head of Pensions and Treasury	A formal actuarial valuation is carried out every three years, although the Government have consulted on changing this to every 5 years. This results in a Funding Strategy Statement which is regularly reviewed to ensure contribution rates and the investment strategy are set to meet the long term solvency of the Fund. The Scheme Actuary's view is that there is a 75% chance that the funding target will be achieved. The current strategy will be brought to this Committee before the end of the year.	4	3	12	Officers are looking at ways of monitoring the funding level on a more frequent basis rather than waiting for a full valuation every three years, although this needs to be done efficiently and in a cost effective manner. When the current valuation is completed officers will work with the Actuary to seek a cost efficient way of more frequent monitoring.	4	2	8
3	Between a quarter and a third of the Fund is held in illiquid investments. This means there is a risk that the authority might find itself with insufficient cash to meet short term and medium term liabilities without having to disinvest and thus damage the prospects of generating adequate investment returns.	Pension Fund Investment Manager	The Fund's contribution income is currently enough to cover the short term liabilities. This is kept under constant review and officers monitor the cashflow carefully on a monthly basis. The Council is currently forward funding the Pension Fund which provides a buffer. This cash will be invested in liquid assets to mitigate this risk.	3	4	12	Officers have identified a potential cash shortfall due to the changing investment strategy towards alternatives. At present, all dividend income is reinvested but officers are monitoring cash flow requirements to ensure that this remains an efficient part of maintaining sufficient funds to meet immediate liabilities.	3	2	6

4	There is a current risk that academies are not paying over contributions, which involves the administering authority in incurring unnecessary costs.	Governance and Compliance Manager	The authority has retained legal advisors to mitigate this risk, possibly through legal channels. The most significant case, in terms of contributions due, is currently being considered by the Pensions Ombudsman.	3	5	15	The decision of the Ombudsman is still awaited and this is likely to be an issue requiring attention for some time.	3	5	15
5	Under the S.13 reporting regime, the Government Actuary's Department (GAD) form a view of the viability of LGPS funds. Using GAD assumptions, rather than the Scheme Actuary's, the Fund is in the bottom decile for funding. There is a risk that the Government may intervene in the investment of the Fund.	Head of Pensions and Treasury	The current Scheme Actuary has indicated that there is a 75% likelihood that the Scheme will be fully funded in 22 years.	4	3	12	The authority is revisiting the funding position and contribution levels during the current valuation. Initial draft results from the valuation are encouraging.	4	2	8
Investment Risks										
6	There is a risk that, under any set of circumstances, an asset class will underperform. The Fund has a significant allocation to several single asset categories - for example, equities, fixed interest, property or alternates - which potentially leaves the Fund exposed to the possibility that a particular class of assets will underperform relative to expectation.	Pension Fund Investment Manager	The investment allocation mix is in a variety of uncorrelated investments designed to give a diverse portfolio, meaning any one investment class should not unduly impact on the performance of the overall portfolio if it underperforms relative to expectation. Due to a re-balancing exercise carried out during 2018-2019 investments are now in accordance with the allocation strategy.	4	3	12	A new asset allocation strategy is currently being considered to take effect from 1 April 2020.	3	2	6
7	The London CIV is experiencing problems recruiting to key roles, including to the Chief Investment Officer vacancy. This raises a number of concerns, including: fund launches; progress on the ESG project; and expanded permissions from the FCA. This latter point relates to their ability to transition funds.	Head of Pensions and Treasury	The Fund retains the services of an external consultant to assess the efficacy of transitions. This is a backward-looking review and the Fund does not have visibility of the process when the transition is happening or when the Fund is out of the market. The fund can rely on its investment advisor to ensure ESG issues are adequately addressed. Fund launches will be carefully monitored.	4	3	12	The appointment of a new Chief Investment Officer is not likely to start until 2020/21 and until then the post will be filled by an interim.	4	4	16

8	Specific macro-economic risks are addressed below but there is a more general, underlying risk of a global collapse in investment markets. The markets have experienced a continuous sequence of such events: Latin American sovereign debt; Black Friday crash; the Dot.com bubble; sub-prime and credit crunch. Other crises are inevitable.	Pension Fund Investment Manager	The discount rate assumption is reviewed at every valuation to ensure it gives appropriate views on future return expectations. The Fund is also well-diversified which provides a degree of protection.	4	3	12	A new asset allocation strategy is currently being considered to take effect from 1 April 2020. Consultations with the Fund's Investment Adviser are ongoing to ensure that, so far as possible, the Fund remains conscious of these risks and is taking reasonable precautions eg recently a currency hedging exercise has been carried out.	4	3	12
9	There is a risk that a "Hard Brexit" will result in disruption to the way that fund managers can operate and that this will have a deleterious impact on the Fund.	Head of Pensions and Treasury	The Government has rolled out a temporary permissions regime and EU27 governments are introducing mirror regimes to allow existing arrangements to continue. All the significant EU markets have introduced such regimes. However, a long-term solution to passporting has not been agreed.	3	4	12	There will be unresolved problems for a number of years due to the scale and complexity of the issue. The Fund will expect its managers to take all necessary steps to ensure they are prepared as well as possible for the developing situation.	3	3	9
10	There are a number of specific geopolitical risks which could affect the performance of global equities. The ones most likely to impact on the Fund are global trade tensions especially those arising from US/China competition. Others with potentially serious impact are Gulf tensions, and Brexit.	Pension Fund Investment Manager	Equities have performed well to the extent that the Fund was over-weight in the asset class. This has now been addressed.	4	3	12	The rebalancing has now been completed and the allocation strategy is being reviewed.	3	2	6
Operational Risks										

Key

Below 10 is considered a Green Risk.

A score between 10 and 19 is an Amber Risk.

A score of 20 or above is a Red Risk.

Impact is measured on a scale of 1 to 5.

A score of 1 suggests that the potential impact would be insignificant and a score of 5 would be catastrophic.

Likelihood is also measured on a scale of 1 to 5.

In this instance a score of 1 suggests that the occurrence will be rare and score of 5 would be almost certain to happen.

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Croydon Council

REPORT TO:	Local Pension Board 17 October 2019
SUBJECT:	The Local Government Pension Scheme Advisory Board- Annual Report 2018
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury

1. RECOMMENDATION

- 1.1 To note this report.

2. EXECUTIVE SUMMARY

- 2.1 This report summarises the findings of the Local Government Pension Scheme Advisory Board Annual Report for 2018. The Report covers governance, funding, membership, investment and the financial, auditor and adviser statements. The full report can be accessed at <http://www.lgpsboard.org/index.php/schemedata/scheme-annual-report>.

3. DETAIL

- 3.1 The Advisory Board's Report is presented as follows:

- Foreword / Highlights (Paragraph 3.2);
- Governance (Paragraph 3.3);
- Funding (Paragraph 3.4);
- Membership (Paragraph 3.5);
- Investment – Asset Stewardship (Paragraph 3.6), Investment Allocation (Paragraph 3.7) and Investment Performance (Paragraph 3.8);
- Financial Statements 2018 (Paragraph 3.9);
- Auditor Statements (Paragraph 3.10);
- Advisor Statements (Paragraph 3.11).

3.2 Foreword / Highlights

- 3.2.1 In his Foreword, the Chair of the Board describes the Local Government Pension Scheme (Scheme) as one of the largest defined benefits schemes in the world and the largest in England and Wales. It has 14,800 employers, £5.8m members and assets of £275bn. The Report aggregates information supplied in the 89 fund annual reports as at 31 March 2018. The Chair identifies highlights as follows:

- Total membership grew by 3.4% from £5.6m in 2017 to £5.8m in 2018;
- Total assets increased by 5% to £275bn invested in pooled investment vehicles (54%), public equities (29%), bonds (7%), direct property (3%) and other asset classes (7%);
- Net return on investments of 4.0% for the year 2017/18 reflected market conditions;
- Contributions exceeded benefits payments by £1,845m; total net additions from dealings with members totalled £1,619m;
- Over £1.7m pensioners were paid over the year.

3.2.2 As at 31 March 2016 total Scheme liabilities were estimated at £254bn indicating an overall funding level of 85%. The next valuation of the funds in the Scheme will be as at 31 March 2019.

3.3 Governance

3.3.1 At the national level the Scheme is governed by the Department of Communities and Local Government (DCLG) [renamed as Ministry of Housing, Communities and Local Government (MHCLG) in January 2018] and the Scheme Advisory Board. The Scheme has to take account of guidance issued by the Pensions Regulator and Pensions Ombudsman determinations.

3.3.2 MHCLG issues statutory guidance and each administering authority is required to publish a governance compliance statement and explain any non-compliance. Each administering authority is subject to an annual external audit and has to publish an audited financial statement and annual report.

3.3.3 The role of the Scheme Advisory Board is to help and support MHCLG and administering authorities fulfil their statutory duties and obligations. Training has been delivered to the Board on an ongoing basis at its meetings and through its professional advisers and attendance at Scheme conferences and other events.

3.3.4 At the local level, each Scheme fund is administered by its administering authority. From 1st April 2015, under the provisions of section 5 of the Public Service Pensions Act 2013 and regulation 106 of the Scheme Regulations 2013 (as amended) each administering authority must establish a Local Pension Board.

3.3.5 The investment and management of Scheme assets, the collection of employer and employee contributions and payment of pension benefits is the responsibility of Scheme administering authorities.

3.3.6 To assist in the establishment of local pension boards, the [then] Shadow Scheme Advisory Board developed [guidance](#) on the creation and operation of Local Pension Boards for Administering Authorities.

3.4 Funding

- 3.4.1 In line with the Scheme regulations, the funds' actuarial positions are reviewed every three years. The triennial valuation results shown in the 2018 Annual Report and Accounts were based on membership data and asset values as at 31 March 2016.
- 3.4.2 As at 31 March 2016, the total asset value of the Scheme was £216bn, compared with £181bn as at 31 March 2013. The liabilities totalled 254bn in aggregate producing an overall funding level of around 85%.
- 3.4.3 By way of comparison, as at 31 March 2016, the funding level of the 5,945 direct benefit occupational pension schemes within the Pension Protection Fund Index was 81.0% (on an insurance buyout basis, which is different from the Scheme actuarial valuation methodology). As at 31 March 2016 the University Superannuation Scheme funding level was 83%.
- 3.4.4 The Board has produced a detailed report on the valuation and provided some wider context as to a) how employer contribution rates are calculated during valuations, and b) how individual fund valuations relate to the Board cost management process.
- 3.4.5 They have also provided the following aggregated information from the annual report and audited accounts of the Scheme funds showing the development of the Scheme. Importantly, this shows that active membership increased and contribution payments continued to exceed benefit payments, which is consistent with the Scheme remaining open to new entrants.

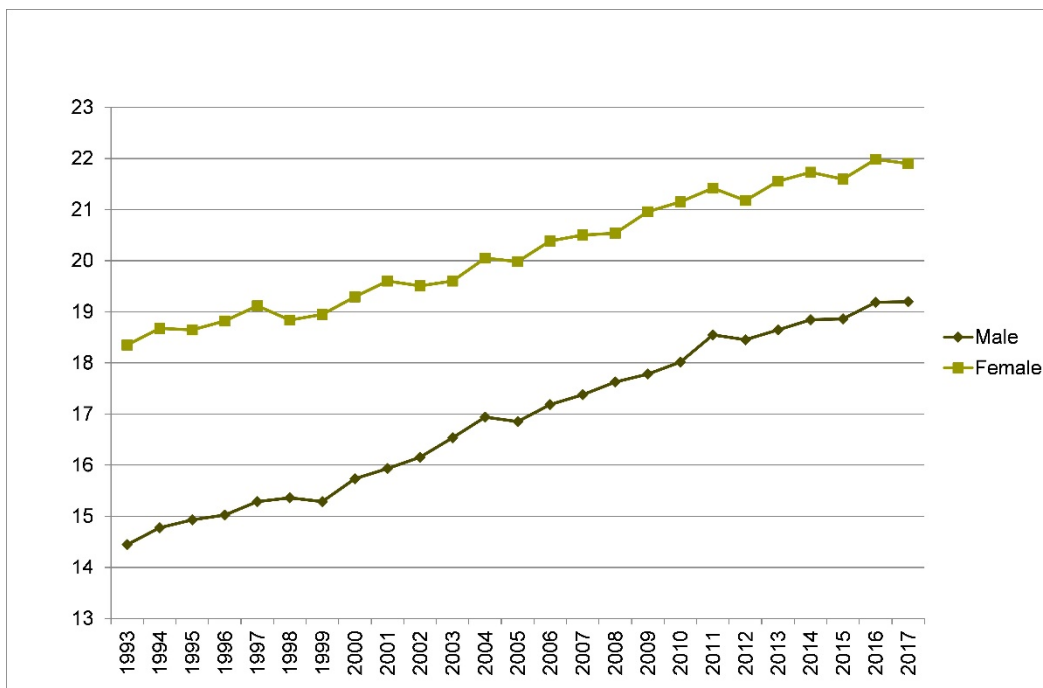
Table 1: Development of the Scheme

	2018	2017	2016	2015	2014	2013
Number of actives (000)	2,010	1,964	1,899	1,905	1,819	1,728
Number of deferred (000)	2,159	2,078	1,859	1,834	1,723	1,621
Number of pensioners (000)	1,691	1,642	1,530	1,512	1,459	1,408
Total value of assets (£bn)	275	263	217	217	192	180
Net return on Investment (%)	4.4	19.4	0.1	12.1	5.9	12.5
Total contributions paid (£bn)	11.8	9.7	9.3	9.6	8.7	8.3
Total benefits paid (£bn)	9.9	9.7	9.4	9.0	8.6	8.2
Inflation (CPI) (change over previous 12 months to September) (%)	3.0	1.0	0.0	1.2	2.7	2.2

- 3.4.6 Hymans Robertson and Club Vita have developed a Scheme Life Expectancy Index to support the work of the Board. This Index will help support the communication of changing life expectancy in the Scheme to its members. The Index will also provide the Board with longevity related information, including early warning of upwards cost pressures to support its role in the cost management process.
- 3.4.7 The chart below demonstrates the annual progression of the Scheme Life Expectancy Index between 1993 and 2017 for male and female England and

Wales Scheme pensioners. It measures the number of years members are expected to live after reaching the age of 65.

Chart 1: Years in retirement from age 65 (1993 - 2017)



3.5 Membership

3.5.1 At 31 March 2018, the total membership of the Scheme was 5.8m, compared with 5.6m at 31 March 2017. The greatest increase in absolute and relative terms was in deferred membership, which increased by 4.1% over the year. This was due in part to the reporting of undecided leavers previously not included in deferred totals.

3.5.2 Increases in membership of all types over the last six years are shown in the table below.

Table 2: Categories of Membership

(000s)	Actives	Deferreds	Pensioners	Total
2012	1,705	1,529	1,366	4,600
2013	1,728	1,621	1,408	4,758
2014	1,819	1,723	1,459	5,001
2015	1,870	1,798	1,487	5,156
2016	1,899	1,859	1,530	5,289
2017	1,964	2,078	1,642	5,684
2018	2,010	2,159	1,691	5,861
Increase (decrease) 2013	1.4%	5.7%	3.0%	3.3%

Increase (decrease) 2014	5.0%	5.9%	3.5%	4.9%
Increase (decrease) 2015	2.7%	3.7%	1.9%	2.8%
Increase (decrease) 2016	1.5%	3.3%	2.9%	2.5%
Increase (decrease) 2017	3.3%	10.5%	6.8%	6.9%
Increase (decrease) 2018	2.3%	4.1%	3.7%	3.4%

3.5.2 The total number of employers listed in Fund annual reports and accounts for 2017/18 was 14,785, compared with 14,019 for 2016/17. The table below shows the average number of employers per fund by type of administering authority.

Table 3: Scheme Employers

Fund administering authority type	Count of funds	Average number of employers per fund
Metropolitan Districts	7	400
County Councils	38	261
Other	4	37
Wales	8	59
London Boroughs	32	46

3.6 Asset stewardship

3.6.1 Collectively the £275bn Scheme funds make up one of the largest 10 global sources of capital and can influence behavioural changes that lead to better stewardship by the global asset management community and the entities and places in which they invest.

3.6.2 The UK Stewardship Code (second edition 2012) and global United Nations Principles of Responsible Investment (UNPRI) set out key principles of effective stewardship for asset owners to help them better to exercise their stewardship responsibilities.

3.6.3 Compliance with these UK and global sets of principles is not mandatory for Scheme funds but they have the support of the UK Government and Local Authority Pension Fund Forum (LAPFF).

3.6.4 As at 31 March 2018 some 28 (31%) were signatories to the Code and 8 funds (8%) (plus one pool company becoming a signatory in March 2018) were signatories to the UNPRI. Since March 2018, three more pool companies and the City of London Corporation have become signatories to UNPRI. The London CIV is a signatory to both.

3.7 Investment allocation

3.7.1 The table below shows the aggregated change in percentage asset allocation for the Scheme funds between 31 March 2017 and 31 March 2018.

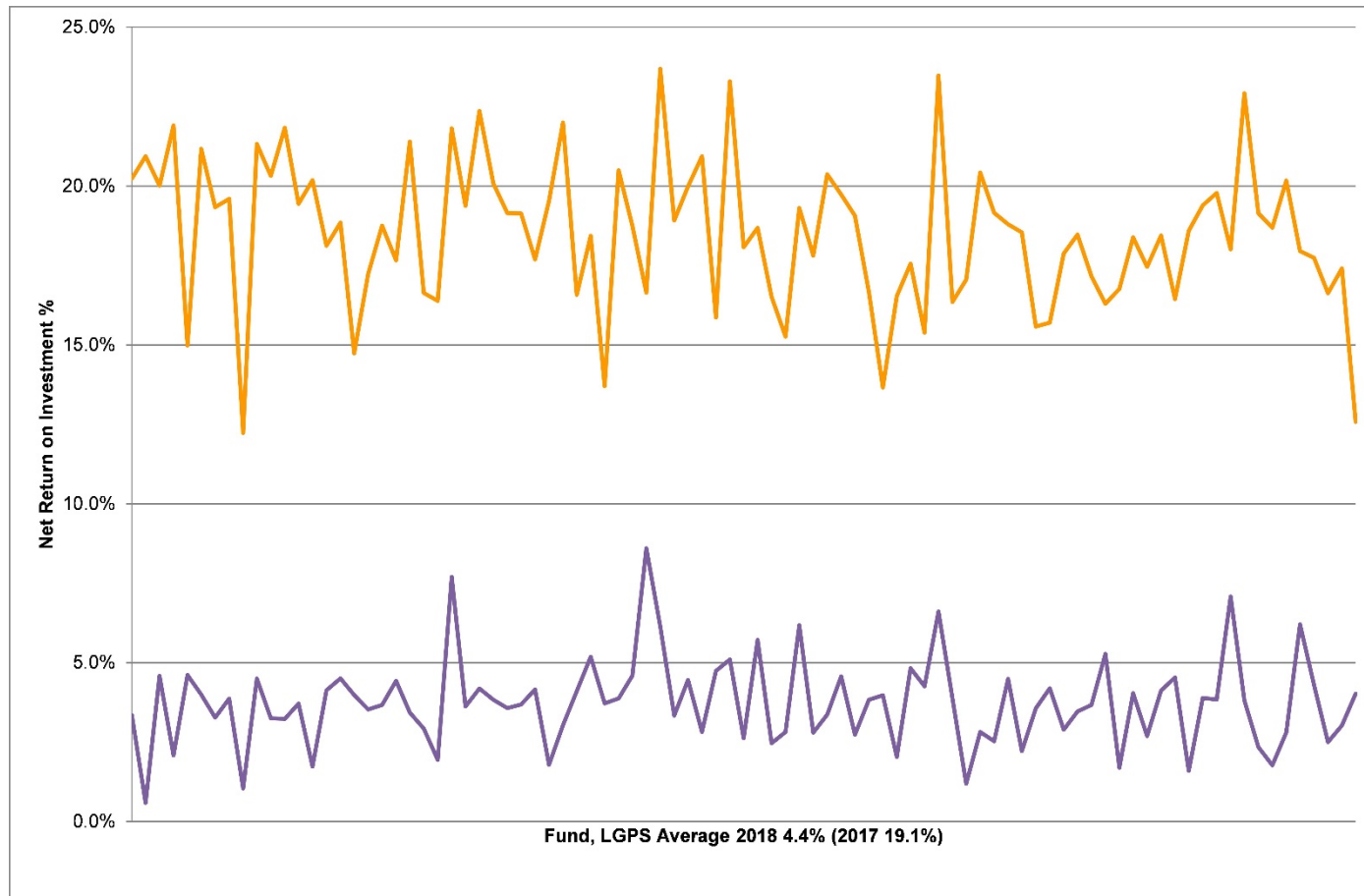
Table 3: Changes in Asset Allocation

Investment Assets	2017	2018	Change
Fixed interest securities	7.0%	6.7%	-0.2%
Equities	31.8%	28.5%	-3.2%
PIVS	47.3%	49.6%	2.3%
Property PIVs	47.3%	4.9%	0.3%
Derivatives	0.6%	0.2%	-0.4%
Property	2.7%	3.0%	0.3%
Other	1.1%	1.6%	0.5%
Private Equity	2.6%	2.6%	0.0%
Cash deposits	2.2%	2.6%	0.4%
Other balances	0.3%	0.4%	0.1%
Total	100.0%	100.0%	

3.8 Investment performance

3.8.1 The graph below shows the net return on investment based on aggregated Fund accounts for the years to 31 March 2017 (■) and to 31 March 2018 (■).

Chart 2: Net Investment Returns



3.8.2 The average return on investment, and total for the Scheme on an aggregate basis, for the year ended 31 March 2018 was 4.4% (2017 19.4%). The average investment expenses were 0.4% over the period (2017 0.4%), giving a net return on investment of 4.0% (2017 19.0%).

3.8.3 The market commentary in paragraphs 3.8.4 to 3.8.6 was provided by Pensions & Investment Research Consultants Ltd based on their Local Authority Pension Fund Performance Universe. This year's peer group results are based on a universe of 61 funds with a value of £177bn. This represents some two thirds of local authority pension fund assets and includes all of the Welsh and Northern Pools, all bar two of the London Pool, with funds from all other pools except Central.

3.8.4 Over the last twelve months the average local authority pension fund has returned 4.5%. This return is below the 30 year average of 8.9% p.a. but broadly in line with actuarial assumptions which are currently estimating around 4% p.a. Asset returns were tightly grouped with bonds, equities and alternatives returning 1%, 4% and 6% respectively for the year. Strategic asset allocation therefore had less of an impact than usual - the range of individual fund returns was about half that seen in the year previous with almost all funds returning between 2% and 6% for the year.

UK equities underperformed all major overseas markets for Sterling investors. Active management also failed to add any value above the benchmark.

After struggling in 2016 to 2017 **active global equity** managers came back strongly in the last year. The average global equity portfolio outperformed the index by over 2% in the latest year. Baillie Gifford, the largest active equity manager across the Scheme, performed particularly strongly. The funds in the top decile of performance in the last year were all managed in part by Baillie Gifford.

Bond markets produced small positive returns. Those funds that invested in absolute return mandates produced better returns than those managed against market indices. Most bonds are managed on an active basis and the move towards absolute return portfolios (all of which are actively managed) has meant that the level of passive management within this group has declined further in the last year. Bond portfolios performed broadly in line with benchmarks with exception of overseas bonds where they comfortably outperformed.

Property was the best performing of the major asset classes returning 10% for the year. Most funds now have some exposure to this asset which enhanced overall returns.

- 3.8.5 In terms of asset allocation, this has remained broadly unchanged over the last decade - with equities remaining the dominant asset class in most fund's allocations. The reduction in the equity exposure was reduced at the fastest rate yet seen in the latest year. However, the Scheme is still substantially overweight in equities when compared with the corporate sector where schemes have sought to 'de-risk' their assets, moving instead to bonds and cash flow matching investments. The movements in allocation can be seen below.

Table 4: Movement in Asset Allocations

Allocation	31/3/2016	31/3/2017	31/03/2018
Equities	60	62	55
Bonds	16	15	18
Alternatives	9	10	11
Property	9	8	9
Cash	3	2	3
Diversified Growth	3	3	4

- 3.8.6 Longer term performance has been extremely strong over the medium and longer term. There have been only five years of negative performance in the last thirty, at the start of the millennium (the bursting of the dot-com bubble) and the global financial crisis (2008/09). All periods were followed by double digit returns. The equity 'shocks' that investors are so concerned about mitigating have been infrequent and the reward for holding equities substantial. The discrete period performance of local authority performance has been as below.

Table 5: Long Term Performance

% pa	3 Years	5 Years	10 Years	20 Years	30 Years
Average	8.3	8.8	7.7	6.5	8.9
Median	7.7	8.5	7.5	6.1	8.7
RPI	2.7	2.3	2.8	2.8	3.3
CPI	1.7	1.4	2.3	2.0	2.6

3.9 Financial statements

- 3.9.1 The Statement of Accounts summarises the Scheme’s transactions for the year. The data used comes from the individual funds’ financial statements which are prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (The Code). The Code is issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and is based on International Financial Reporting Standards, as amended for the UK public sector. The individual fund accounts have been prepared on an accruals basis in accordance with the Code, apart from transfer values which are accounted for on a cash basis in accordance with the Code.
- 3.9.2 The Net Assets Statement, similarly summarises the Scheme’s assets position at year end.

3.10 Auditor Statement

- 3.10.1 Each Scheme fund is subject to an annual statutory external audit of its financial statements that must be prepared in accordance with Scheme regulations and CIPFA guidance. The Scheme Advisory Board is keen that all funds publish their statutory annual report and audited financial statements by 30 September and at the latest by 1 December each year. The latter was largely achieved in 2018 other than by a small number of funds whose reports were not published until after the deadline.
- 3.10.2 The Scheme financial audits are the responsibility of three statutory auditing bodies – the Public Sector Audit Appointments Limited (PSAA) (the Audit Commission up to 31st March 2014) and National Audit office for 83 LGPS funds based in England; and Welsh Audit Office for 8 LGPS funds based in Wales. They are required to give assurance (or otherwise) that the financial statements show a true and fair view of the fund income and expenditure and of the amount and disposition of the fund assets and liabilities.

3.10.3 Audits were carried out by the following:

Auditor	Number of audits
National Audit Office	2
Grant Thornton	32
Deloitte	7
Ernst & Young	23
BDO LLP	6
Mazars	11
Welsh Audit Office	8
TOTAL	89

3.11 Advisor Statements

3.11.1 UK pensions law requires those charged with the governance of occupational pension schemes and pension funds to take professional advice in respect of their fiduciary duties towards beneficiaries.

3.11.2 During 2017/18 the Scheme administering authorities all received advice from external auditors and, as they deemed appropriate, from a range of specialist external advisors in respect of:

- Administration
- Asset custody
- Actuarial
- Benefits
- Investment
- Legal
- Other

4 DATA PROTECTION IMPLICATIONS

4.1 Will the subject of the Report involve the processing of “personal data?”

No

CONTACT OFFICER: Nigel Cook, Head of Pensions Investment and Treasury, Finance, Investment and Risk Resources Department, ext. 62552.

BACKGROUND DOCUMENTS:

None.

Croydon Council

REPORT TO:	Local Pension Board 17 October 2019
SUBJECT:	The Pensions Regulator: Governance and administration risks in public service pension schemes
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury

1. RECOMMENDATION

- 1.1 To note this report.

2. EXECUTIVE SUMMARY

- 2.1 This report summarises the findings of The Pensions Regulator arising from their recent survey of the governance and administration of 10 UK Local Government Pension Scheme funds. The full report is attached as Appendix A. Appendix B details the detailed recommendations of the report.

3. DETAIL

- 3.1 On 19 September 2019 The Pensions Regulator published their report on the findings of their recent survey of the governance and administration of 10 UK Local Government Pension Scheme funds. The report is attached as Appendix A - ***Governance and administration risks in public service pension schemes: an engagement report.***
- 3.2 On the publication of this report the LGPS Scheme Advisory Board issued a statement to offer some context to this exercise. Ten UK local government funds were engaged with between October 2018 and July 2019. The report summarises the key findings against the Regulator's Code of Practice 14 both in terms of exceeding and falling short of required standards. The Board noted that this ties in closely in with the Board's own Good Governance project. The Board considered that identifying examples of best practice as well as areas for further improvement would be helpful to LGPS funds in seeking to enhance their own governance and administration arrangements.
- 3.3 It would be helpful for the Board to consider the issues.
- 3.4 The key issues included in the Executive summary of the report are covered here. Encouragingly the report begins by stating that, although there were some areas requiring improvement there were others demonstrating good practice relating to the various risk areas investigated.

- 3.4.1 **Key person risk:** While most scheme managers demonstrated good practice, many funds have a lack of comprehensive documented policies and procedures. The report found an over-reliance on controls put in place by the Local Authority with little interaction between the scheme manager and Local Authority. This was particularly prevalent in relation to cyber security but this theme overlays several of the risk areas explored.
- 3.4.2 **Pension boards:** Engagement levels varied, with concerns being raised about the frequency some pension boards meet and their appetite to build their knowledge and understanding. The report found evidence of some pension boards not wanting to review full documents, instead relying on much reduced summaries and leading to the question of how they could fulfil their function. Others were well run and engaged.
- 3.4.3 **Fraud / scams:** The report found evidence of scheme managers learning from wider events and taking steps to secure scheme assets. However, it seems not all were as vigilant when it came to protecting members from potential scams.
- 3.4.4 **Employers:** The report noted considerable variance in the approaches taken to dealing with the risks surrounding employers, such as receiving contributions and employer insolvency. Generally this was connected to fund resourcing but also related to different philosophies related to taking security over assets.

3.5 The Report concluded that:

- Not all funds are the same and there is a variety of equally valid approaches to mitigating risk used across funds in the LGPS.
- It is important that scheme managers recognise, and maintain, a separation between the Fund and Local Authority to avoid an over-reliance on the Local Authority's policies and procedures. When establishing its own policies and procedures a scheme manager should be able to seek assistance from the pension board, meaning steps should also be taken to ensure the pension board is able to fulfil its role. Where this is not possible, scheme managers should feed into creating Local Authority policies to make sure they are fit for purpose.
- There are clear benefits to the operation of the fund where there is an engaged s.151 officer who is directly involved.
- Good quality data and record-keeping standards underpin all aspects of successfully running a fund and these areas should be treated as a priority in order to drive good outcomes.
- Scheme managers that have developed and implemented a robust pension administration strategy have found them useful. While not a legal requirement, scheme managers should consider whether this type of document will be useful and look to introduce them where this is the case.
- A common risk is the unexpected departure of key members of the scheme manager's staff. Succession planning and clearly recorded processes help mitigate this risk.
- Measuring governance and administration is challenging and requires more than just an analysis of raw figures. Scheme managers should therefore put in place appropriate reporting measures that they believe

capture both quantitative and qualitative assessments. This approach should be tailored to the specific circumstances of their fund.

- Scheme managers should take a holistic approach when considering the governance and administration risks to their fund. Most risks are connected to each other and a scheme manager should understand how a risk materialising will impact on other areas of governance and administration.
- Risks to funds are constantly changing and evolving. For example, the methods used by scammers change over time. Scheme managers should be alert to the changing nature of risks and adapt their approaches accordingly.
- Many scheme managers have a clear understanding of how their funds operate and want to provide the best experience for savers. Where scheme managers liaise with each other to discuss common challenges and solutions to them, whether at formal events or through ad hoc engagement, often leads to improved governance standards. This should be encouraged.

3.6 Appendix B details the specific recommendations of the Report. Officers are working up a full response to these recommendations and this will be brought to a future meeting of the Board.

3.7 The Board are invited to note this report and comment as they seem appropriate.

CONTACT OFFICER: Nigel Cook, Head of Pensions Investment and Treasury, Finance, Investment and Risk Resources Department, ext. 62552.

BACKGROUND DOCUMENTS:

None.

APPENDICES

Appendix A – Governance and administration risks in public service pension schemes: an engagement report:

<https://www.thepensionsregulator.gov.uk/en/document-library/research-and-analysis/governance-and-administration-risks-in-public-service-pension-schemes-an-engagement-report>

Appendix B – Recommendations of Report and Council's compliance

APPENDIX B

THE PENSIONS REGULATOR RECOMMENDATIONS

Record-keeping

- Scheme managers should be aware of how the member data they hold is measured. Data quality needs regular review. A robust data improvement plan should be implemented as appropriate.
- The quality of member data should be understood by the Scheme Manager and Pension Board. It should be recorded and tracked to ensure common and scheme specific data is of good quality. An action plan should be implemented to address any poor data found.
- Although not a legal requirement, a Pension Administration Strategy could be implemented clearly setting out responsibilities and consequences of not complying with duties to the fund. The Pension Board should review the Strategy and ensure it will stand up to challenges from employers.

Internal controls

- A risk register should be in place and cover all potential risk areas. It should be regularly reviewed by the pension board.
- The scheme manager should take a holistic view to risks and understand how they are connected.
- The pension board should have good oversight of the risks and review these at each pension board meeting.
- Internal controls and processes should be recorded, avoiding an over reliance on a single person's knowledge levels.
- The scheme manager should ensure all processes are documented and reviewed on a regular basis.
- Decision and action logs covering all decisions provide a useful reference point as decisions recorded in minutes can be hard to locate.

Administrators

- Scheme managers must agree targets and have a strong understanding of what service providers are expected to achieve. The scheme manager should challenge and escalate as appropriate should the agreed standards not be met.
- Contract lengths should be known and planned against to allow sufficient time to consider contract extensions or for the tender process, as appropriate. This mitigates risks in handing over to a new administrator.
- It is helpful for the administrator to attend and present to pension board meetings as pension board members can use their knowledge and understanding to effectively challenge reports being provided.
- Scheme managers should hold regular meetings with their service providers to monitor performance.

Member communication

- Information sent to members should be clear, precise and free from jargon.
- There should be senior oversight of communications sent to members and prospective members.
- It is often helpful for scheme managers to measure the effectiveness of their communication with savers, e.g. measuring website traffic and running surveys.

Internal Dispute Resolution Procedure (IDRP)

- There should be a clear internal policy on how to handle complaints, including escalation to suitable senior members of staff.
- People entitled to use the IDRP should be given clear information about how it operates.
- This information should be easily available, e.g. on the fund website.
- The pension board and scheme manager should have oversight of all complaints and outcomes, including those not dealt with in-house.
- Complaints and compliments could be analysed to identify changes that can be made to improve the operation of the fund.

Governance and administration of public service pension schemes

- The scheme manager should arrange training for pension board members and set clear expectations around meeting attendance.
- Individual pension board member training and training needs should be assessed and clearly recorded.
- The pension board should meet an appropriate number of times a year, at least quarterly.
- Processes should be in place to deal with an ineffective pension board member by either the chair of the pension board or the scheme manager.
- Scheme managers should be aware of the risk of pension board member turnover and ongoing training needs.
- Regular contact between the scheme manager and chair of the pension board is helpful. An open and auditable dialogue outside of formal meetings can help improve the governance and administration of the fund.
- The chairs of the pension board and pension committee should consider attending each other's meetings to observe as this leads to better transparency.
- Pension board members should be fully engaged and challenge parties where appropriate.

Employers and contributions

- Scheme managers should understand the financial position of participating employers and take a risk-based and proportionate approach to identifying employers most at risk of failing to pay contributions. Red, Amber, Green reporting often provides extra focus.
- Employer solvency should be considered on an ongoing basis and not just at the time of each valuation.
- Where employers outsource the payroll function, early engagement with the employer on the potential risks will help them manage their supplier.
- Employers may exit the fund so it is helpful to have a principle based policy on how to manage this given that circumstances are likely to vary in individual situations.
- Scheme managers should develop an understanding of the risk and benefits of a range of security types, such as charges, bonds and guarantees.
- Scheme managers should consider whether accepting a range of security types will offer more effective protection to the fund, rather than focussing on a single form of security.
- Scheme managers should understand which employers have not provided any security for unpaid contributions and consider what appropriate steps can be taken to secure fund assets.

- Where security is in place, Scheme Managers should have a policy on when the security should be triggered.

Cyber security

- Scheme managers and pension boards should understand the risk posed to data and assets held by the fund so steps can be taken to mitigate the risks. This should be reflected in the risk register.
- Regular, independent, penetration testing should be carried out. Scheme managers should consider physical security as well as protection against remote attacks.
- Where cyber security is maintained by the Local Authority rather than the scheme manager, the scheme manager should understand the procedure and ensure the fund's requirements are met.
- Scheme managers should be aware of the cyber security processes used by third party providers, such as the administrator or custodian that handle fund assets or data.

Internal fraud and false claims

- Scheme managers should regularly review their procedures to protect the fund's assets from potential fraud.
- A clearly auditable process should be in place for the authorising of payments. Ideally, this would require more than one person to provide authority to make the payment.
- A scheme manager should have a policy in place to differentiate between a potential fraud and a potential honest mistake by a saver.
- Where a fraud is detected in the scheme manager's fund, or another one, they should take steps to stop the fraud and analyse causes to prevent a reoccurrence.
- When paper records are being used they should be held securely to prevent the risk of loss or mis-appropriation.

Croydon Council

REPORT TO:	Local Pension Board 17 October 2019
SUBJECT:	Pension Committee Governance Update
LEAD OFFICER:	Nigel Cook, Head of Pensions and Treasury
<p>1. RECOMMENDATION</p> <p>1.1 To note these two policy statements that are attached to this report:</p> <ul style="list-style-type: none"> • The Governance Policy and Compliance Statement; and • The Communications Policy. 	

2. EXECUTIVE SUMMARY

2.1 This report advises the Board of updates to two of the key LGPS governance policy documents considered by the Pension Committee on 17 September 2019.

3 DETAIL

3.1 Regulation 55 of the local Government Pension Scheme Regulations 2013 requires Local Government Pension Schemes (LGPS) Administering Authorities to measure their governance arrangements against the standards set out in the Statutory Guidance issued by the Secretary of State for Communities and Local Government. Compliance against these standards was assessed in March 2017 as part of the process of drafting the authority's Governance Compliance Statement and the authority was compliant in all respects. This compliance needs to be reviewed annually and work is underway on this exercise.

3.2 There are a number of policies that together comprise the Governance arrangements for the Croydon Scheme. The review referenced above considers compliance against the Pensions Regulator's Code of Practice. This report complements this exercise by focusing on two component parts of the governance framework:

- The Governance Policy and Compliance Statement; and
- The Communications Policy.

3.3 These policies are appended to this report. The Governance Policy and Compliance Statement has been revised to be compliant with the new guidance, which is also appended to this report and to reference the London CIV. Finally, the Communications Policy is updated annually.

3.4 By reviewing these documents separately on 17 September the Committee is

demonstrating best practice and also making more efficient use of the Committee's time and the officer resource. Practical considerations suggest it is better to phase review of these policies over the annual committee cycle.

3.5 The Board are invited to note this report and the attached statements.

4. DATA PROTECTION IMPLICATIONS

4.1 Will the subject of the Report involve the processing of "personal data?"

No

CONTACT OFFICER:

Nigel Cook, Head of Pensions Investment and Treasury,
Finance, Investment and Risk, Resources Department, ext. 62552.

BACKGROUND DOCUMENTS:

None.

Appendices

Appendix A: The Governance Policy and Compliance Statement

Appendix B: Governance Policy and Compliance Statement Best Practice.

Appendix C: The Communications Policy.



2019

Pensions

Governance Policy & Compliance Statement

Your Local Government
Pension Scheme Guide

Your Guide to the London Borough of Croydon Governance Policy & Compliance Statement

As the Administering Authority we have prepared this guide to help you understand the Governance Compliance strategies that Croydon Council (as the Administering Authority) has in place, as agreed at the Pension Committee on 17 September 2019

Administering Authority

Croydon Council is the Administering Authority of the Croydon Council Pension Fund and administers the Local Government Pension Scheme (LGPS) on behalf of participating employers.

The Local Government Pension Scheme Regulations, 2013, talk about the governance of the Scheme. Regulation 55 requires the Council to publish this Statement. In it, as set out below, you can read how the Council complies with the Government's guidance and how some functions of the Council are delegated. These Regulations also require the Council to keep the Statement under review and to make revisions as appropriate. Where such revisions are made we will publish a revised statement.

Aims and Objectives

Croydon Council recognises the significance of its role as Administering Authority to the Pension Fund on behalf of its stakeholders which include:

- ▶ Around 28,000 current and former members of the Fund, and their dependants;
- ▶ Over 100 employers within the Croydon Council area or with close links to Croydon Council;
- ▶ The local taxpayers within the Borough of Croydon; and
- ▶ Central Government.

In relation to the governance of the Fund, our objectives are to ensure that:

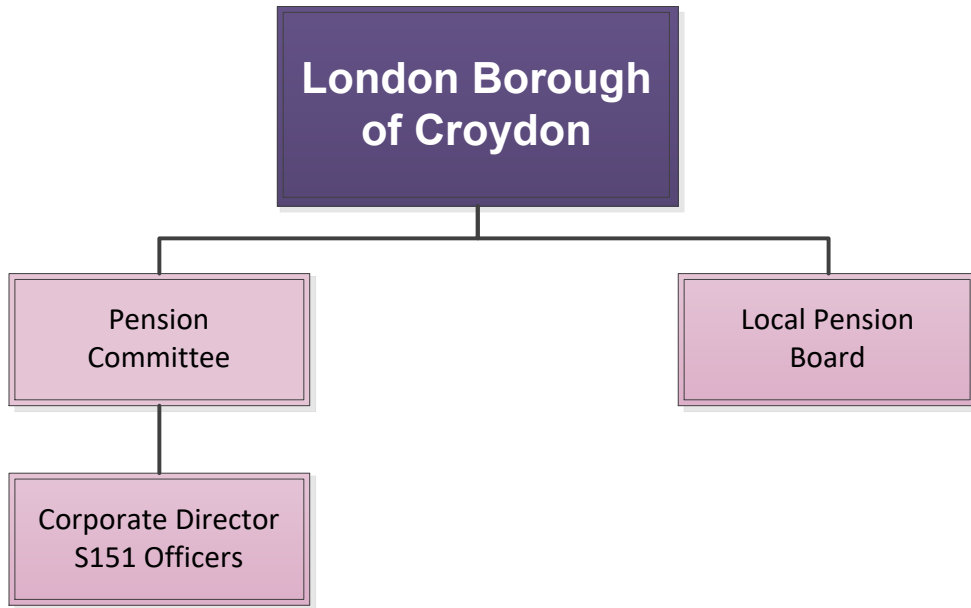
- ▶ All officers and Pension Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.
- ▶ The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties.
- ▶ Appropriate measures are in place to manage the risks associated with the investment of the Fund, to understand those risks and to evaluate them.
- ▶ All relevant legislation is understood and complied with.
- ▶ The Fund aims to be at the forefront of best practice for LGPS funds.
- ▶ The Fund manages conflicts of interest appropriately.

Structure

The Constitution of the Council sets out how the Council operates, how decisions are made and the procedures which are followed to ensure that these are efficient and transparent and that those who make the decisions are accountable to local people. The Constitution sets out the framework under which the Pension Fund is to be administered as shown in the diagram overleaf.

The Constitution allows for the appointment of a Pension Committee which has responsibility for the discharge of all executive functions assigned to it.

See Appendix A for the Terms of Reference for the Pension Committee



The London Collective Investment Vehicle (CIV) is an FCA Regulated fund manager that represents the pooled investments of 32 London local authority pension funds. It has an Authorised Contractual Scheme fund structure and all the funds are equal shareholders.

Pension Committee

Membership

The Council decides the composition of and makes appointments to the Pension Committee.

Currently the membership of the Pension Committee is 8 elected Members from Croydon Council on a politically proportionate basis. All Croydon Council Members have voting rights on the Committee and three voting members of the Committee are required to be able to deem the meeting quorate.

In addition there are two elected members (one-voting and one non-voting) and one non-voting Union Representative, representing Pensioner and Scheme member interests. Although some of the representatives do not have voting rights they are treated as equal members of the Committee, they have access to all Committee Advisers, officers, meetings and training as if they were Council Members and have the opportunity to contribute to the decision making process. Voting rights are mainly restricted to elected Members as they are deemed to be fulfilling the role of Trustees as the Pension Fund with all the legal responsibilities that this entails, it was not felt appropriate to apply the same legal definition to the lay members of the Committee and, hence, only one has voting rights.

The Pension Committee may co-opt non-voting members as is appropriate.

All Members of the Pension Committee, including non-voting members, are required to declare any interest that they have in relation to the Pension Fund or items on the agenda at the commencement of the meeting.

The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties; meetings are open to members of the public who are welcome to attend. However, there may be occasions when members of the public are excluded from meetings when it is likely in view of the nature of the business to be transacted of the nature of the proceedings that confidential information would be disclosed.

Pension Committee Member	Voting Member	Non-Voting Member
Councillor Andrew Pelling, Chairman	✓	
Councillor Simon Hall, Vice-Chairman	✓	
Councillor Simon Brew	✓	
Councillor Robert Canning	✓	
Councillor Luke Clancy	✓	
Councillor Clive Fraser	✓	
Councillor Patricia Hay-Justice	✓	
Councillor Yvette Hopley	✓	
Reserve Panel: Councillors: Jamie Audsley, Sherwan Chowdhury, Pat Clouder, Patsy Cummings, Steve Hollands, Vidhi Mohan, Robert Ward	✓	
Ms Gilli Driver, Pensioners Representative	✓	
Mr Peter Howard, Pensioners Representative		✓
Mr Chartles Quaye, Staff Representative		✓

Meetings

The Pension Committee shall meet at least four times a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work. Work for the year will be agreed with the Committee to include dedicated training sessions for Committee members.

Agendas for meetings will be agreed with the Chair and will be circulated electronically with supporting papers to all members of the Committee, officers of the Council as appropriate and the Fund's Advisors.

The Council will give at least five clear working days' notice of any meetings by posting details of the meeting on the Council's website.

There may occasionally be items which may be exempt from the agenda, reports and minutes of the meetings when it is likely that confidential information would be disclosed. Items which are likely to be excluded include issues where to disclose information would contravene an individual's privacy or where there are financial interests which may be compromised as a result of disclosure for example surrounding contracts. Oral updates and presentations are also given at these meetings.

The Council will make available copies of the minutes of the meeting and records of decisions; these are stored indefinitely. Minutes of meetings and records of decisions are available for inspection on the Council's website <https://www.croydon.gov.uk/democracy/dande/>.

Other Delegations of Powers

The Pension Committee act as quasi trustees and oversee the management of the Pension Fund. As quasi trustees the Committee has a clear fiduciary duty in the performance of their functions: they have to ensure that the Fund is managed in accordance with the Regulations and to do so prudently and impartially and to ensure the best possible outcomes for the Pension Fund, its participating employers, to local taxpayers and Scheme members. Whilst trustees can delegate some of their powers, they cannot delegate their responsibilities as trustees.

Pension Board

With effect from 1 April 2015, each Administering Authority was required to establish a Local Pensions Board to assist them with:

- ▶ Securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed in relation to the LGPS by the Pensions Regulator;
- ▶ Ensuring the effective and efficient governance and administration of the Pension Fund.

Such Pensions Boards are not local authority committees but are reflected in the Council's Constitution. The Croydon Pension Board was established by Croydon Council and the full terms of reference of the Board can be found within the Council's Constitution.

<https://www.croydon.gov.uk/sites/default/files/articles/downloads/Constitution%20of%20the%20London%20Borough%20of%20Croydon%20-%20June%202017.pdf>

Role

The Council has charged the Pension Board with providing oversight of the matters outlined above. The Pension Board, however, is not a decision making body in relation to the management of the Pension Fund.

Membership

The Pension Board consist of 7 members as follows:

- ▶ An Independent Chair;
- ▶ Three Employer Representatives, one of which is from Croydon Council; and
- ▶ Three Scheme Member Representatives, two of which are nominated by the Trade Unions.

Pension Board members, (excluding the Chair), have individual voting rights but it is expected the Board will as far as possible reach a consensus.

A meeting of the Pension Board is only quorate when three of the six Employer and Scheme Member Representatives are present.

Members of the Pension Board are required to declare any interests that they have in relation to the Pension Fund or items on the agenda at the commencement of the meeting.

Meetings

The Pensions Board meets at least 4 times a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work.

The Pension Board will be treated in the same way as a Committee of Croydon Council and, as such, members of the public may attend and papers will be made public in the same way as described above for the Pension Committee.

Policy Documents

In addition to the foregoing, there are a number of other documents which are relevant to the governance and management of the Pension Fund. Brief details of these are listed below and full copies of all documents can be found on the Pension Fund Website: www.croydonpensionscheme.org.

Funding Strategy Statement

The Funding Strategy Statement (FSS) forms part of the framework for the funding and management of the Pension Fund. It sets out how the Fund will approach its liabilities and contains a schedule of the minimum contribution rates that are required of individual employers within the Fund. The FSS is drawn up by the Council in collaboration with the Fund's Actuary and after consultation with the Fund's employers. The FSS forms part of a broader framework which covers the Pension Fund and applies to all employers participating in the Fund. The FSS represents a summary of the Fund's approach to funding the liabilities of the Pension Fund.

Investment Strategy Statement

The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016 require pension fund administering authorities to prepare, maintain and publish a statement of the principles governing their decisions on the investment of the pension Fund.

The areas covered in the statement of investment principles are as follows:

- ▶ A requirement to invest in a wide variety of investments;
- ▶ An assessment of the suitability of particular investments;
- ▶ The authority's approach to risk, including measurement and management of risk;
- ▶ The authority's approach to pooling;
- ▶ The authority's policy on how social, ethical and environmental considerations are taken into account;
- ▶ The authority's policy on the exercise of rights attached to investments.

Governance Best Practice—Compliance Statement

This sets out the Pension Fund's compliance with the Secretary of State's Statutory Guidance on Governance in the LGPS. This is attached as Appendix B and shows where the Fund is compliant or not compliant with best practice and the reasons why it may not be compliant.

Training Policy

Croydon Council has a Training Policy which has been put into place to assist the Fund in achieving its governance objectives. Pension Committee members and senior officers are expected to continually demonstrate their own personal commitment to training and to ensure that the governance objectives are met.

To assist in achieving these objectives, the Council aims to comply with:

- ▶ The CIPFA Knowledge and Skills Framework; and
- ▶ The knowledge and skills elements of the Public Service Pensions Act 2013 and the Pensions Regulator's (TPR) Code of Practice for Public Service Schemes.

Any other LGPS specific guidance relating to the knowledge and skills of Pensions Committee members, or Pension Fund officers which may be issued from time to time will also be considered.

Members of the Pensions Committee, and officers involved in the management of the Fund will receive training to ensure that they meet the aims of the Policy with schedules drawn up and reviewed on an annual basis.

Annual Report and Accounts

As part of the Council's Constitution it is the duty of the Executive Director of Resources to ensure that record keeping and accounts are maintained by the Pension Fund. The Pension Fund accounts are produced in accordance with the accounting recommendations of the Financial Reports of Pensions Schemes - Statement of Recommended Practice. The financial statements summarise the transactions of the Scheme and deal with the net assets of the Scheme. The statement of accounts is reviewed by both the Pension Committee and the General Purposes and Audit Committee and incorporated in the Statement of Accounts for the Council. Full copies of the Report and Accounts are placed on the Council's website www.croydon.gov.uk/democracy/budgets/financial-accounts.

Communication Policy

This document sets out the communication policy of the Administering Authority which is the strategy for ensuring that all interested parties are kept informed of developments in the Pension Fund. This helps to ensure transparency and an effective communication process for all interested parties. A copy of the policy can be found on the Pensions website www.croydonpensionscheme.org.

Discretions Policy

Under the Local Government Pension Scheme Regulations, the Administering Authority has a level of discretion in relation to a number of areas. The Administering Authority reviews the policy relating to the exercise of those discretions as appropriate and will notify interested parties of any significant changes. Employing Authorities are also required to set out their discretions policies in respect of areas under the Regulations where they have a discretionary power. Copies of the Administering Authority policy can be found on the Pensions website www.croydonpensionscheme.org.

Pension Administration Strategy

In order to assist with the management and efficient running of the Pension Fund, there is a Pension Administration Strategy. This encompasses administrative procedures and responsibilities for the Pension Fund for both the Administering Authority and Employing Authorities. It has been distributed to employers within the Fund following consultation and can be found on the Pensions website. This represents part of the process for ensuring the ongoing efficient management of the Fund and maintenance of accurate data and forms part of the overall governance procedures for the Fund.

Approval, Review and Consultation

The Governance Policy and Compliance Statement will be formally reviewed and updated annually or sooner if the governance arrangements or other matters including with it merit consideration.

Appendix A

Terms of Reference for Croydon Council Pension Committee December 2016

Appendix B

Governance Best Practice - Compliance Statement

Further Information

This document is available in large sight and Braille upon request.

If you need more information about the Scheme you should contact the following:

Pensions Section

5A, Bernard Weatherill House
8 Mint Walk
Croydon
CR0 1EA

Tele: 020 8760 5768 x 62892

Email: pensions@croydon.gov.uk

Website: www.croydonpensionscheme.org



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Governance Best Practice - Compliance Statement

Regulation 55 of the local Government Pension Scheme Regulations 2013 requires Local Government Pension Schemes (LGPS) Administering Authorities to measure their governance arrangements against the standards set out in the Statutory Guidance issued by the, then, Secretary of State for Communities and Local Government.

The following compliance statement sets out where the Pension fund is fully compliant with the guidance and, where it is not fully compliant, provides an explanation.

Principal A - Structure

- a. The management of the administration of benefits and strategic management of Fund assets clearly rests with the main committee established by the appointing council. *Fully compliant-Council Constitution delegates responsibility for the Pension Fund to the Pension Committee in respect of these matters*
- b. That representatives of participating LGPS employers, admitted bodies and Scheme members (including pensioners and deferred members) are members of either the main or secondary committee to underpin the work of the main committee. *Fully compliant-Pensioner and Union representatives are appointed to the Pension Committee; representatives of the admitted bodies, academies and scheme members are appointed to the Pension Board.*
- c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels. *Fully Compliant – reports on the work of the Committee are reported to the Board and vice versa; the Chair of the Board attends the Committee as an observer and, as appropriate, is invited to speak and, particularly, to report on the work of the Board.*
- d. That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel *Partially compliant - the Chair of the Board attends the Committee as an observer and, as appropriate, is invited to speak and, particularly, to report on the work of the Board.*

	Not Compliant		Fully Compliant
a)			✓
b)			✓
c)			✓
d)		✓	

Principle B – Committee Membership and Representation

- a) That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:-
 - i) Employing authorities (including non-scheme employers, eg admitted bodies);
 - ii) Scheme members (including deferred and pensioner scheme members);
 - iii) Where appropriate, independent professional observers; and
 - iv) Expert advisers (on an ad-hoc basis).

Fully compliant- The Committee includes eight Councillors and employing authorities are represented at the Board; Scheme members are represented by a staff side Union representative at the Committee and by three representatives at the Board; Pensioners are represented by 2 representatives at the Committee one of whom has voting rights; an investment adviser attends all meetings of the Committee and other expert advisers are invited to attend as and when required.

- b) That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision making process, with or without voting rights. *Fully Compliant- All members of both the both the Committee and Board are sent meeting papers ahead of meetings, are invited to training and are able to contribute fully to the decision making process.*

	Not Compliant			Fully Compliant
a)				✓
b)				✓

Principle C - Selection and role of lay members

- a) That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee. *Fully Compliant- see Governance Policy; training sessions specifically cover these points*
- b) That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda. *Fully Compliant- Members of the Committee declare interests at the start of each meeting.*

	Not Compliant			Fully Compliant
a)				✓
b)				✓

Principle D – Voting

- a) The policy of individual administering authority on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees. *Fully Compliant-See Governance Statement Whilst one of the pensioners’ representatives and the trade union member representative do not have voting rights at the Committee, they are encouraged to participate fully in the meetings and decision making process.*

	Not Compliant			Fully Compliant
a)				✓

Principle E - Training/Facility time/Expenses

- a) That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process *Fully Compliant.*
- b) That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum. *Fully compliant*
- c) That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken. *Fully Compliant – the Council seeks to ensure that all members of both the Committee and Board are aware of the six areas of knowledge and skills relating to the LGPS which CIPFA has identified as being the core technical requirements for those involved in decision taking; they are advised of training opportunities and a log is maintained of all training undertaken.*

	Not Compliant			Fully Compliant
a)				✓
b)				✓
c)				✓

Please use this space if you wish to add anything to explain or expand on the ratings given above:

Please see the Fund’s Training Policy

Principle F - Meetings (frequency/quorum)

- a) That an administering authority’s main committee or committees meet at least quarterly
Fully Compliant
- b) That an administering authority’s secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits. *Fully Compliant.*
- c) That an administering authority that does not include lay members in their formal governance arrangements must provide a forum outside of those arrangements by which the interest of key stakeholders can be represented. *Not applicable - Employer and scheme member interests are represented at the Pension Committee and the Pension Board.*

	Not Compliant			Fully Compliant
a)				✓
b)				✓
c)				n/a

Principle G - Access

- a) That subject to any rules in the Council’s Constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee *Fully compliant- Meeting papers are dispatched to all members 5 clear working days prior to each meeting and, at the same time, published on the website.*

	Not Compliant			Fully Compliant
a)				✓

Please use this space if you wish to add anything to explain or expand on the ratings given above:

Whilst one of the Pensioner representatives and the trade union member representative do not have voting rights, they are encouraged to fully participate in the meetings and decision making process.

Principle H - Scope

- a) That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements. *Fully Compliant-The Committee and Board review all aspects of the Pension Fund management.*

	Not Compliant			Fully Compliant
a)				✓

Principle I - Publicity

- a) That administering authority have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements. *Fully Compliant - Governance Policy and Compliance statement published in full on the Pensions website <http://www.croydonpensionscheme.org/>*

	Not Compliant			Fully Compliant
a)				✓

August 2019

To be reviewed in June 2020

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2019

Pensions

Communications

Policy Statement

Your Local Government
Pension Scheme Guide

Your Guide to the London Borough of Croydon Communications Policy

As the Administering Authority we have prepared this guide to help you to understand the various Communications policies that Croydon Council (as the Administering Authority) offers to all of its stakeholders

Communications Policy Statement

The Regulations require each administering authority in England and Wales to prepare, maintain and publish a statement setting out its policy on communicating with the following stakeholders and organisations:

- ▶ Contributing Scheme members
- ▶ Prospective Scheme members
- ▶ Pensioner Scheme members and deceased dependents
- ▶ Deferred Scheme members
- ▶ Admitted and scheduled Scheme employers participating in the Pension Fund
- ▶ Elected Members
- ▶ Local Pension Board
- ▶ Other bodies

This document sets out the mechanisms which are used to meet our communication needs. We aim to use the most appropriate methods for the audiences receiving the information. This may involve using more than one medium of communication.

Objectives

The aim of this Communications Policy (the Policy) is to make sure that all stakeholders are kept informed of developments within the Pension Fund (the Fund). We want to ensure transparency and an effective communication process will help maintain the efficient running of the Local Government Pension Scheme (the Scheme).

General Communications

We use a range of methods to communicate including a variety of paper-based and electronic means. The Fund has a dedicated website www.croydonpensionscheme.org/

We will accept communications electronically and will respond electronically where possible. For security reasons, we will not use email for communicating sensitive information or where it is necessary to verify the address or identity of the sender.

Website

Communication in the form of a dedicated Fund website is available. It contains a wide range of information for not only Scheme members but also Scheme employers and other interested parties. The website can be accessed via the Fund website. The website contains copies of newsletters and other relevant information pertaining to the Scheme.

Policy Documents

These are available for all stakeholders to access on the website.

Risks

The Fund's Risk Register includes various "Governance" risks which are partially mitigated by good communication arrangements. This policy helps to ensure that the Council meets its statutory obligations with regards to communication with stakeholders.

▶ **Contributing Scheme Members**

Member Self Service

All Members can request their own password to view their record. Amendments can be made to update certain details and calculations can be performed.

Annual Benefit Statement

Members can access their individual information via the member self service facility at their convenience. The Statement details information held on the Pension Section database and provides estimates of the current and future value of the member's benefits.

Pensions Updates

When there are Scheme changes there will be additional communications to Members using a variety of communication methods.

Scheme Guides

Scheme guides are available on the website.

Pensions Helpline

Members can call the Pensions Section on one central helpline number, which is advertised in all our literature. The number is 0208 760 5768 x62892.

► **Prospective Scheme Members**

Initial Contact

All permanent new members of staff are automatically enrolled into the Scheme. Each new member is sent a statutory welcome letter confirming membership of the Scheme signposting members to the Scheme Guide and contact information.

Pensions Helpline

Prospective Scheme members can call the Pensions Section on one central helpline number, which is advertised in all our literature. The number is 0208 760 5768 x62892.

► Pensioner Scheme Members and Dependents

Pensioner's Payslips

All pensioners receive payslips in March, April and May along with their P60 at the end of the year. A payslip will also be received where the amount of net pension changes by more than £20.

Pensioners Newsletter

All pensioners receive an annual newsletter which is sent to their home address in April. This publication includes the pensions increase, and other relevant information advertised in all our literature.

Life Certificates

The Fund will undertake an annual exercise, for overseas pensioners, through correspondence in order to establish the details held are up-to-date.

The Council also participates in the National Fraud Initiative every 2 years.

Pensions Helpline

Members can call the Pensions Section on one central helpline number, which is advertised in all our literature. The number is 0208 760 5768 x62892.

► Deferred Scheme Members

Annual Benefit Statement

Members can access their individual information via the member self service facility at their convenience. The Statement details information held on the Pension Section database and provides estimates of the current and future value of the member's benefits.

Update of Information

If there are any changes to the Scheme Regulations which are relevant to deferred Scheme members correspondence will be sent directly to their latest home address held on the pensions database.

The Council also use a tracing agency to contact members who have lost contact with the Council.

Pensions Helpline

Members can call the Pensions Section on one central helpline number, which is advertised in all our literature. The number is 0208 760 5768 x62892.

► Admitted & Scheduled Scheme Employers participating in the Fund

Employer Forums

Meetings are held quarterly for employers; specifically they have been used as a mechanism for communicating major strategic issues, significant Scheme legislation changes, triennial valuation matters and the Funding Strategy Statement.

Employers are kept informed throughout the process of the triennial valuation which is carried out by the Fund's Actuary. Employers' comments are always encouraged and welcomed and, where appropriate, taken into consideration.

Administration Strategy

The Administration Strategy Statement sets out the roles and responsibilities of the Administering Authority (Croydon Council) and employers in the Fund. It sets out the service level agreements and targets which all are expected to meet. It can be found on the website.

► **Communication with Elected Members**

Information is provided to Council Members in order for them to be able to fulfil their duties under the role of the Administering Authority.

Access to Pension Committee

The Pension Committee is the Committee which has delegated power to review, administer and monitor the Fund.

The Committee meets a minimum of four times a year or more frequently, as required. Meetings are open to members of the public, although there may be occasions when they are excluded due to the confidential nature of matters under discussion. The agenda, reports and minutes of the meeting are available on the Council's website <https://secure.croydon.gov.uk/akscroydon/users/public/admin/kabmenu.pl?cmte=PEN>

Committee Reports

Reports are presented to the Pension Committee and to other committees as necessary. Members are kept informed of developments in relation to Fund issues and the impact that these can have on overall Council policies and procedures.

► **Communication with the Pension Board**

The Pension Board will meet at least four times a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work.

Reports to the Pension Board

The Board will be treated in the same way as a Committee of the Council and, as such, members of the public may attend and papers will be made public in the same way as described above for the Pension Committee.

► **Communication with Other Bodies**

There are a number of other interested parties with whom we will communicate as required, these include:

Additional Voluntary Contributions (AVC) Provider

AVCs are a way to top up your tax free lump sum and pension from the Scheme. The Council's AVC provider is Prudential. Contact details are available from the Council's website.

Trade Unions/Employer Representatives

We will work with the relevant trade unions and employer representatives to ensure the Scheme is understood by all interested parties. Efforts will be made to ensure that all pension related issues are communicated effectively with the trade unions.

Investment Managers, Advisers and Actuary

Regular meetings with fund managers who make investments on behalf of the Fund.

Regular meetings with investment advisers who provide help and advice on asset allocation and investment of the Fund.

Regular meetings with the Fund Actuary to discuss funding levels, employers' contributions and valuation of the assets and liabilities of the Fund.

Custodian

The Fund's Custodian is Bank of New York Mellon, who ensures the safekeeping of the Fund's investment transactions.

Pensions and Lifetime Savings Association (PLSA)

The Fund is a member of PLSA, which provides an opportunity for administering authorities to discuss issues of common interest and share best practice.

Local Authority Pension Fund Forum (LAPFF)

The Fund is a member of LAPFF. LAPFF was established to help local authorities funds to share information and ideas about socially responsible investing.

London Pension Officers Group (LPOG) and London Pension Officers Forum (LPOF)

The Fund is a member of these voluntary groups. Meetings are held on a quarterly basis to share information and ensure standardised interpretation of Scheme Regulations and best practice.

Requests for Information

Requests for information will be dealt with in accordance with relevant legislation.

Consultations

There are occasions when the Administering Authority will consult with interested parties whether as a result of potential changes to the Regulations governing the Scheme or specific policy changes relating to Croydon. In these instances, the most effective way of communicating with interested parties is to hold a period of consultation, during which they are given the opportunity to respond to specific changes. Interested parties and representative groups will be approached to provide feedback to the policy changes before amendments are enacted.

Accessibility

We are committed to making our information accessible to all and are striving to adhere to accessibility guidelines.

Review of Communication Policy

This policy document will be reviewed annually and updated as required.

Adopted by Pension Committee September 2019

The table below shows the availability of Fund publications along with their publication frequency and review periods.

Communication Material	Paper based	Electronic form	Internet for all to view	When published	When reviewed
Pension Scheme Guide	✓	✓	✓	Constantly available	Annually
Topping up Benefits	✓	✓	✓	Constantly available	Annually
Annual Benefit Statements	✓	✓	✗	Annually	Annually
Statutory Notifications	✓	✓	✗	On joining & Annual Benefit Statement	Annually
Members Self Service	✗	✓	✓	On joining	Continually
Pension Updates	✓	✓	✓	As required	After each publication
Annual Pension Fund Report	✓	✓	✓	Annually	Annually
Early Leaver Information	✓	✓	✗	Sent with Deferred benefits statement	Annually
Early Leaver Guidance	✓	✓	✓	Constantly available	Annually
Retirement Information	✓	✓	✗	Sent with retirement details	Annually
Retirement Guidance	✓	✓	✓	Constantly available	Annually
Pension Increase — incorporated in the Pensioners Newsletter	✓	✓	✓	Annually	Annually
Actuarial Valuation Report	✓	✓	✓	Triennially	Triennially
Pension Fund Committee	✓	✓	✓	Quarterly	Quarterly
Pension Board	✓	✓	✓	Quarterly	Quarterly
Communications Policy	✓	✓	✓	Annually	Annually
Governance Compliance Statement	✓	✓	✓	Annually	Annually

Further Information

This document is available in large sight and Braille upon request.

**If you need more information about the Scheme you should contact the following:
Pensions Section**

5A, Bernard Weatherill House
8 Mint Walk
Croydon
CR0 1EA

Tele: 020 8760 5768 x 62892
Email: pensions@croydon.gov.uk
Website: www.croydonpensionscheme.org



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Croydon Council

REPORT TO:	Local Pension Board 17 October 2019
SUBJECT:	The Local Government Pension Scheme Advisory Board Code of Transparency
LEAD OFFICER:	Nigel Cook Head of Pensions and Treasury

1. RECOMMENDATION

- 1.1 To note this report.

2. EXECUTIVE SUMMARY

- 2.1 This report sets out the progress made by the Local Government Pension Scheme Advisory Board in introducing a Code of Transparency. This Code is intended as an aid for administering authorities to report costs. Seven fund managers who manage Croydon Pension Fund assets have so far adopted the Code.

3 DETAIL

3.1 Introduction

- 3.1.1 At their meeting on 29 March 2018 the Board were advised of progress made by the Local Government Pension Scheme Advisory Board in introducing a Code of Transparency to act as an aid for administering authorities in their understanding and reporting on costs charged by fund managers.

- 3.1.2 This report discusses progress made and, for ease of reference, summarises some of the background.

3.2 Background

- 3.2.1 The Local Government Pension Scheme Advisory Board was established by Section 7 of the Public Service Pensions Act 2013 and the Local Government Pension Scheme Regulations 2013 (as amended) 110-113. Its purpose is to encourage best practice, increase transparency and coordinate technical and standards issues.

- 3.2.2 The move towards investment fee transparency and consistency is seen by the Board as an important factor in establishing the perception that the Scheme is value led and innovative. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and included in the Government's criteria for pooling investments.

- 3.2.3 To assist Scheme funds in obtaining the data they require in order to report costs on a transparent basis the Board, in consultation with various interested parties, developed a voluntary Code of Transparency for fund managers which they launched in May 2017. The Code helps fund managers' clients to gather cost information in a consistent format.
- 3.2.4 An Investment Manager who signs up to the Code agrees that within a period of twelve months it will put in place the systems necessary to allow for the completion and automatic submission of a standard template to each Administering Authority that the fund manager is appointed by. There are separate templates for segregated portfolio management and for pooled funds.
- 3.2.5 The template lists a series of broad headings for reporting costs and expenses and concentrates on those areas which should already be available but may not have been supplied by fund managers either proactively or in a format easily useable by Scheme funds.
- 3.2.6 To date, approximately 120 fund managers have signed up to the Code.
- 3.2.7 It was recognised at an early stage that the original Code was best suited for managers responsible for managing listed assets. Therefore, on 21 May 2019 a new framework of templates and guidance was released by the Cost Transparency Initiative which was founded by the Board. The Board agreed to adopt the new framework but allowed existing signatories to continue to submit the original template for up to 12 months. The new template is designed to attract "alternatives" managers who had felt unable to sign up to the original Code.
- 3.2.8 The full text of the revised Code is appended to this report as Appendix A.

3.3 Compliance

- 3.3.1 As part of the Code, fund managers are obliged to complete and submit the template (without request) to their Scheme clients on either an annual or quarterly basis as agreed with their client. In order to fulfil its stated intention to police the Code, the Board carried out the procurement of a compliance system. They were seeking an online facility intended to:
- Be capable of accepting and storing template data;
 - Check the timeliness of data submission and report late returns;
 - Ensure that template data is signed off by managers as 'true and fair;' and
 - Provide a check against the MiFID II total cost amount submitted separately by managers to their Scheme clients
- 3.3.2 As well as ensuring compliance with the Code the Board were seeking a system which could be used by Scheme clients to:
- Replace the existing excel format templates provided to them by managers;
 - View a useful but limited set of onscreen reporting and comparison tools;
 - Give permission to other Scheme clients or trusted third parties (e.g. their investment adviser) to access and export their template data; and

- Provide advanced reporting facilities under a phase 2 development subject to the agreement of Code clients.

3.3.3 In specifying the system, the Board placed great emphasis on security and confidentiality. They specified that the template data held within the compliance system would need to be separate from any other database held by the service provider and could not be shared by the service provider with any third parties for any purpose. The Board further specified that they may wish to publish aggregate totals or averages from the system as part of the Scheme annual report but that such reporting would not identify any data at the fund, pool, manager or mandate level.

3.3.4 Following a procurement process the Boards appointment Byhiras to develop and host the Compliance and Reporting system. The system is expected to go live in early 2020.

3.4 Implications for Croydon Fund

3.4.1 To date all seven of the Croydon managers not involved with infrastructure or private equity have signed up to the original Code:

Aberdeen Standard Life
 Janus Henderson
 LGIM
 M&G
 PIMCO
 Schroders
 Wellington

The other eight managers will be encouraged to sign up to the revised Code.

4 DATA PROTECTION IMPLICATIONS

4.1 Will the subject of the Report involve the processing of “personal data?”

No

CONTACT OFFICER: Nigel Cook, Head of Pensions Investment and Treasury, Finance, Investment and Risk Resources Department, ext. 62552.

BACKGROUND DOCUMENTS:

None.

Appendices

Appendix A: LGPS Investment Code of Transparency (“the Code”), 18th May 2017

LPB 17102019

LGPS Investment Code of Transparency (“the Code”)

Date of Publication: 18th May 2017

Definitions

For the purpose of this Code the following definitions shall apply:

Administering Authority means the administering authority of a pension fund within the LGPS. For the purposes of the Code only this term shall also apply to the operator of any LGPS investment pool.

Board means the Local Government Pension Scheme Advisory Board, England and Wales.

Investment Manager means an investment manager, who has been or wishes to be, appointed by an Administering Authority in accordance with the Investment Regulations.

Investment Regulations means The Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, the Local Government Pension Scheme (Management and Investment of Funds) (Scotland) Regulations 2010, and the Local Government Pension Scheme (Management and Investment of Funds) Regulations (Northern Ireland) 2000 (as from time to time amended or replaced).

LGPS means the Local Government Pension Schemes for England and Wales, Scotland and Northern Ireland.

Template means the template information form for the relevant investment types provided by the Board as updated from time to time and made available on the Board’s website.

A Introduction

1. The Board is a body established under the Local Government Pension Scheme Regulations 2013. The function of the Board is to provide advice to the Secretary of State on the desirability of making changes to the LGPS. The Board also has the function of providing advice to Administering Authorities and local pension boards in relation to the effective and efficient administration and management of the LGPS and their pension funds. The Board has the power to do anything which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions.
2. The Board views the move toward investment cost transparency and consistency as an important factor in the LGPS being perceived as a value-led and innovative pension scheme. Transparency is also a target for the revised CIPFA accounting standard issued for inclusion in the statutory annual report and accounts and is included in the government’s investment reform guidance and criteria for LGPS pooling.

3. To assist LGPS administering authorities in obtaining the more detailed investment fee data they require, the Board has worked with key stakeholders including investment managers, CIPFA and LGPS administering authorities to develop the Code.
4. The Administering Authority and the Board recognise their obligations pursuant to the Freedom of Information Act and the Section 45 FoIA Code of Practice and will engage with Investment Managers appropriately in that respect.

B Application of the Code

5. The Code is a voluntary code and covers the provision of transparent and consistent investment cost and fee information between Investment Managers and Administering Authorities.
6. An Investment Manager may sign up to the Code in writing in the form agreed by the Board. By doing so the Investment Manager is demonstrating its commitment to the transparent reporting of LGPS investment costs and fees to administering authorities.
7. An Investment Manager who signs up to the Code in respect of the investment types covered by the Code agrees that within a period of twelve months of signing up to the Code (or such longer period as the Board may in its discretion agree) it will put in place the systems necessary to allow the completion and automatic (i.e. without the client having to make a request) submission of the Template(s) to each Administering Authority that the Investment Manager is appointed by (whether at the time of signing up to the Code or in the future).
- 7A.** Where an asset class is not covered by the template(s) available under the Code, an investment manager may sign up on the understanding that within a period of 12 months (or such longer period as the Board may in its discretion agree) it will put in place the systems necessary to allow the completion and automatic (i.e. without the client having to make a request) submission of cost data substantially similar in scope and detail to that covered by existing templates. The exact format of that cost data is to be agreed with each Administering Authority that the Investment Manager is appointed by (whether at the time of signing up to the Code or in the future). Managers who sign up to the Code under this provision must adopt and make use of relevant Code templates as they become available.
8. The Template(s) must be submitted automatically (i.e. without the client having to make a request) each year to each Administering Authority (if required by the Administering Authority) and to any independent third party appointed by the Board in accordance with paragraph 12. Administering Authorities may also request such submissions on a quarterly basis.
9. There are separate Templates for segregated portfolio management and for pooled funds. Where an Investment Manager operating a segregated mandate invests in a pooled fund as part of that mandate, the reporting will be done via the Investment Manager's own Template.
10. The Investment Manager will not vary the Templates except with the written agreement of the Board and the relevant Administering Authority.
11. The templates covered by this Code are those within the framework published from time to time by the Cost Transparency Initiative (CTI). The only exceptions being Code signatories prior to 21st May 2019 (see (11A.) below) and managers based in the US who may complete the Institutional Limited Partner Association (ILPA) template.
- 11A.** Signatories to the Code prior to the 21st May 2019 may continue to complete the LGPS template for a period no longer than 12 months i.e. 20th May 2020. Such

signatories are expected to discuss moving to the CTI templates with their clients as soon as possible within this period. Continued supply of LGPS templates beyond this period will be considered a breach of the Code.

- 12.** The Board may appoint an independent third party to audit Templates provided in accordance with the Code and general compliance of the Code by Investment Managers. The third party may also be asked by the Board to collate, analyse and publish generic, non-attributable information obtained from the Templates at a national level. The Investment Manager shall co-operate with the Board and/or appointed third party and provide such information and explanations as the third party may reasonably require within a reasonable period of request.
- 13.** The third party shall report the findings of any audit direct to the Board, including any recommended actions or improvements. The Investment Manager shall co-operate and work with the Board to address and implement any recommended actions or improvements.
- 14.** The Investment Manager may, subject to any overarching legal or reporting requirements, require an Administering Authority to sign up to a reasonable confidentiality agreement not to disclose the information contained in the Template to any third parties (excluding any third party appointed by the Board).
- 15.** The Board agrees that when an Investment Manager signs up to the Code in the agreed form it will, as soon as reasonably practicable, list the Investment Manager on its website and allow the Investment Manager to use the Code's logo on its marketing literature in accordance with the Code Logo Use and Guidance (available from the Board website and amended from time to time). The Code Logo Use and Guidance can be downloaded from the Board website.
- 16.** The Board owns the Code logo and will retain all intellectual property rights and any other rights in the Code logo. An Investment Manager will not acquire any rights, title or interest in the Code logo and will not use the Code logo except as expressly specified in the Code and the Code Logo Use and Guidelines.
- 17.** An Investment Manager will be permitted to use the Code logo on a non-exclusive basis to communicate their compliance with the Code. The Code logo will convey to stakeholders that the Investment Manager is compliant with the Code and committed to the transparent reporting of LGPS investment costs and fees.
- 18.** An Investment Manager will not use the Code logo for any other purpose nor for the benefit of any other person and will not alter or change the Code logo in any way – ownership of any modifications in the Code logo will vest in the Board.
- 19.** The Board may revoke use of the Code logo and remove an Investment Manager from the list on its website at any time if an Investment Manager is reported by an Administering Authority to be in breach of the Code.

Croydon Council

REPORT TO:	Local Pension Board 17 October 2019
SUBJECT:	Local Pension Board Training Policy
LEAD OFFICER:	Nigel Cook, Head of Pensions and Treasury
1. RECOMMENDATION	
1.1 To note the policy statement attached:	

2. EXECUTIVE SUMMARY

- 2.1 This report advises the Board of an update of the Local Pension Board Training Policy and invites their comments.

3. DETAIL

- 3.1 Under the requirements of the Public Service Pensions Act 2013, a member of the Pension Board must be conversant with:

- the legislation, Scheme Regulations and associated guidance of the Local Government Pension Scheme (the Scheme); and
- any document recording policy about the administration of the Scheme which is adopted by the Fund.

In addition, a member of the Board must have a working knowledge and understanding of:

- the law relating to pensions; and
- any other relevant matters prescribed in Scheme Regulations.

- 3.2 To ensure compliance with the above requirements the Council has adopted a training policy for the Board.

- 3.3. An updated training policy statement is attached as Appendix A which members are asked to note and comment on as they see fit. Attached as Appendix B is the Training Log for all members of the Board for the financial year 2018/19.

4. DATA PROTECTION IMPLICATIONS

- 4.1 Will the subject of the Report involve the processing of “personal data?”

No

LPB 17102019

CONTACT OFFICER:

Nigel Cook, Head of Pensions Investment and Treasury,
Finance, Investment and Risk, Resources Department, ext. 62552.

BACKGROUND DOCUMENTS:

None.

Appendices

Appendix A: Local Pension Board Training Policy
Appendix B: Pension Board 2018/19 Training Log

London Borough of Croydon Pension Fund

Local Pension Board Training Policy

Introduction

This is the Training Policy of the Pension Board of the London Borough of Croydon Pension Fund (the Fund).

It sets out the rationale and approach concerning the training and development of members of the Board and should be read in conjunction with the Terms of Reference of the Board dated 2 July 2015. Unless stated otherwise the defined terms used in this document have the same meaning as attributed to them under the Terms of Reference.

The overall aim of the Policy is to seek to ensure that the Board plays its proper part in ensuring that the Fund is governed, directed and managed by individuals with the appropriate levels of knowledge and skills.

Given the statutory role of the Board in assisting the Council as Administering Authority members need to have sufficient knowledge and understanding to be able to challenge any failures to comply with regulations and other applicable legislation.

Legal Requirements

Under the requirements of the Public Service Pensions Act 2013, a member of the Pension Board must be conversant with:

- the legislation, Scheme Regulations and associated guidance of the Local Government Pension Scheme (the Scheme); and
- any document recording policy about the administration of the Scheme which is adopted by the Fund.

In addition, a member of the Board must have a working knowledge and understanding of:

- the law relating to pensions; and
- any other relevant matters prescribed in Scheme Regulations.

It is for individual Board members to be satisfied that they have the appropriate degree of knowledge and understanding to enable them properly to exercise their functions.

Members need to be aware that their legal responsibilities begin from the date they take up their role on the Board and they should immediately start to familiarise themselves with the documents as referred to in the Terms of Reference and the law relating to pensions.

Knowledge and Skills Framework

The Fund will make appropriate training available to Board members to assist them in understanding their role and, where possible, support them in undertaking their training.

The CIPFA Pensions Knowledge and Skills Framework identifies the following areas of knowledge and skills which are essential for all Board members:

- Pensions legislative and governance context;
- Pensions accounting and auditing standards;
- Financial services procurement and relationship management;
- Investment performance and risk management;
- Financial markets and products;
- Actuarial methods, standards and practices; and
- Pensions administration.

The training plan addresses these key areas recognising where members already have skills and knowledge and highlighting areas of training need.

Evaluation of Training Needs

All Board members will be asked on appointment and annually to complete a skills and knowledge survey the results of which will be used to inform the development of the Training Plan.

Training programmes will be flexible, allowing Board members to update particular areas of learning where required and acquire new areas of knowledge in the event of any changes or developments. Members need to commit sufficient time to complete their learning commitments.

Delivery of Training

Training and development support will be delivered through a variety of methods including:

- The Pensions Regulator's on-line toolkit;
- Free subscription to The Pensions Regulator's news by email service;
- Pension Committee and Board training items at meetings;
- Specific training sessions e.g. internally developed, shared with other funds;
- Fund manager training;
- Investment Adviser and Actuary training;
- London CIV training;
- On-line facilities;
- 1-2-1 with officers;
- Reading materials; and
- Personalised training plan.

Where appropriate, training will be provided jointly for the Board, Committee and

officers.

Demonstrating Knowledge and Understanding

The Council will maintain records of the learning of individual Board members and the Board as a whole. This will assist members in demonstrating their compliance with their legal requirements and how risks associated with knowledge gaps have been mitigated. The Training Log for 2018/19 is attached as Appendix B.

Costs

Where there is a cost involved in providing training it will be met directly by the Fund.

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Local Pension Board 2018/19 Training Log:

Name	Role	The Pension Regulator's Trustee Toolkit Modules	Barnett Waddingham/CIPFA Local Pension Boards Annual Full Day Event 27 June 2018	Local Government Pension Scheme Trustees Conference 29-30 June 2017 in Bournemouth	Local Pension Board 5 July 2018	CIPFA Introduction to the Local Government Pension Scheme 26 September 18	In house training on Pension Investment 17 September 2018	CIPFA Seminar 15 October 2018	Local Pension Board 18 October 2018	Local Government Employers (LGE) Fundamentals Course (Oct, Nov, Dec 18)	Local Pension Board 15 November 2018	Local Pension Board 10 January 2019	Local Pension Board 26 March 2019
Michael Ellsmore	Chair		✓		✓		✓		✓	*	✓	✓	✓
Councillor Jerry Fitzpatrick	Employer Representative (Administering Authority)												
David Whickman, Unite	Union Representative		✓	✓	✓		✓	✓	✓	*	✓	✓	✓
Ava Payne, GMB	Union Representative				✓		✓	✓	✓	*			✓
Richard Elliott	Employer Representative				✓				✓	*	✓	✓	✓
Vacant	Employer Representative (Academies/Schools)												
Teresa Fritz	Employee Representative	4	✓						✓	*	✓	✓	✓

Introducing Pension Schemes
 The Trustee's role
 Running a Scheme
 Pensions Law

* previously attended

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

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