

# Pension Board Agenda



To: Michael Ellsmore (Chair)

Councillor Margaret Bird, Richard Elliott, Teresa Fritz, Ava Watt and David Whickman

A meeting of the **Pension Board** which you are hereby invited to attend, will be held **Thursday, 7 July 2022 at 2.00 pm. Room 1.01, Bernard Weatherill House, 8 Mint Walk, Croydon CR0 1EA.**

Andrew Hunkin  
Interim Monitoring Officer  
London Borough of Croydon  
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## **AGENDA**

**1. Apologies for Absence**

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

**2. Minutes of the Previous Meeting (Pages 5 - 8)**

To approve the minutes of the meeting held on 13 January 2022 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. Review of Recommendations and Update on Progress of Governance Review (Pages 9 - 52)**

The Board is invited to review and comment on the recommendations of the Governance Review as agreed at the 13 April 2022 Pension Committee meeting and on the revised suggested list of recommendations which was formulated as a result of discussions between the Chairs of the Pension Board and Committee, The Head of Pensions, The Pensions Manager and the Fund governance advisers AON on 3 February 2022, and to note the progress made in addressing the findings of the Governance Review.

**6. Croydon Pensions Administration Team Key Performance Indicators for the Period 1 February 2022 to 30 April 2022 (Pages 53 - 70)**

The Board is asked to note the Key Performance Indicators and the performance against these indicators set out in Appendix A to this report.

**7. Knowledge and Skills Policy (Pages 71 - 112)**

The Board is asked to note the attached Knowledge and Skills Policy, (Appendix E) and the CIPFA Knowledge and Skills Framework, (Appendices A, B and C).

**8. Pension Board Forward Plan 2022-23 (Pages 113 - 118)**

The Board is asked to consider and agree the Forward Plan for the remainder of financial year 2022/23.

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## Pension Board

Meeting held on Thursday, 13 January 2022 at 2.00pm. This meeting was held remotely via Microsoft Teams.

### MINUTES

**Present:** Michael Ellsmore (Chair);  
Co-optees: Richard Elliott, Teresa Fritz and David Whickman

**Also Present:** Councillor Andrew Pelling, Chair of Pension Committee  
Nigel Cook, Head of Pensions and Treasury  
Alison Fisher, Governance and Compliance Manager Pensions  
Gillian Phillip, Pension Manager

**Apologies:** Councillor Humayun Kabir, Ava Payne

### PART A

#### 5/20 Disclosure of Interests

There were none.

#### 6/20 Urgent Business (if any)

The issue of lack of minutes was raised and it was agreed to discuss these under Item 5.

#### 7/20 Review of Breaches Log

The Board considered a report which detailed the requirement of the Pensions Regulator that the Pension Fund maintain a breaches log which detailed incidences where breaches had occurred. In line with the recommendations of the Aon Governance Review, on 15 September 2020, the Committee agreed the revised Reporting Breaches of the Law Policy. This included a requirement for the Committee to monitor breaches on a regular basis. This report presented the current log (Appendix A) for the Board's consideration. The Board received an introduction from the Head of Pensions and Treasury, Nigel Cook.

In response to queries raised by the Board, it was clarified that the failure to pay refunds would continue to rise albeit slowly and the major issue was the level of non-response. The situation may improve once the pension dashboard was implemented.

**RESOLVED** – That the Board agreed to note the report.

**8/20 Pension Committee - 3 December 2021**

The Board considered a report which detailed the reports and the discussions thereon on the agenda considered at the meeting of the Pension Committee on 3 December 2021. The Board received an introduction from the Head of Pensions and Treasury, Nigel Cook.

In response to queries raised by the Board, it was clarified that the reduction in employer contributions from Croydon Council had been proposed by the actuary. The Pension Committee had requested that officers supply a list of risks before its next meeting as there was a risk that other employers may also wish to reduce their contributions.

During the consideration of the recommendations, the Board discussed the delay to the production of previous meetings minutes for the Pension Committee was hampering the Committee as these were now outstanding from December 2020.

**RESOLVED** – That the Board agreed that the Chair write to the Head of Democratic Services and Scrutiny regarding obtaining external support to produce minutes for the Board and the Pension Committee as a matter of urgency.

**9/20 Government Actuary's Department – Section 13 Analysis of LGPS 2019 Actuarial Valuation**

The Board considered a report which advised it of the publication of the Government Actuary's Department: "Local Government Pension Scheme England and Wales Section 13 Report as at 31 March 2019" and highlighted the recommendations included therein. The Board received an introduction from the Head of Pensions and Treasury, Nigel Cook.

**RESOLVED** – That the Board agreed to note the report.

**10/20 Update on Progress of Governance Review**

The Board considered a report which detailed the actions recommended by the latest report of the Governance Review and discussed how these would be achieved. The positive findings of the review were highlighted and the report illustrated how these recommendations served to ensure there was clear separation between the Scheme Administrator and the Council, as an employer. The Board received an introduction from the Head of Pensions and Treasury, Nigel Cook.

In response to queries raised by the Board, it was clarified that the differences between Head of Pension Fund role and Head of Pension and Treasury. The Board raised concerns that this did not give the required distance required between the Council and the Fund.

During the consideration of the recommendations, the Board discussed whether the membership of the Pension Committee should change to include greater employer and employee representatives.

**RESOLVED** – That the Board agreed to request that within the next two weeks the Chair of the Pension Board and the Chair of the Pension Committee meet with the Head of Pensions and Treasury and Aon Hewitt to agree a definitive list of actions from the Committee.

**11/20 Croydon Pensions Administration Team Key Performance Indicators**

The Board considered a report which detailed the Key Performance Indicators for the administration of the Local Government Pension Scheme (LGPS) for the three-month period up to the end of November 2021. The Board received an introduction from the Pension Manager, Gillian Phillip.

In response to queries raised by the Board, it was clarified that officers were to promote the self-service again once the functionality improvements had been made.

**RESOLVED** – That the Board agreed to note the report.

**12/20 Local Government Pension Scheme Advisory Board / The Pensions Regulator Update**

The Board considered a report which advised it of the matters currently being considered by the Local Government Pension Scheme Advisory Board and the Pensions Regulator which were relevant to the Fund.

In response to queries raised by the Board, it was clarified that training would be required on the Pensions Dashboard once the work had been completed.

**RESOLVED** – That the Board agreed to note the report but that two additional sessions to cover the Pension Dashboard and cyber security be added to the training plan.

**13/20 Online Learning Opportunities**

The Board considered a report which advised it on the availability of online learning opportunities to allow Members to develop their skills in line with the Fund's Knowledge and Skills Policy. The Board received an introduction from the Head of Pensions and Treasury, Nigel Cook.

**RESOLVED** – That the Board agreed to note the report.

**14/20 Exclusion of the Press and Public**

This was not required

The meeting ended at 3.51 pm

**Signed:**

**Date:**

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<b>REPORT TO:</b>	<b>Pension Board</b> <b>7 July 2022</b>
<b>SUBJECT:</b>	<b>Review of Recommendations and Update on Progress of Governance Review</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett, Acting Head of Pensions and Treasury</b>

## **1. RECOMMENDATIONS**

- 1.1 The Board is invited to review and comment on the recommendations of the Governance Review as agreed at the 13 April 2022 Pension Committee meeting and on the revised suggested list of recommendations which was formulated as a result of discussions between the Chairs of the Pension Board and Committee, The Head of Pensions, The Pensions Manager and the Fund governance advisers AON on 3 February 2022.
- 1.2 The Board are requested to note the progress made in addressing the findings of the Governance Review.

## **2. EXECUTIVE SUMMARY**

- 2.1 This report sets out the recommendations of the Governance Review as agreed at the 13 April 2022 Pension Committee meeting and the revised suggested list of recommendations which was formulated as a result of discussions between the Chairs of the Board and Committee, The Head of Pensions, The Pensions Manager and the Fund governance advisers AON on 3 February 2022. The meeting was held following a request from the Board agreed at the meeting 13 January 2022 (Minute 10/20).
- 2.2 This report updates the Board on progress in addressing the actions recommended in the 2019 and 2021 Governance Reviews.
- 2.3 The Aon Governance Review dated August 2021 is included as an appendix to this report.

### 3. DETAIL

3.1 A governance review carried out by AON, the Fund's governance advisors, was commissioned by the Fund and the findings were reported in September 2019. It was envisaged that completion of the actions identified would be delivered over a 3-year period. A follow up review was carried out in June 2021. Again, the actions arising from the report would form part of the work programme going forward.

3.2 Discussions between the Chairs of the Board and Committee, The Head of Pensions, The Pensions Manager and the Fund governance advisers AON took place on 3 February 2022 where a revised suggested list of recommendations was formulated as a result of their discussions. This list, including the items agreed at the 3 December 2021 and 13 April 2022 Pension Committee meetings plus the items from the 3 February 2022 discussions, is shown below and the items have been included in an action list. Comments on some items have been included as appropriate. The Board is now being asked to consider whether to request that the Committee amend the work programme in respect of any of the following:

1. To create a Head of the Pension Fund position, accountable directly to the Pension Committee and the S151 officer for all aspects of the Fund including governance, investment and pensions administration. ***Although the Council staff restructure that followed the Report in the Public Interest created this post, the Treasury function is still carried out under the Pensions function.***

2. To appoint non-Council employer representatives to the Pension Committee. ***This requires an amendment to the Council's Constitution.***

3. Where services are provided by the Council, including the provision of payroll and meeting support services, to put in place service level agreements covering delivery times, volumes and price. ***Negotiations can begin when resources become available and this will be added to the Committee's Action Plan.***

4. To compile a 3-year financial plan covering admin, fund management and other overhead costs. ***This features in the Business Plan that has already been adopted and which will be updated and monitored periodically.***

5. To review the operation of procurement and recruitment for the Fund. ***Support from the Council's procurement team is required.***

6. That the administering authority should proactively consider the use of third party suppliers to increase the resources available to the Fund. ***The Fund is using Hymans Robertson to assist with backlog work and continues to benefit from governance consultancy provision from AON. Additionally, Burges Salmon now undertake minute taking and legal comment for reports.***
7. That the Fund Annual Report and Accounts be reported to the Pension Committee prior to being reported to the General Purposes and Audit Committee ***These will be presented to the Committee in their meeting on 13 September 2022 which will satisfy this recommendation.***
8. To include all negative and neutral rated items in the latest Aon report into an updated governance review action plan. ***This has been done.***
9. That a small annual allowance should be paid to Pension Board members to reflect the increasingly onerous skills and training requirements. ***Officers are looking into how this can be achieved.***
10. Consider the progress already achieved against the original governance review actions and the new governance review actions at every alternate meeting of the Committee. ***This has been incorporated into the work programme.***
11. To create an explicit policy on voting rights at the Committee that shall include enfranchising the second pensioner rep and trade union rep whilst seeking advice on merits/demerits of increasing the number of Council members on the Committee so as to broaden experience of the Fund's activity across the Council. ***There is "an explicit policy" already contained in the Constitution Part 4.N 4.1 b. Therefore this would require an amendment to the Council's Constitution.***
12. That the Committee be provided with external advice on creating an appropriate governance structure which distances the Fund from the Authority including consideration of the SYPF Model.
13. That the Committee seeks an urgent external review of service delivery with respect to the pensions services team with suggestions of how to progress enhancement of service delivery to be enacted.
14. That the Committee ask that summons to meetings be made in a timely fashion and that hard copies of papers be provided in a

convenient fashion to those who request them (accepting that the cost of this will be charged to the Fund)

**15. That the following recommendations from the Aon report be progressed with the following deadlines including:**

- Reports to Committee to be provided by March 2022 on the Budget of the Administration and management of the Fund and impact in changes of resources and the impact of increases in workload as well as considering succession planning
- That the Chair of the Local Board write to the Chief Whips of current party groups to draw attention to the report's concerns about lack of continuity on the Committee and the Council representatives on the Board and that the outgoing Chair write in similar vein after the May 2022 municipal elections
- That the Committee recommends that the Council looks at appointing members to the Committee and the Board for a period of 4 years within the electoral cycle
- That any new Committee members will be given timely induction training to ensure they can constructively contribute to the management of the Fund as soon as possible, and that such induction training requirements, subject to monitoring officer advice on the legality of such obligations are clearly set out in the Fund's policy and that this is explained and facilitated for all new members on joining the Committee or Board ***An induction training session was provided for the Committee members on 7 June 2022. A training programme is being developed any includes induction training and provision of training to meet the requirements of the CIPFA framework. The Board Chair will provide induction training to new Board members.***
- Note that the Chair of the Committee shall be the representative on the LCIV Stakeholder Board and will now report back on a regular basis with information from the CIV
- The CIV relationship structures (in line with Aon's 2019 report) shall be proposed for inclusion in the Council's constitution, a report being expected by the Committee on this matter by March 2022
- As proposed in the Aon report, an investigation be made for the reasons for late papers coming to the Committee and Board and a report to be made to Committee by March 2022 on the processes that lead to papers being produced, their efficacy and legality, including the role of pre-agenda meetings
- That an external provider in LGPS matters is procured to draft a Conflict of Interests Policy for the Committee and the Board to be agreed by the Committee by March 2022 ***Officers have had a policy drafted for some while. They are continuing to liaise with other teams as the content needs to be considered in line with changes to the Constitution.***

- That the Committee will carry out a check on how the Fund complies with the recommendations of the Good Governance Review and where work will be required to ensure compliance by March 2023 **Some work on actions required by the Fund has already been undertaken. Officers will continue to progress actions required.**
- That the Committee is provided with an evaluation against the new TPR Code requirements in due course and will address areas of partial compliance and non-compliance in a timely manner **The TPR Code is still in draft form and has not yet been agreed. Officers have begun to look at the draft document and will complete a full assessment of Fund compliance and carry out actions to address requirements in due course.**
- That the Committee will require a report on the updated CIPFA Code of Practice and Framework for Officers, and Committee and action taken to address **A new Knowledge and Skills Policy was agreed by Committee at their meeting of 14 June 2022 which incorporated the CIPFA Framework requirements.**
- Breaches of the law policy to be updated by September 2022 **This is scheduled in the work plan for the September 2022 Committee meeting.**
- That the Committee receive a report on compliance with the Aon report on publication of the Funds policies and documents by September 2023
- That the Committee are concerned to learn that “officers are being required to address Council business which is impacting on their ability to address Fund activity” reflecting the recommendation 1.1.5.

3.3 Members’ attention is drawn to the significant positive actions already embedded in practices and progress made by officers in delivering the recommendations of the original review in 2019 and the latest review and note that the pensions team continue to work to address the remaining points covered by both reviews.

3.4 The latest review rated areas of practice considered as:

positive – meets legal requirements, national guidance and good practice;  
 neutral – meets legal practice, in the main, but could be improved to meet good practice or national guidance;  
 negative – requires improvement as it does not appear to meet legal requirements or practices we consider key to good governance.

3.5 **The following elements in the latest governance review were highlighted as positive:**

1. The latest Funding Strategy Statement was approved by the Committee in May 2021;

2. The Funding Strategy Statement has been updated to reflect the 2020 Amendment Regulations on exit credits and sets out the Administering Authority's policy on employer flexibilities;
3. The Investment Strategy Statement was updated in March 2020 in respect of the asset allocation strategy;
4. The Compliance Policy was approved by the Committee at their meeting on 17 September;
5. The Compliance Statement in Appendix B incorporates all the points from the 2008 guidance and was reviewed by the Pension Committee;
6. The latest version of the Communications Policy was approved by the Committee on 17 September 2019;
7. No improvements were required to the Administration Strategy when it was last considered in 2019. However, the Strategy is now currently under review and a revised version will be issued for consultation shortly;
8. The Risk Management Policy was reconsidered and approved at the 17 March 2020 Committee;
9. Following AON Hewitt's recommendation that a single Fund Knowledge and Skills/Training Policy was created, standardising the approach for all Fund stakeholders in accordance with the SAB and CIPFA requirements the new knowledge and skills policy was approved by Committee on 17 March 2020;
10. A business plan is in place; and
11. The governance structure was rated as good in the previous 2019 review so no action was needed.

**3.6 38 items were rated as neutral.**

3.7 As at June 2022 29% of the neutral rating actions have been completed and a further 24% are in progress, making a total of 53% of actions having been progressed.

**3.8 3 items were rated as negative:** the Administering Authority Discretions Policy, the Fund Annual Report and Accounts 2019/20 and the Conflicts of Interest Policy.

1. The Discretions Policy was agreed by the Committee on 14 June 2022
2. The Annual Report and Accounts were reported to the Committee on 3 December 2021 however, as the Fund accounts form part of the Council accounts, they are unable to be signed off until the auditors sign off the Council accounts. For this reason this action remains as 'in progress' status.
3. At their meeting of 14 September, the Committee stated a desire for a Fund Conflicts of Interest Policy to be put before them. A policy has been drafted and officers are in consultation with other departments in respect of how this aligns with the revision of the Constitution in order to finalise the policy.

3.9 As at June 2022, 33% of the negative rating actions have been completed and a further 67% are in progress, making a total of 100% of actions having been progressed.

3.10 Of the original points on the 2019 Governance review, as at June 2022, 80% of the actions have been completed and a further 17% are in progress, making a total of 97% of actions either completed or in progress.

#### **4 DATA PROTECTION IMPLICATIONS**

4.1 Will the subject of the report involve the processing of 'personal data'?

No.

**Approved by:** Matthew Hallett, on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

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#### **CONTACT OFFICER:**

Matthew Hallett, Acting Head of Pensions and Treasury,

#### **BACKGROUND DOCUMENTS**

None

#### **APPENDICES:**

Appendix A - Governance Review Report 2021

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# Governance Review

Update report for London Borough of Croydon  
Pension Fund

Prepared for: London Borough of Croydon, Local Pension Board  
Prepared by: Alison Murray, Partner and Mary Lambe, Senior Public Sector  
Benefits & Governance Consultant  
Date: 20 August 2021

# Introduction

This document is an update report on the governance of the London Borough of Croydon Pension Fund (the Fund).

## Why bring you this report?

We were commissioned by the London Borough of Croydon Local Pension Board to undertake an update to supplement the findings of our 2019 Governance Review and deliver a report of our findings.

The purpose of this review is to consider the current position of the Fund, particularly given some of the changes and pressures the Fund has faced over 2020/21, both externally and internally.

## What does the report cover?

We have assessed the governance of the Fund with our work comparing the Administering Authority's current practices (at a high level) against the Aon Governance Framework (see Appendix A).

This report considers those areas that were recorded as amber or red in the 2019 review which were included in the Fund's action plan from that review. We were asked to focus on a number of central themes including:

- Appropriate representation – assessing representation within the current governance structure including within the London CIV governance framework. This can be found on pages 19-21 of the report.
- Knowledge and skills – assessing the acquiring, maintenance and recording of training by the Pension Committee and Pension Board. This can be found on pages 23-25 of the report.
- Continuity of membership – assessing the turnover of membership on the Pension Committee and Pension Board and any impact that may have on the governance of the Fund. This can be found on page 20 of the report.
- Action plan review – brief assessment of the action plan that the Fund has followed since the 2019 review to understand progress, identifying if any resource or business planning issues exist. We have made that assessment throughout the document.

## Next steps

We recommend that the Pension Board in conjunction with Fund Officers consider the recommendations set out in this report and consider what (and how) they should be fed back to the Pension Committee. We further recommend that the action plan is updated to incorporate our additional recommendations, in order that progress can be monitored on an ongoing basis.

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# At a glance...

We have been asked by the London Borough of Croydon Local Pension Board to update information to supplement the Governance Review we undertook in 2019 in relation to the Fund.

The purpose of this review is to consider the current position of the Fund, particularly given some of the changes and pressures the Fund has faced over 2020/21, both externally and internally.

The approach taken when carrying out the review in 2019 and this review has been to compare the Administering Authority's current practices (at a high level) against the Aon governance framework (see Appendix A). This report considers those areas that were recorded as amber or red in the 2019 review which were included in the Fund's action plan from that review. We were asked to focus on a number of central themes including appropriate representation, knowledge and skills, continuity of membership and reviewing progress against the 2019 action plan.

## Key findings

The review highlights areas of good practice in relation to the governance of the Fund and also makes some recommendations for improvement. Our overall conclusion is that the governance of the Fund is of a good standard in many areas, meets legal requirements on the whole, with a number of improvements since the 2019 report, with the Governance Action Plan tracking progress against the recommendations we made.

### Improvements made include:

- Introduction of a new Knowledge and Skills / Training Policy
- Development of a Fund business plan
- Introduction of a system to record and monitor breaches and report these to regularly to the Committee and Board.

### Other observations and recommended future improvements

Whilst progress has been made, there are some actions on the Governance Action Plan which are outstanding and which we recommend are completed. This includes ensuring that all policies which are due for review are reviewed, updated and published online as required.

The delay in publication of the 2019/20 Fund Annual Report and Accounts is an area of concern although it is not clear that this could have been avoided given issues with the Council Report and Accounts.

A number of senior officers involved in the management of the Fund have left the Council, including the Section 151 officer. We understand that this has caused some problems and delays with securing sign off of pension Fund initiatives such as contract extensions and is causing concern for officers in terms of signatories for official activity.

Whilst the impact of COVID-19 will not have helped, the Administering Authority should consider whether the lack of progress in some areas is, at least in part, due to a lack of resource, noting there are a number of vacancies<sup>1</sup>. Whilst administration performance is outside the scope of our review, we have noted that recent Pensions Administration Team Performance Reports considered at both Board and Committee meetings indicate legal timescales are not being met across some administrative processes. The Committee report dated March 2021 shows that although there has been recent improvement in some areas, and there may be some temporary fluctuations in workloads (such as estimates), for some processes legal deadlines are not being met in over 50% of cases and performance has deteriorated over successive months (starters and old deferred cases). There does not appear to be any recommended increase in resource in the budget that was proposed in March 2021 which is surprising given these issues and the ongoing challenges such as McCloud. We **recommend** that this is further investigated and considered with a strong focus from the Committee, Board and Senior Officers involved in the management of the Fund to support different options and approaches to increase resources. A more strategic approach may be required given the external pressure facing the pension administration service (e.g. McCloud) and the internal challenges relating to resources and performance. The Council should not rule out carrying out a fundamental review of the method of service delivery if resourcing concerns cannot be easily and quickly resolved.

We also note that there have been some changes at the Committee too, most noticeably the replacement of the Chair during 2020 by a new member on the Committee, although we understand that Cllr Pelling has been re-installed as Chair from May 2021 and Cllr Kabir is no longer on the Committee and has moved to the Board. We also understand that the Vice-Chair has resigned and been replaced by a new member on the Committee. There also appears to be one vacancy with only 7 Councillors currently listed as being Committee members and since 2015/16 we note that there have been 9 changes in Committee membership. Whilst some degree of change amongst Committee membership is inevitable, particularly given the local election cycle, given the wider issues at the Council with the Section 114 notice (albeit that has now been withdrawn) and loss of many senior officers, ensuring as much continuity as possible in relation to the management of the Fund should be a priority. We would also **recommend** that any new Committee members are given timely induction training to ensure they can constructively contribute to the management of the Fund as soon as possible.

We raised queries in our 2019 report regarding the level of engagement and wider information shared regarding the London CIV. We note that in January 2021 the Board were informed that going forward, the Chair of the Pension Committee would be a representative on the stakeholder board and would report back on a regular basis with information from the CIV. We have not seen evidence of this reporting back to provide comment in this

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<sup>1</sup> Since our 2019 report we are aware of significant recruitment activity at the Fund with 8 new recruits in administration roles and a new Governance Manager recruited. There have been three leavers recently and those vacancies are being recruited to. Some of the challenge appears to be promotion of Croydon staff to other funds.

report. Formally CIV structures need to be represented in the Council's constitution (which was a recommendation from 2019).

We note that supplemental papers were issued for the January, March, September and December 2020 and March and May 2021 Committee meetings as well as October 2020 and January 2021 Board meetings. We **recommend** investigating the reasons for this and encourage this to be minimised in the future. We have a number of recommendations relating to Conflict of Interest including the need to publish a Fund-wide Policy and undertake periodic training on the subject particularly with newer members joining the Committee and Board. In addition, we have highlighted the potential and perceived conflict of interest around the future transfer of properties leased to Croydon Affordable Homes and Croydon Affordable Tenures. We have not reviewed the merits of this decision in principle but rather draw the Boards' attention to the perception of conflict of interest in terms of members' fiduciary duty to the Fund as opposed to the Council as a participating employer (with funding obligations to the Fund).

In their February 2020 meeting the Committee acknowledged concern about the turnover of members and the risk that posed in terms of undermining the expertise of the Committee. In recent discussions with Officers that issue was restated in that training requirements are greater and more challenging given the changes to the Committee in particular. We **recommend** that induction training requirements are clearly set out in your Policy (it is currently missing) and that this is explained and facilitated for all new members on joining the Committee and Board.

We also have included a brief assessment of the Fund's action plan following our 2019 review to understand progress made, identify if any resource or business planning issues exist in the areas of progress made, and consider resources and business planning.

We also acknowledge the volume of external change taking place in the LGPS and the impact that has on resources and business planning. Within the report we have highlighted a number of initiatives and changes to reflect on including:

- **Good Governance Review:** The SAB published its final report on the Good Governance project in February 2021 and have made a formal request to MHCLG and other bodies to implement the recommendations from the project. It may be some months before there are further developments due to other national priorities. In the meantime, we **recommend** that the Board and Committee carry out a check of how the Fund complies with the recommendations and where work will be required to ensure compliance. In particular we suggest that senior officers within the Council with responsibility for pensions alongside senior officers in the Fund start to consider how well the Fund would be able to adapt to potential new requirements for a new dedicated LGPS Senior Officer "who is responsible for the delivery of all LGPS related activity for that fund".
- **New TPR Single Code:** TPR are replacing their current Codes of Practice with a single new code of practice. At the time of writing the new Code is in draft following a consultation period. The Administering Authority should carry out an evaluation against the new Code's

requirements in due course and address areas of partial compliance and non-compliance in a timely manner. It should also evaluate compliance on a regular basis.

- **CIPFA Knowledge and Skills Code and Framework:** Revised and updated Code of Practice and Framework for Committees and Officers was published in June 2021. The Administering Authority should, ensure it is complying with these new items of CIPFA guidance.
- **McCloud:** Whilst the implications are largely administrative, there are arguably governance angles to this due to the resource implications - all administering authorities have a huge task in reviewing the benefits of members who have left since 2014. We note that the Local Pension Board have been considering this in their meetings and given the volume of activity needed to rectify members' benefits we support that engagement. We recommend the Board continue asking questions of officers/administrators to ensure that they are prepared for the changes and that data collection is underway to enable the final salary underpin to be calculated – our experience is that this will be a lengthy process and that much of the required data is proving hard to obtain.

We would be delighted to discuss our findings with you in more detail.

# Purpose and scope

Building on 2016 and 2019 governance reviews we have undertaken a further review to consider the current position of the Fund, particularly given some of the changes and pressures the Fund has faced over 2020/21, both externally and internally.

## What is covered in this report?

This report should be considered as an update to the 2019 report given its narrower scope and focus on key areas as requested by the Fund. The focus of this report includes assessing what has improved since the 2019 exercise, what has not changed since the 2019 exercise and identifying areas that require improvement. The key content requested by the Administering Authority for this review includes:

- The representation within the current governance structure including within the London CIV governance framework.
- The acquiring, maintenance and recording of training by the Pension Committee and Pension Board.
- The turnover of membership on the Pension Committee and Pension Board and any impact that may have on the governance of the Fund.
- The action plan that the Fund have followed since the 2019 review to identify progress and to identify any resource or business planning issues that exist.

We have also considered the Fund's evolution to address recent and planned future changes in legislation relating to governance matters.

## How have we approached this work?

The review has been carried out a high level and has not involved any detailed investigation into services such as administration, communications, funding or investments. Accordingly, it does not provide any technical comment in relation to any of these areas, including regarding the technical content of the related key governance documents. The review does include consideration, at a high level, of the legal requirements relating to governance, for example, the requirement to publish certain policies and strategies under LGPS legislation. Though it includes some legal elements, these are presented by us in our capacity as pension consultants and not as legal experts, and as such nothing in this report should be considered as legal advice.

## Structure of this report

This report considers areas that were recorded as amber or red in the 2019 review, which were then included in the Fund's action plan (put in place after the 2019 review). We have assessed what progress has been made

## Aon Governance Framework

Where appropriate, we have compared the Administering Authority's practices against the **Aon Governance Framework (see appendix A)** for consistency with the approach we took when carrying out the governance review in 2016 and 2019, albeit the scope of this review is much narrower as set out above.

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as well as undertaking a full assessment of any existing policies which have been updated and new policies in place since 2019. We have not reviewed the current status of any areas that were classed as green in the 2019 review. In the report we highlight the findings of the 2019 report to allow for easy comparison of the progress made (where relevant).

Throughout the report we have included comments to highlight areas of good practice and identify areas for potential improvement. To provide some greater clarity on the intention of our comments, we have included graphics to illustrate whether they are:



positive – meets legal requirements, national guidance and good practice.



negative – requires improvement as it does not appear to meet legal requirements or practices we consider key to good governance.



neutral – meets legal practice, in the main, but could be improved to meet good practice or national guidance.

## Research

The information upon which this review has been based has been gathered in a number of ways:

- Desk-top review of key reports, strategies and policies governing the scheme that were found not to be satisfactory at the last review, any new policies or strategies and web information. The documents considered are listed in Appendix B.
- Papers and minutes from Pension Committee and Pension Board meetings since September and October 2019 respectively.
- Training plans and activity since September 2019.
- Progress against the Action Plan developed following the Governance Review Report dated September 2019.
- Informal discussions with Nigel Cook and Alison Fisher, senior officers with responsibilities for the management of the Fund, and Mike Ellsmore as Chair of the Pension Board.

## Wider LGPS Landscape

As part of this review we refer to a number of recent or planned changes particularly in relation to governance of the LGPS and how the Fund needs to evolve and manage these in the future. In summary the key developments include:

- **Good Governance Review:** The Scheme Advisory Board (SAB) published its final report<sup>2</sup> on the Good Governance project in February 2021 and have made a formal request to the Ministry for Housing, Communities and Local Government (MHCLG) and other bodies to implement the recommendations from the project. SAB will be identifying

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<sup>2</sup> Source

[https://lgpsboard.org/images/Other/Good\\_Governance\\_Final\\_Report\\_February\\_2021.pdf](https://lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf)



and promoting best practice in the LGPS to assist in taking forward the recommendations made. In addition to this MHCLG would need to implement some of the changes either by amending regulations or via statutory guidance. It may be some months before there are further developments due to other national priorities. In the meantime, **we recommend** that the Board and Committee carry out a check of how the Fund complies with the recommendations and where work will be required to ensure compliance. In particular we suggest that senior officers within the Council with responsibility for pensions alongside senior officers in the Fund, start to consider how well the Fund would be able to adapt to potential new requirements for a new dedicated LGPS Senior Officer “who is responsible for the delivery of all LGPS related activity for that fund”.

- **New TPR Single Code:** TPR are replacing their current Codes of Practice with a single new code of practice. The new code brings together 10 existing codes of practice, including Code of Practice 14 (the code of practice which applies to the LGPS), into a single (on-line) code which will apply to all UK pension schemes. At the time of writing the new Code is in draft with the consultation having recently closed. Within the report we include some further details about potential changes for the Board and Committee to be aware of.
- **CIPFA Knowledge and Skills:** Aon has been working with CIPFA to refresh their knowledge and skills framework for Pension Committee members and Officers and their Code of Practice. Updated documents were published in June 2021. **We recommend** the Fund should, ensure it is complying with these new items of CIPFA guidance.
- **McCloud Remedy:** Government has confirmed that changes will be made to all the main public service pension schemes, including the LGPS, to remove the unlawful age discrimination identified in the McCloud ruling. Whilst the implications are largely administrative, there are arguably governance angles to this due to the resource implications - all administering authorities have a huge task in reviewing the benefits of members who have left since 2014. We note that the Local Pension Board have been considering this in their meetings and given the volume of activity needed to rectify members' benefits we support that engagement. **The Local Pension Board should continue to ask questions of officers/administrators** to ensure that they are prepared for the changes and that data collection is underway to enable the final salary underpin to be calculated – our experience is that this will be a lengthy process and that much of the required data is proving hard to obtain. We make reference to the impact of McCloud in this report given the impact it will have on Fund activity.

Please note that there are various developments in the Responsible Investment area that the Fund will be working to address but given the scope of this work we have not referred to them in this report.

#### [McCloud - Latest](#)

The latest development in the LGPS is the **Written Ministerial Statement** from the LGPS Minister Luke Hall who made a statement on 13 May 2021 confirming the key elements of the changes to the LGPS regulations in order to implement the McCloud remedy. **LGPS regulations** are expected to come into force from **1 April 2023**.

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# Direction – What are you trying to achieve?

In this section, we consider whether the Fund has clear strategies and policies which meet the requirements in the right hand box.

## Croydon's Policies and Strategies

In the table that follows, we have considered the status of your existing policies and strategies where they were highlighted as an area of improvement (i.e. amber or red) in the 2019 governance review as well as undertaking a full assessment of any existing policies which have been updated by the Fund and new policies put in place by the Fund since 2019.

When reviewing these policies and strategies, we consider both legal requirements and best practice. Note that we have not considered the principles or methodology within these documents, given that this review is focussed on governance matters and not, for example, on the quality of actuarial or investment matters.

We have indicated in the table whether the documents are;

- legally required under the LGPS, or
- expected in accordance with CIPFA, LGPS SAB or TPR Guidance or Codes (many of which have some element of statutory backing),

and we then make observations against those requirements for the policy or strategy.

## Strategies and Policies should:

- Be in line with legislative requirements and any related professional guidance
  - Clearly set out the aims, principles, protocols and environment for how the Fund is managed and:
    - be wide ranging covering all key areas including funding, investments, administration, communications and governance itself
    - be clearly articulated, to provide a framework within which those managing the Fund are able to operate
    - provide the focus for all future decisions and plans
    - be agreed by those responsible for governing the Fund.
-

Strategy / Policy (effective date)	Legal or National Guidance Requirements	Observations and progress since 2019 review
<b>Funding Strategy Statement (FSS) effective from 1 April 2020</b>	<ul style="list-style-type: none"> <li>▪ LGPS Regulations</li> <li>▪ CIPFA FSS Guidance</li> <li>▪ MHCLG guidance on employer flexibilities</li> <li>▪ SAB guidance (which is advisory only)</li> </ul>	<p>🟢 The latest FSS was updated and was approved by the Committee in May 2021.</p> <p>🟢 April 2021 version has been updated to reflect the 2020 Amendment Regulations on exit credits and set out the Administering Authority's policy on the employer flexibilities.</p>
<b>Investment Strategy Statement (ISS) effective from 18 September 2018</b>	<ul style="list-style-type: none"> <li>▪ LGPS Regulations</li> <li>▪ MHCLG (formerly DCLG) Guidance on Preparing and Maintaining an Investment Strategy Statement</li> <li>▪ Compliance Statement against CIPFA guidance on the Myners Principles in the LGPS</li> </ul>	<p>🟢 The Committee agreed an approach to review the ISS at its meeting on 5 November 2019 then the only change made to the Strategy in March 2020 was the asset allocation strategy.</p> <p>😬 There continues to be no compliance statement against the Myners Principles. Although no longer required by MHCLG guidance, CIPFA continues to recommend that a statement of compliance be developed and maintained.</p>
<b>Governance Policy and Compliance Statement effective from 18 September 2019</b>	<ul style="list-style-type: none"> <li>▪ LGPS Regulations</li> <li>▪ Compliance Statement against Secretary of State guidance (2008)</li> </ul>	<p>🟢 The policy was reviewed in September 2019 and approved by Committee at their meeting on 18 September.</p> <p>🟢 The Compliance Statement in Appendix B incorporates all the points from the 2008 guidance.</p> <p>😬 The latest policy and compliance statement is not available on the Fund website (other than in the meeting papers).</p> <p>😬 The policy still does not reflect the delegated responsibilities and governance structure relating to LGPS pooling through the London CIV.</p> <p>😬 The policy states it will be updated in June 2020, but we have not seen evidence of this. We are aware of material changes to the membership of the Committee that needs to be addressed in future changes.</p> <p>🟢 We do note that the compliance statement was reviewed by the Pension Committee.</p>
<b>Communications Policy effective from September 2019</b>	<ul style="list-style-type: none"> <li>▪ LGPS Regulations</li> </ul>	<p>🟢 The latest version of the policy was approved by the Committee at their meeting on 18 September 2019.</p> <p>😬 There are still no references to the risks relating to the policy and how they are managed.</p> <p>😬 The policy still states it will be reviewed annually but we are not aware of any review since 2019. We note the business plan for the Fund refers to review every three years.</p> <p>😬 The latest policy is not available on the Fund website (other than in the meeting papers).</p>
<b>Administering Authority Discretionary Policy Not in place (albeit a draft has been prepared by Officers)</b>	<ul style="list-style-type: none"> <li>▪ LGPS Regulations – basic element only</li> </ul>	<p>🔴 No policy has yet been made. Note the legally required element is just in relation to waiving of reductions for ceased employers, and therefore this is not a major issue but should be rectified.</p> <p>😬 The Action Plan approved at the Committee meeting on 11 February 2020 included a proposal to "introduce a Pension Fund Administering Authority Discretionary Policy to provide clarity on these areas". Our understanding is that a policy has been drafted but has not yet been considered or approved by the Committee. We noted in the plan of work agreed by the</p>

Pension Committee in May 2021 that this is being considered in September 2021.

<p><b>Administration Strategy effective from July 2017</b></p>	<ul style="list-style-type: none"> <li>▪ LGPS Regulations, (as an optional strategy)</li> </ul>	<p>🟢 No improvements were identified in 2019.</p> <p>😞 The Strategy should have been reviewed after three years but we understand due to resource constraints that hasn't happened. The workplan for the Fund indicates it will be reviewed in September 2021.</p>
<p><b>Risk Management Policy &amp; Strategy effective from 17 March 2020</b></p>	<ul style="list-style-type: none"> <li>▪ CIPFA Guidance</li> </ul>	<p>🟢 The policy was reconsidered and approved at the March 2020 Committee.</p> <p>😞 The latest policy is not available on the Fund website (other than in the meeting papers).</p>
<p><b>Annual report and accounts 2019/20 report and accounts not yet signed off</b></p>	<ul style="list-style-type: none"> <li>▪ LGPS Regulations</li> <li>▪ CIPFA Guidance "Preparing the Annual Report</li> <li>▪ CIPFA accounting guidance</li> </ul>	<p>🔴 The 2019/20 pension fund report and accounts have not yet been finalised. This was briefly discussed at the September 2020 meeting of the Committee but was not part of the agenda for the December 2020 meeting nor the March 2021 meeting. It appears to stem from issues with sign off of the Council Annual Report and Accounts.</p>
<p><b>Knowledge and Skills/Training Policy new combined policy effective from 17 March 2020</b></p>	<ul style="list-style-type: none"> <li>▪ CIPFA &amp; SAB</li> <li>▪ TPR Code of Practice</li> </ul>	<p>🟢 Following our recommendation that a single Fund Knowledge and Skills/Training Policy was created, standardising the approach for all Fund stakeholders in accordance with the SAB and CIPFA requirements. The new policy was approved by Committee on 17 March 2020 and the LPB training plan was adopted by the Board on 2 April 2020.</p> <p>😞 The latest policy is not available on the Fund website (other than in the meeting papers). There remains a Board Training Policy online which we assume has been superseded.</p> <p>😞 We would expect reference to whom the policy applies to be included.</p> <p>😞 We would expect reference to induction training to be included in the revised policy.</p> <p>😞 There are two different job titles referred to as the delegated officer, the Director of Finance, Investment and Risk (Section 151) and the Chief Finance Officer. We recommend reviewing for consistency.</p>
<p><b>Conflicts of Interest Policy It is unclear if there is an approved 2020 Fund version</b></p>	<ul style="list-style-type: none"> <li>▪ SAB, required for Pension Board only</li> </ul>	<p>😞 We were provided with a Conflict of Policy for the Fund which states that it was approved by the Pension Committee on 17 March 2020. However, the policy is not on the website and nor is it in the March 2020 Committee meeting papers or minutes.</p> <p>🔴 The Action Plan approved at the Committee meeting on 11 February 2020 included an item "Review Board Conflict Policy and expand to cover all those involved with the management of the Fund (i.e. Pension Committee and senior officers) in a Fund wide Conflicts of Interest Policy. It should also have regard to the work with the London CIV". We were provided with a policy which states it was approved by the Committee on 17 March 2020. However, the policy is not on the website and nor is it in the March 2020 Committee meeting papers or minutes. On enquiry Officers explained that the draft report can only go to Committee / Board when cleared by senior officers and other directorates. It is not clear what other directorates need to</p>

consider a Fund based policy and why this has been delayed. We recommend this is addressed promptly and the Policy is put forward for consideration by the Board and Committee as soon as possible.

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**Breaches of the Law Procedure extended version effective from September 2020**

- Pensions Act 2004
- TPR Code of Practice

☹️ Following our recommendations, the Action Plan approved at the Committee meeting on 11 February 2020 included an item "Review current Pension Board breaches procedure but in doing so, expand to cover all of those involved with the management of the Fund" (i.e. Committee and senior officers). A revised policy, including a breaches log, was approved by the Committee on 15 September 2020. However, on review the policy remains focused on the Board, it has references to inaccurate guidance and doesn't provide clarity in all areas (including about reporting serious breaches to the Regulator). We recommend this Policy is reviewed sooner than its review date of 2023.

☹️ The policy does not state when it was approved or effective from nor what is envisaged as regards reviewing the policy.

☹️ The policy is not available on the Fund website (other than in the meeting papers).

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**Employer (admission / cessation / bulk transfer) Policy**

We note from the Fund's medium term business plan (2020-23) that this policy is due for review in June 2021

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### General principles to follow with strategies and policies

As a general principle we recommend that **any strategy or policy document should include the following elements** in addition to the main contents/purpose of the document:

- Introduction including any relevant legislation and guidance
- The Fund's aims / objectives in this area
- What measurement / monitoring will be carried out in relation to those aims / objectives
- The key risks relating to the strategy and how they are being managed / monitored
- Who was consulted on the drafting of the strategy / policy
- When / how it was approved
- The effective date of the strategy / policy
- When it will next be reviewed
- The roles and responsibilities of the key parties responsible for delivering the strategy (e.g. Pension Fund Committee, officers, fund managers, advisers etc.).

In addition, we **recommend** that the latest version of all of these key documents is made available on the Fund's website.

## Adherence to The Pensions Regulator Code of Practice

As this area was rated 😊 (good) in the 2019 Report following an independent review against the Code of Practice. We have not focused on this as part of this further review as it was not requested by the Fund.

The new code brings together 10 existing codes of practice, including Code of Practice 14 (Governance and Administration of Public Service Pension Schemes), into a single (on-line) code which will apply to all UK pension schemes. At the time of writing the new Code is in draft given it is being consulted on but some key points for the Fund to be aware of that are new include (this is not exhaustive but is intended to highlight some potential areas of work for the Fund once the new Code is in place):

- **Administration modules:** There are seven new administration modules for the public sector schemes, and these cover all the main operational procedures. Most of the requirements here were already set out in the previous code of practice but the key will be making sure everything is appropriately documented by the Fund. For example, documenting policies for maintaining IT systems is likely to be an area that is new to the Fund. In addition, a new module on 'Cyber controls' now elevates this area to Code (from existing guidance) and will require the Fund to ensure cyber security measures and controls are in place as part of your internal controls.
- **Governing Body modules:** This includes a new module called 'Recordings of meetings and decisions made'. There may be some points of detail in existing policies which need to be reviewed by the Fund, for example documenting any decisions taken outside of meetings within the minutes of the next meeting. There is a "best practice" module 'Remuneration policy', which recommends that there is a written and published remuneration policy covering key personnel involved in running the scheme, which is reviewed at least every 3 years (ideally annually). Another best practice module is 'Continuity planning' which sets out the Fund should have its own continuity plan to document the key actions that would be undertaken under a range of events, to ensure data and administration are not disrupted.
- **Communications and disclosure modules:** There are new requirements for the Fund here on the principles for member communications (accurate, clear, concise), use of technology, and accessibility, as well as steps for mitigating the risk of scams.

The Administering Authority **should carry out an evaluation** against the new Code's requirements in due course and address areas of partial compliance and non-compliance in a timely manner. It should also evaluate compliance on a regular basis.

As a matter of best practice, we would expect all administering authorities to carry out a regular review of their approach against:

- the legal requirements underpinning the TPR Code of Practice, with a view to ensuring that these are being adhered to, and
- the guidance contained within the code, to consider whether the guidance should be adhered to or an alternative and justifiable approach should be taken.

## New TPR Code

TPR's Code of Practice Number 14 – Governance and administration of public service pension schemes ("TPR's Code of Practice") currently sets out legal requirements, and standards of conduct and practice, expected from those who exercise functions in public service pension schemes. TPR recently consulted on a **new single consolidated code of practice** which is expected to replace Code of Practice 14 later this year.

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This will also be an area of particular interest to the Pension Board as it is part of their statutory responsibility to assist in ensuring compliance with the TPR's Code of Practice.

TPR carries out regular surveys of public service pension schemes' compliance with the Code and has stated that it expects all schemes to have assessed themselves against the law and its code of practice.

# Delivery – How do you meet your aims?

In this section we consider whether the Fund has (i) a business plan in place and how effective that plan might be, (ii) performance monitoring and (iii) risk management.

## Business Planning

**2021 Findings: Business Plan now in place 😊 however 😐 we recommend several improvements to the Plan.**

It is good practice for Funds to have a clear business plan which is formally approved by the Committee each year.

### 2019 analysis

Whilst there were some elements which would make up a business plan in place, including a forward plan of both Pension Committee and Pension Board business, there was no explicit business plan for the Fund. However, some elements that are undertaken. This area was therefore rated 😐 neutral in our 2019 review.

### 2021 review

The Action Plan approved by the Committee at their meeting on 11 February 2020 included the following item:

"Introduce a **three-year rolling business plan** incorporating the following areas:

- legislation (e.g. valuation, implementation of a forthcoming legislative changes),
- performance monitoring (e.g. the review of an area of a service that is failing to meet the agreed service standard)
- standard practice (e.g. review of advisers, review of strategies and policies),
- the evolving environment (e.g. new investment vehicles, a greater focus on information technology efficiencies)
- risk management (e.g. reviewing staffing structure due to increasing manpower risk).
- Ensure the Fund's Business Plan aligns with the London CIV Business Plan and that London CIV are aware of LB of Croydon Pension Fund's requirements."

At their meeting on 15 September 2020 the Committee approved a Medium Term Business Plan 2020-23 which was further updated for 2021-24 at the 25 May 2021 Committee meeting.

## Business Plans

### Guidance:

**TPR** – Setting a clear purpose and strategy is essential to managing the Fund effectively and getting good outcomes for members<sup>3</sup>.

**CIPFA** – A medium term business plan should be created for the pension fund.

The **LGPS Myners Principles published by CIPFA** explicitly states:

*"The CFO should ensure that a medium term business plan is created for the pension fund, which should include the major milestones and issues to be considered by the committee. The business plan should contain financial estimates for the investment and administration of the fund and include appropriate provision for training. Key targets and the method of measurement should be stated, and the plan should be submitted to the committee for consideration.*

*The business plan should review the level of internal and external resources the committee requires to carry out its functions effectively and contain recommended actions to put right any deficiencies or to anticipate changing requirements in the future."*

<sup>3</sup> TPR 21<sup>st</sup> Century Trustee - <https://www.thepensionsregulator.gov.uk/en/trustees/21st-century-trusteeship/3,-d-,-clear-purpose-and-strategy->



We have reviewed the Fund's business plan and have the following comments:

- whilst it does set out the Fund's objectives, these appear to be the funding objectives only, taken from the FSS, we recommend the Business Plan includes the objectives all areas of the management and administration of the Fund.
- the work programme includes business as usual activity, so it is difficult to identify the Fund's key priorities, we recommend that a Business Plan focuses on areas outside the Fund's business as usual.
- there is no mention of key legislative or related changes, such as the McCloud judgement, exit cap changes, good governance review, proposed new Code of Practice from TPR which might reasonably be expected to have resource and delivery implications for the Fund. We do however note that the minutes of the 15 September 2020 Committee meeting indicate that the Committee requested that an item on the McCloud judgement be added to the forward plan and it is reflected in the 2021-24 version of the report however it lacks detail on what activity the Fund is planning and when.
- the 2021-24 Business Plan includes statistics from 31 March 2021 and the asset allocation as at 31 December 2020 without being clear on if or how this information is pertinent to the Fund's activities over the period covered by the Plan.
- it does not consider how resources and staffing levels relate to the volume of work expected, noting that there is no assessment of whether these will be sufficient given the Plan does not mention a number of key legislative developments which could add materially to the workload of administration staff (e.g. Goodwin Case).
- there is no indication of when the Plan was developed or approved, nor when it might be reviewed, this information should be added to the Business Plan.

We recommend extending the current business plan to include the following areas, all of which should be considered in the context of the agreed strategies/aims of the Fund:

- legislation (e.g. implementation of a forthcoming legislative and related changes),
- performance monitoring (e.g. the review of an area of a service that is failing to meet the agreed service standard)
- standard practice (e.g. review of advisers, review of strategies and policies),
- the evolving environment (e.g. new investment vehicles, a greater focus on information technology efficiencies)
- risk management (e.g. reviewing staffing structure due to increasing manpower risk)

The Plan should also acknowledge that it may need to be revised mid-year, for example, if new legislation is passed or a particular task is deferred for a particular reason. We recommend that the Committee is provided with regular updates on progress against the business plan, which can be

presented at a high level, and which in turn will help them to consider if it does need to be reviewed or realigned.

## Performance Measurement

**2021 Findings: Retains a 😐 neutral rating, some improvements made but a number of recommendations set out below**

### 2019 analysis

In the 2019 review this area was rated 😐 neutral, although some improvement had been made relative to the 2016 review via regular inclusion of Key Performance Indicators (KPIs) in Committee papers covering mainly administration as well as updates on funding and governance matters.

### 2021 review

We note that a significant backlog of deferred benefits cases was identified within the KPI reporting to the Committee and steps are being taken to rectify this via the appointment of Hymans Robertson. This suggests a slightly greater focus on data quality which is a positive step. Having said that, whilst administration performance is outside the scope of our review, we have noted that recent Pensions Administration Team Performance Reports considered at both Board and Committee meetings indicate legal timescales are not being met across some administrative processes. The Committee recent report dated March 2021 shows that although there has been recent improvement in some areas (e.g. backlog cases, albeit from a very poor starting point), and there may be some temporary functionates in workloads (such as estimates), for some processes legal deadlines are not being met in over 50% of cases and performance has deteriorated over successive months (starters and deferred cases).

The papers for the 8 December 2020 Committee meeting include a log of breaches of the law, although there do not appear to have been any reports to the Regulator. We note that the deferred backlog has now been added to the breaches log and we would recommend that officers continue to consider areas that in breach and which should be recorded in the log.

There is still little evidence of consideration of wider developments affecting the Fund, such as the Regulator's proposed new consolidated Code of Practice, the SAB's Good Governance Review nor legislative changes such as McCloud within the key papers. In addition, we also note that whilst the Committee had asked for the Forward Plan to be updated in include reference to the McCloud judgement at the September 2020 meeting, given its potential implications for administration workloads, there was no mention of this having been done nor brought back to the December meeting. Further, whilst McCloud does feature in the risk register included within the papers considered at the December 2020 Committee meeting, there is no evidence from the minutes that this was discussed during the meeting.

Our earlier recommendations from the 2019 review which remain in place, are as follows:

## Performance Measurement

**CIPFA guidance** – Pension Committee, Pension Board and Senior Officers should ensure monitoring of aims and objectives and legal requirements is taking place

**TPR guidance** – Monitor progress against the Scheme's objectives and goals<sup>4</sup>

Those responsible for governing the Fund should be provided with appropriate performance information. Measurements should:

- demonstrate whether the Fund's aims are being achieved
- cover the full range of key areas (e.g. investments, funding, finance, governance, communications and administration)
- demonstrate whether the Fund's business plan is being achieved
- be updated in accordance with appropriate timescales
- be presented in a manner that is easy to follow and understandable to those governing the Fund
- assist in identifying potential changes to the Fund's business plan, strategies, polices and aims.

<sup>4</sup> TPR 21<sup>st</sup> Century Trustee - <https://www.thepensionsregulator.gov.uk/en/trustees/21st-century-trusteeship/3,-d-,-clear-purpose-and-strategy->

- administration and communications updates should be a standing item on the Committee agenda with monitoring information aligned to the objectives within the Fund's administration and communications strategies, noting the provision of the Regulator's Code of Practice 14 that "schemes should have policies and processes that monitor data on an ongoing basis to ensure it is accurate and complete" and the expectation that all public service pensions schemes should have a data improvement plan in place. (We note from the Governance Action Plan that a data improvement plan will be considered by the Committee at their September 2021 meeting.)
- the Pension Committee, Pension Board and officers should consider the CIPFA guidance "Administration in the LGPS: a guide for pensions authorities"<sup>5</sup> which sets out information to help decision makers in the LGPS to better understand how they can oversee the delivery and quality of administration and communications within their administering authorities, with a view to identifying where improvements may be needed; this CIPFA guidance is consistent with expectations of TPR.
- the Administering Authority reviews its wider monitoring arrangements to ensure all of the Fund's aims and objectives, as articulated in the key strategies and policies, are subject to ongoing monitoring at appropriate timescales. We would expect this to include areas such as:
  - regular reporting of turnaround times and more qualitative measures in relation to the performance targets set out in the administration strategy
  - more regular consideration of funding matters, such as funding levels, employer covenants and cash-flows, specifically focussed on the key objectives of the funding strategy statement
  - monitoring progress against the Fund's budget including expected income and expenditure
  - monitoring of key tasks included within the business plan.

## Risk Management

As this area was rated 😊 (good) in the 2019 Report we have not focused on this area as part of this further review as requested by the Fund. We have made a key observation about resourcing and risks relating to that as set out below.

### **Impact of changes in resources and impact of increasing workloads**

A number of senior officers involved in the management of the Fund have left the Council, including the Section 151 officer. We understand that this has caused some problems and delays with securing sign off of pension Fund initiatives such as contract extensions and is causing concern for officers in terms of signatories for official activity. Whilst the impact of COVID-19 will not have helped, the Administering Authority should consider whether the lack of progress in some areas is, at least in part, due to a lack of resource, noting there remains vacancies<sup>6</sup>. The Administering

<sup>5</sup> Guidance is free and can be found at <https://www.cipfa.org/policy-and-guidance/reports/administration-in-the-lgps>

<sup>6</sup> Since our 2019 report we are aware of significant recruitment activity at the Fund with 8 new recruits in administration roles and a new Governance Manager recruited. There have been

Authority should maintain a proactive and vigilant approach to monitoring the impact of changes in resources and the impact of increases in workload, as well as considering succession planning, to mitigate the risks on the administration and management of the scheme.

We also note there does not appear to be any recommended increase in resource in the budget that was proposed in March 2021, which is surprising given our comments above about some legal deadlines not being met and the ongoing challenges such as McCloud. We **recommend** that this is further investigated and considered with a strong focus from the Committee, Board and Senior Officers involved in the management of the Fund to support different options and approaches to gain additional resources. A more strategic approach may be required given the external pressure facing the pension administration service (e.g. McCloud) and the internal challenges relating to resources and performance. The Council should not rule out carrying out a fundamental review of the method of service delivery if resourcing concerns cannot be easily and quickly resolved.

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three leavers recently and those vacancies are being recruited to. Some of the challenge appears to be promotion of Croydon staff to other funds.

# Decisions – Do you have effective decision making?

In this section we consider whether the Fund has (i) and appropriate governance structure, (ii) people with the appropriate level of knowledge and skills and (iii) people with the appropriate behaviours needed to make governance effective.

## Appropriate governance structure

There is no one 'correct' governance structure. The table to the right sets out the structure an Administering Authority should have. These elements are considered in this section.

### ☹️ Formal Governance Documentation

This was rated ☹️ (neutral) in our 2019 analysis due to the Constitution not accurately reflecting the role of the Local Pension Board. The Governance Action Plan taken to the December 2020 Committee meeting suggests changes were due by June 2020, this then appears to have been delayed to January 2021 and again until June 2021 and the reason for the delay is not clear given a paper was issued to the March 2021 Committee. We are not aware that the wording of Part 3 of the Constitution has been amended despite some changes having been made to that document in February 2021.

### ☹️ Clearly documented Scheme of Delegation

This was rated ☹️ (neutral) in our 2019 analysis due to the lack of clarity regarding delegations to officers. However, we note that the Pension Committee's Terms of Reference were updated in March 2020 to provide that all matters not explicitly reserved to the Committee (or Council) are delegated to Director of Finance Investment and Risk and Section 151 Officer who may delegate aspects to other officers and advisers within the scope of the Regulations. We would have anticipated greater detail regarding the delegation to the Director of Finance Investment and Risk and Section 151 Officer and **recommend** this area is reviewed in the next update to the constitution.

### ☹️ Appropriate representation

This was rated ☹️ (neutral) in our 2019 analysis due to the lack of any employer representatives on the Committee. This does not appear on the Governance Action Plan although we note that at their meeting on 11 February 2020 the Committee resolved that *An item to give consideration to representation and voting rights would be added to the Pension Committee's work programme*. Despite this action we cannot see a record of further discussion taking place and it doesn't appear on the latest Business Plan shared with the Committee in May 2021.

## Administering Authority's structure should:

- have clear terms of reference
  - have a clearly documented scheme of delegation
  - allow decision making at the appropriate level
  - allow quick decision making where appropriate
  - include appropriate representation from stakeholders
  - involve well-presented information/reports
  - allow sufficient time for discussion where necessary
  - have good quality (Committee and Board) administration (e.g. issuing papers in good time)
  - involve a process for managing conflicts
  - provide transparency to stakeholders where appropriate.
-

As part of this review we were asked to assess the turnover of membership on the Pension Committee and Pension Board and any impact that may have on the governance of the Fund. The changes at the Committee included the replacement of the Chair during 2020 by a new member on the Committee, although we understand that Cllr Pelling has been re-installed as Chair from May 2021 and Cllr Kabir is no longer on the Committee and has moved to the Board. We also understand that the Vice-Chair of the Committee has resigned and been replaced by a new member on the Committee. There also appears to be one vacancy with only 7 Cllrs currently listed as being Committee members. We have noted that 9 changes in Committee membership have taken place since 2015/16. Whilst some degree of change amongst Committee membership is inevitable, particularly given the local election cycle, given the wider issues at the Council with the Section 114 notice (albeit that has now been withdrawn) and loss of many senior officers, ensuring as much continuity as possible in relation to the management of the Fund should be a priority. We would also **recommend** that any new Committee members are given timely induction training to ensure they can constructively contribute to the management of the Fund as soon as possible.

In terms of Board membership, that has appeared reasonable stable during the period, but we did learn that the role of Employer Representatives from Croydon Council changed.

Perhaps the more concerning aspect of this turnover on both the Committee and Board is that Officers were not regularly informed or updated by the Council's political offices of the changes being made or provided with details of the new members on the Board or Committee in a timely way with individuals being revealed at meetings. This makes good governance outcomes more difficult to achieve and we would recommend that relevant individuals within the appropriate teams in the Council are reminded of the responsibility placed on members of the Committee and Board.

### **London CIV related governance**

In our 2019 report we reviewed whether the Fund's governance arrangements had evolved to meet the needs of asset pooling with the London CIV. From what we have reviewed as part of our work we noted that:

#### **Governance structure:**

- We recommended that the Administering Authority update their constitution to reflect the changes to the London CIV introduced in June 2018 by revoking delegation to the Pensions CIV Sectoral Joint Committee and provide written evidence to London Councils that this had been actioned. In March 2021 the Committee received a paper setting out these changes would be made however on reviewing the latest Constitution this remains outstanding and appears to have been delayed.

#### **Reporting to the Committee and Board, wider information and engagement:**

### **London CIV**


The Fund, alongside other London Borough Funds is a member of the London Collective Investment Vehicle (CIV) since 2014.

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- There appears to be a good level of reporting to the Board on CIV related activity by Officers. As part of the review we haven't seen all reports to Committee as these are likely in part B which haven't been supplied.
- In January 2020, the Head of Pensions and Treasury described to the Board how a pause had been placed on developing a more detailed ESG Policy because of lack of a clarity on the relationship with London CIV. It is not clear from the information reviewed if this is now resolved.
- We note that in January 2021 the Board were informed that going forward, the Chair of the Pension Committee would be a representative on the stakeholder board and would report back on a regular basis with information from the CIV. We have not seen evidence of this reporting back to provide comment.
- In March 2021 the Committee reviewed a paper with details about information sharing between the London CIV and its governance bodies to ensure appropriate information is being provided to the officers, Pension Committee and Pension Board and there is appropriate engagement. It referred to London CIV agreeing and putting its new client engagement approach in place. It also stated that the CIV is currently actively engaging with shareholders as to the information required and the format in which it is presented. A commitment to update the Committee and discuss this further was made at that meeting. Given the proposals from the CIV's governance review are almost 3 years old it would seem appropriate for the Fund to ensure the London CIV progress this speedily.

We **recommend** that the governance arrangements are formally adopted in the Administering Authority's Constitution as soon as possible. The Board and Committee should ensure they are assured on areas of reporting, information and engagement from the London CIV in particular in the areas noted above. We have not seen evidence of clear reporting back to the Committee from representatives attending CIV meetings and we would recommend this is reviewed to ensure adequate reporting is in place.

#### **Good quality (Committee and Board) administration**

This was rated  (neutral) in our 2019 review in part due to a number of supplemental papers being issued to the Committee which might indicate that these reports were not available within the required five working days before the Committee. We note that supplemental papers were issued for the January, March, September and December 2020 and March and May 2021 Committee meetings as well as October 2020 and January 2021 Board meetings. We **recommend** investigating the reasons for this and encourage this to be minimised in the future. It is possible that this indicates a resourcing issue within the pensions team. We also note that there was no meeting in between March and September 2020, and we assume the cancellation of two Board meetings and one Committee meeting was due to the COVID-19 pandemic.

#### **Managing conflicts of interest**

This was rated  (neutral) in our 2019 report on the grounds that there were concerns regarding potential conflicts of interest that had arisen in decisions made by that Committee and that politics appear to have an

influence on decisions. Our conclusion was that this was an area that could be improved upon, particularly in relation to potential conflicts of interest that are Fund specific and would not therefore be highlighted through the Council's arrangements in the Code of Conduct.

Whilst not a legal requirement, our 2019 report also encouraged the Administering Authority to review the existing Board policy and expand it to apply to wider Fund management including the Committee. This Fund-specific policy would outline how conflicts of interest will be managed and dealt with at a Fund level. It should be noted that one of the recommendations from the Scheme Advisory Board's final Good Governance report<sup>7</sup> published in February 2021, is that *Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.*

The policy provided by officers appears to include all the points listed in the right hand box. However, the policy has not been approved or considered by the Pension Committee (despite it saying it was approved on 17 March 2020) Officers explained that the draft report can only go to Committee / Board when cleared by senior officers and other directorates. It is not clear what other directorates need to consider a Fund based policy and why this has been delayed. We **recommend** this is addressed promptly and the Policy is put forward for consideration by the Board and Committee as soon as possible.

One example which we felt important to call out in respect of potential or perceived conflict of interest is the decision in principle to allow the future transfer of properties leased to Croydon Affordable Homes and Croydon Affordable Tenures. We understand that this was considered by the Pension Committee on the 21 November 2018 but in the light of changed circumstances is being currently being reviewed with a paper being considered at the most recent Committee meeting on 25 May 2021. We are not reviewing the merits of this decision in principle but rather calling out the perception of conflict of interest in terms of members' fiduciary duty to the Fund as opposed to the Council as a participating employer (with funding obligations to the Fund).

We would **recommend** that there should be clear rationale for continuing with the proposal, particularly in the light of the advice received from Fund officers and Committee members should ensure they are confident they have no actual or perceived conflict and that this is being adequately managed and fully transparent to the Board and to other Fund stakeholders. The Committee may also wish to consider whether to commission updated guidance from their investment and actuarial advisers before finalising their decision.

In addition, we **recommend** that the Conflict of Interest policy is complemented by periodical training in relation to Fund specific conflicts of interest and that such training is compulsory for new Committee and Board members as well as Fund officers.

### Fund-specific policy

We suggest that a Fund-specific policy could include reference to

- the Council's Code of Conduct
  - how it relates to co-optees and observers
  - examples of Fund specific potential conflicts of interest
  - how conflicts of interest (and potential conflicts of interest) will be managed
  - guidance for officers and advisers of the Fund to also adhere to.
- 

<sup>7</sup> [https://lgpsboard.org/images/Other/Good\\_Governance\\_Final\\_Report\\_February\\_2021.pdf](https://lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf)



## Skills and knowledge

### Pension Committee – requirements

The current requirements relating to training Pension Committee members and of LGPS Funds are included in the following:

- CIPFA Knowledge and Skills Framework for LGPS committee members and LGPS officers (2021)
- CIPFA Code of Practice on LGPS knowledge and skills (2021).

In 2016 CIPFA issued Investment Pooling Governance Principles for LGPS Administering Authorities and incorporated additional competencies relating to the introduction of pooling in the LGPS. These competencies (or alternatives) should be integrated into knowledge and skills policies and these competencies should be achieved and maintained going forward.

In January 2018 there was the introduction of Markets in Financial Instruments Directive (MiFID II) where the Fund, as a collective, must be able to demonstrate sufficient expertise, experience and knowledge to satisfy financial institutions that it is capable of making investment decisions and understanding the nature of potential risks. This requires that levels of expertise, experience and knowledge are maintained to satisfy the MiFID II requirements.

In addition, SAB's Guidance and the Pensions Regulator's Code of Practice No 14, (albeit currently focussed on Local Pension Board knowledge and skills legal requirements<sup>8</sup>), highlight the need for the Administering Authority to have appropriate policies and procedures in place to ensure a high level of knowledge and skills. The recent Scheme Advisory Board's Good Governance Review also recommends that there is a requirement in LGPS guidance for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.

### Pensions Board – requirements

The Public Service Pensions Act 2013 requires Pensions Board members to:

- be conversant with the rules of the scheme and any document recording policy about the administration of the scheme, and
- have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual to properly exercise the functions of a member of the Pensions Board.

These requirements have been incorporated and expanded on within TPR's Code of Practice 14: Governance and Administration of Public Service Pension Schemes which is expected to become a new Single Code later in 2021. The Board should ensure a review of the requirements

## Good Governance

A critical element of good governance is the need for those managing the Fund to have the appropriate level of knowledge and skills.


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<sup>8</sup> The recent TPR consultation on a new Single Code refers to governing bodies which includes Pension Committees. It's not clear at time of writing what exact TPR requirements will be when the Code takes effect, but it could be expected that from a best practice perspective any requirements in the area of knowledge and skills will also apply to the Pension Committee.

of the new TPR Code when it is published to ensure compliance with all areas including relating to the area of knowledge and skills<sup>5</sup>.

## **Clearly articulated knowledge and skills requirements in a Fund policy**

### **2019 analysis**


This area was rated  (neutral) in the 2019 report since although the Administering Authority had formally adopted the CIPFA Frameworks and Code, there was no formal Training Policy. We recommended that the Administering Authority developed and published a policy setting out its policy and approach to training, including the following:

### **2021 review**

A Knowledge and Skills/Training Policy was approved by the Pension Committee on 17 March 2020. This is supplemental to the updated Pension Board Training Policy which was approved by the Board on 17 October 2019. We would expect reference to who the policy applies to, to be references and to induction training in but it is not evident. There are also some small points of detail such as the delegated officer being listed as both the Director of Finance, Investment and Risk (Section 151) and the Chief Finance Officer. We **recommend** this Policy is reviewed to ensure it reflects all expected areas and for consistency.

## **Regularly review whether knowledge aspirations are being met**

### **2019 analysis**

This area was rated  (neutral) in the 2019 report since the training logs did not provide an overall assessment against the CIPFA knowledge and skills framework to allow one to understand whether Committee members have had appropriate training in the required competencies. It was also not possible to determine, where members are expected to attend training but have failed to do so.

### **2021 review**

We do observe a huge amount of work has been undertaken by Officers to obtain and record training activity which is a positive development. However, the information is a little difficult to follow in relation to whether all members have attended mandatory sessions.

We understand that members of the Committee and Board complete an annual competency self-assessment matrix to highlight gaps in skills or areas for further development and provide details of any training undertaken which is then informed to inform the following years training plan. We have not done an assessment of this exercise nor whether training has been a standing item on all Board and Committee agendas as this is outside the scope of this review.

## **Acquiring training**

This area is newly added for the 2021 report. We noted that at the February 2020 meeting the Committee acknowledged concern about the turnover of members and the risk that posed in terms of undermining the expertise of the Committee and that it would be highlighted in the Council by the Group Whip for Administration. In recent discussions with Officers that issue was restated in that training requirements are greater and more challenging

## **Training Policy**

- A statement regarding embracing the CIPFA Framework (or an alternative)
  - How training will be provided
  - Qualifications the Administering Authority will encourage (if relevant)
  - Expectations in relation to training attendance (perhaps even to the degree that all Committee members must attend at least one key conference per year)
  - Specific requirements in relation to new members (e.g. the requirement to undertake induction training)
  - How knowledge requirements will be regularly assessed and monitored
  - An individual within the Administering Authority who is ultimately responsible for ensuring the policy is adhered to (CIPFA recommend this should be the Section 151 Officer's responsibility).
-

given the changes to the Committee in particular. Furthermore, we note that the Knowledge and Skills/Training Policy approved in March 2020 lacks detail on the approach to induction training for new members.

We **recommend** that induction training requirements are clearly set out in your Policy and that this is explained and facilitated for all new members upon joining the Committee and Board. The role of Committee members needs to be clearly communicated to new members to ensure they understand their Administering Authority role. As stated in the Good Governance Review “A pension committee member should put aside political considerations, act in the interest of all employers and members and act within a regulatory framework”<sup>9</sup>.

## Behaviour

### 😊 General Behaviour

Behavioural elements should be aligned with the General Principles of Public Life which are adopted by the London Borough of Croydon as part of their members' Code of Conduct. These principles are:

1. Selflessness
2. Integrity
3. Objectivity
4. Accountability
5. Openness
6. Honesty and truthfulness
7. Leadership

and they also apply to co-opted members.

Given the range and volume of items needing to be covered at meetings there is always a risk that decisions are made by Pension Committee without full and appropriate discussion, debate and challenge. Equally there is a risk that too much time can be spent on matters of little importance/value.

This area was rated 😊 neutral in our 2019 report. Given the reduced scope of this review, which has meant we have not observed any Board or Committee meetings, and nor have we carried out an effectiveness questionnaire, we are not in a position to really comment on whether this has improved since the 2019 exercise. From informal discussions we were made aware that during Committee meetings not all papers are introduced by Officers and this is something we would recommend is rectified going forward to ensure each agenda item is clearly explained with opportunity for questions and discussion.

We would continue to encourage all Committee members to be mindful of their overriding fiduciary responsibility and recommend training on the legal responsibilities of the Committee, particularly the fiduciary responsibilities

<sup>9</sup>

[https://www.lgpsboard.org/images/Other/Good\\_Governance\\_Final\\_Report\\_February\\_2021.pdf](https://www.lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf)

## Good Governance

A **good governance** structure will not be effective unless it involves the right people with the right attitude. **Individuals should:**

- have a high level of attendance at meetings
- demonstrate integrity in relation to their Fund role
- be engaged and provide appropriate challenge
- be accountable for the decisions made
- highlight any potential conflicts they may have
- for a Chairperson, manage the meetings fairly without any bias to individuals or self
- prepare adequately for meetings.

to scheme members. We also repeat our previous recommendation that all members of the Board are encouraged to actively participate in meetings to aid the Board in its role. On a more positive note, from the agenda items at meetings it does seem that more time is being spent focussing on the long term objectives of the Fund and how they will be achieved. If so, this would represent an improvement relative to the 2019 review.

### **Brief assessment of the 2019 Action Plan**

As part of the scope for this update report to the 2019 review we were asked to provide a brief assessment of the action plan that the Fund have followed that review to understand progress, identifying if any resource or business planning issues exist.

#### **Progress:**

- It is clear that a significant amount of work by Officers has taken place on the actions from the 2019 review with oversight from the Board and Committee. Throughout this report we have highlighted progress in various areas. In summary there are some policies that need attention including the Conflict of Interest and Discretionary Policy and a Data Improvement Plan needs to be taken forward.
- Attention needs to be given to reporting information on the Fund website and we understand resource issues have caused problems in this area, the Board and Committee should seek to address this.
- We note that there have been some cancelled meetings due to the COVID-19 pandemic which has impacted progress of the actions.

#### **Resources:**

- From conversations with Officers we understand resources have been constrained which appears to be in part due to COVID-19. This is understandable given the unusual circumstances. The more concerning issue is that Officers are being required to address Council business which is impacting on their ability to progress with Fund activity, this appears to be across different areas of the team including Finance and Governance.
- We understand that work arising from Croydon Council's voluntary severance scheme has also placed an extraordinary demand on the pension administration team to provide retirement estimates with almost 200 estimates provided in January 2021.
- The Administering Authority has successfully filled the remaining vacancies for a Senior Pension Officer and Pension Support Officer but there have been further resignations in May at Senior Pension Officer and Pension Officer level and we understand that the Administering Authority will seek to fill all of these roles through further recruitment exercise.
- The recommendation from the Good Governance review from the Scheme Advisory Board is that the LGPS Senior Officer will be responsible for the delivery of the LGPS function and must be able to ensure that they run an operation that is sufficiently resourced. Senior officers within the Council with responsibility for pensions alongside senior officers in the Fund, should start to consider how well the Fund

would be able to adapt to potential new requirements for a new dedicated LGPS Senior Officer “who is responsible for the delivery of all LGPS related activity for that fund”.

- The Board, Committee and Senior Officers (including the Section 151 officer and Head of HR) should ensure appropriate consideration is being given to how to support the existing Pensions Team through gaining additional resources alongside recruitment, particularly in light of the failure to meet legal deadlines in relation to some administrative processes, in order to improve Fund performance. A more strategic approach may be required given the external pressure facing the pension administration service (e.g. McCloud) and the internal challenges relating to resources and performance. The Council should not rule out carrying out a fundamental review of the method of service delivery if resourcing concerns cannot be easily and quickly resolved. The Administering Authority should maintain a proactive and vigilant approach to monitoring the impact of changes in resources and the impact of increases in workload, as well as considering succession planning, to mitigate the risks on the administration and management of the scheme.

**Business Planning:**

- We would strongly recommend that a more detailed Business Plan with priorities and key actions is prepared to ensure there is more detailed consideration of the resources required. This will align with one of the recommendations from the Good Governance review which expects that Business Plans will support Funds in assessing resource requirements (including staff recruitment, procurement and other specialist services).



## Further information

# Appendix A – Governance Framework



This section describes the best practice framework against which this review was conducted.

## Aon Governance Framework

There are some key benefits from having effective governance in place, including:

- Robust risk management that can assist in preventing issues from arising, or at least reducing their impact should they arise
- Ensuring resources and time are appropriately focussed
- Timely decision making and implementation of change
- A clear view of how the Fund is being operated for the Pension Committee (or equivalent).

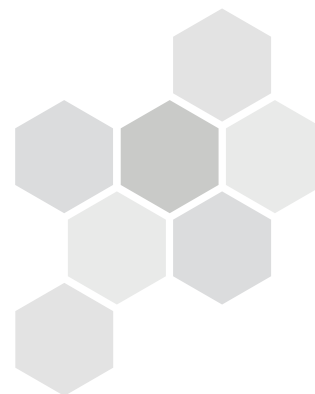
At Aon, we have a number of beliefs when it comes to achieving good governance including:

- **Direction** – having clear strategies and policies that also meet legislative requirements are fundamental
- **Delivery** – having a clear plan for implementing the Fund's strategies and policies, together with appropriate monitoring as to whether they are being achieved, and good risk management ensure effective and efficient delivery
- **Decisions** – having an appropriate governance structure, involving the right people, with the right attitude and the appropriate skills and knowledge is key.

These beliefs are shown in the following diagram and described in more detail below.



Table 1 – Aon governance framework



<b>Direction – What are you trying to achieve?</b>	
<b>Legislation and guidance</b>	The Fund's strategies and policies should be in line with legislative requirements and any related professional guidance.
<b>Strategies and policies</b>	<p>The Fund's strategies and policies should clearly set out the aims, principles, protocols and environment for how the Fund is managed. The strategies and policies should:</p> <ul style="list-style-type: none"> <li>▪ be wide ranging covering all key areas including funding, finance, investments, administration, communications and governance itself</li> <li>▪ be clearly articulated, to provide a framework within which those managing the Fund are able to operate</li> <li>▪ provide the focus for all future decisions and plans</li> <li>▪ be agreed by those responsible for governing the Fund.</li> </ul>
<b>Delivery – How do you meet your aims?</b>	
<b>Business Planning</b>	<p>Each Fund should have a business plan, setting out required activities in the forthcoming period. Those activities:</p> <ul style="list-style-type: none"> <li>▪ should be driven by the Fund's strategies and policies</li> <li>▪ will include activities driven by changes in overriding legislation.</li> </ul>
<b>Performance Measurement</b>	<p>Those responsible for governing the Fund should be provided with appropriate performance information. Measurements should:</p> <ul style="list-style-type: none"> <li>▪ demonstrate whether the Fund's aims are being achieved</li> <li>▪ cover the full range of key areas (e.g. investments, finance, funding, governance, communications and administration)</li> <li>▪ demonstrate whether the Fund's business plan is being achieved</li> <li>▪ be updated in accordance with appropriate timescales</li> <li>▪ be presented in a manner that is easy to follow and understandable to those governing the Fund</li> <li>▪ assist in identifying changes to the Fund's business plan, strategies, policies and aims.</li> </ul>
<b>Risk Management</b>	<p>Effective risk management is critical to minimise the impact and/or probability of unfortunate events and to maximise the realisation of opportunities. It should be:</p> <ul style="list-style-type: none"> <li>▪ aligned with the Fund's aims</li> <li>▪ a key consideration in decision making</li> <li>▪ systematic or structured</li> <li>▪ an integral part of the Administering Authority's processes and procedures on a daily basis.</li> </ul>
<b>Decisions – Do you have effective decision making?</b>	
<b>Governance structure</b>	<p>There is no one 'correct' governance structure. The Administering Authority's structure should:</p> <ul style="list-style-type: none"> <li>▪ have clear terms of reference</li> <li>▪ have a clearly documented scheme of delegation</li> <li>▪ allow decision making at the appropriate level</li> </ul>



- 
- allow quick decision making where appropriate
  - include appropriate representation from stakeholders
  - ensure there is sufficient diversity of thought/approach amongst those tasked with making decisions
  - involve well-presented information/reports
  - allow sufficient time for discussion where necessary
  - have good quality (committee) administration (e.g. issuing papers in good time)
  - involve a process for managing conflicts
  - provide transparency to stakeholders where appropriate.
- 

#### Behaviour

A good governance structure will not be effective unless it involves the right people with the right attitude. Individuals should:

- have a high level of attendance at meetings and training
  - demonstrate integrity in relation to their Fund role
  - be engaged and provide appropriate challenge
  - be accountable for the decisions made
  - highlight any potential conflicts they may have
  - for a Chairperson, manage the meetings fairly without any bias to individuals or self and enable all attendees to express their views or opinions openly
  - prepare adequately for meetings.
- 

#### Skills and knowledge

A critical element is the need for those managing the Fund to have the appropriate level of knowledge and skills. Administering Authorities should:

- clearly articulate the knowledge and skills requirements in a Fund policy
  - provide ongoing training in an effective and suitable manner to meet those requirements
  - regularly review whether knowledge aspirations are being met
  - ensure they rely appropriately on officers and advisers to provide expert knowledge.
- 



# Appendix B – Reference Material



This appendix lists the various documents that were considered as part of this Governance Review.

## LB of Croydon Pension Fund

- Updated Governance Action Plan (18 February 2021)
- Investment Strategy Statement (ISS) (effective from September 2018)
- Funding Strategy Statement (FSS) (effective from April 2020)
- Governance Policy and Compliance Statement (September 2019)
- Communications Policy (September 2019)
- Administration Strategy Statement (July 2017)
- Constitution of the London Borough of Croydon Council (version March 2021)
  - Terms of Reference Pension Committee
  - Terms of Reference Local Pension Board
- Risk Management Policy (March 2020)
- Local Pension Board Training Policy (October 2019)
- Knowledge and Skills / Training Policy (March 2020)
- Reporting Breaches of the Law Policy (September 2020)
- Breaches spreadsheet (provided February 2021)
- Conflict of Interest Policy (March 2020) [not clear if this is an approved policy or not]
- Croydon Council Policy Statement of Exercise of Discretionary Powers (July 2014)
- Policy Statement - Mandatory Administrative Authority Discretions London Borough of Croydon (draft)
- Training log and training report summary (provided February 2021)
- Annual Report and Accounts (Draft) 2019/20
- Actuarial valuation report as at 31 March 2019 (dated 31 March 2020)
- Pensions Committee meeting papers between 17 September 2019 to 25 May 2021
- Pensions Board meeting papers between 17 October 2019 to 14 January 2021



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<b>REPORT TO:</b>	<b>Local Pension Board</b> <b>7 July 2022</b>
<b>SUBJECT:</b>	<b>Croydon Pensions Administration Team Key Performance Indicators for the Period 1 February 2022 to 30 April 2022</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury</b>
<b>1. RECOMMENDATIONS</b>	
	The Board is asked to:
1.1	Note the Key Performance Indicators and the performance against these indicators set out in Appendix A to this report.

## **2. EXECUTIVE SUMMARY**

- 2.1 This report sets out Key Performance Indicators for the administration of the Local Government Pension Scheme (LGPS) for the three-month period up to the end of April 2022.

## **3. DETAIL**

- 3.1 Good governance suggests that the performance of the administration of the Local Government Pension Scheme should be monitored. This report has been developed using the guidance published by CIPFA (Administration in the LGPS: A Guide for Pensions Authorities) and is reporting to the committee on the LGPS administration performance for the period 1 February 2022 to 30 April 2022. The indicators cover legal deadlines; team performance targets, case levels and take up of member self-service and the indicators and performance against these are detailed more fully in Appendix A to this report.
- 3.2 The Pension Committee requested clearer division of backlog cases and BAU cases in the KPI report. The presentation of data in Appendix A has been adjusted to accommodate these changes. We have also had to adjust some of the reporting tools we use. Due to these changes some data is unavailable for previous months and this has been highlighted in the report.

## 4. COMMENTARY

- 4.1 The team continue to perform well on life event cases such deaths and retirements.
- 4.2 Auto re-enrolment took place for all eligible Croydon Council staff, including staff in maintained schools, on the 01 January 2022. As expected there was a high volume of new starters and opt outs to process as well as increased activity in the pension inbox and phones.
- 4.3 Several reporting issues were identified with the Council's main payroll system and this has had a knock on effect with our starter processes. As evident in the KPIs we have experienced a reduction in the number of new starter cases hitting targets. The team has worked with payroll to resolve these issues and diverted resources to catch up with new starters cases. This work continues in conjunction with the new starters cases. This work continues in conjunction with the new starters identified as part of the end of year processes.
- 4.4 We successfully recruited a new Senior Pensions Officer and a Pensions Officer and both are settling in well.
- 4.5 The administration team is now fully staffed and focus has turned to training and process improvements.
- 4.6 The administration team has been focusing on undecided leavers for the valuation. In order to maximize the numbers processed all team members were tasked with processing calculations and the checking was delayed until a later date. The checking stage has proved a useful training exercise for our new Senior Pensions Officer and the cases are steadily being cleared.
- 4.7 Pensions Increase was successfully implemented with pensioners receiving up to 3.1% increase from the 11 April 2022. Pensions that started part way through 2021/22 received partial pensions increase in accordance with the legislation. Pensioner members were informed of the pension increase via a newsletter.
- 4.8 Pensions increase for deferred members has been successfully completed.
- 4.9 Work has begun on end of year processes with positive and timely responses from the majority of our employers. We are working with the remaining employers to get their end of year reports in as soon as possible.
- 4.10 Member records are now being updated with pay and contributions details. We anticipate an increase in the number of starters and leaver cases identified through this process that we have not previously been informed of.

**5. CONSULTATION**

5.1 Officers have previously consulted with both the Pension Committee and Local Pension Board in the template for the key performance indicator report which forms the basis of Appendix A

**6. DATA PROTECTION IMPLICATIONS**

6.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?

NO

**Approved by:** Matthew Hallett, on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

---

**CONTACT OFFICER:**

**Matthew Hallett - Acting Head of Pensions and Treasury**

**BACKGROUND DOCUMENTS:**

None

**Appendices**

Appendix A: Croydon Pensions Admin Team Performance Report, June 2022

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# Croydon Pensions Admin Team Performance Report

June 2022



# Contents





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- Legal Deadlines.....4
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- Outstanding Cases by Type.....11
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# Reference Key Table

Direction of travel reference table	
	100% achieved against target performance improved
	100% achieved on target and performance static
	>90% achieved against target and performance improved
	>90% achieved against target and performance static
	>90% achieved against target and performance declined
	<90% achieved against target and performance improved
	<90% achieved against target and performance static
	<90% achieved against target and performance declined

## Legal Deadlines

Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		March 2022		April 2022		May 2022			
<b>Send a notification of joining the LGPS to a scheme member</b>	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	116	97%	424	97%	138	97%		New starter cases increase at this time of year as a result of the end of year processes. New starters that employers have failed to inform us of through out the year are identified.
<b>Inform a scheme member of their calculated benefits (refund or deferred)</b>	As soon as practicable and no more than two months from the date of notification (from employer or scheme member)	191	20%	260	15%	118	34%		Historical backlog has now been passed to Hymans Robertson for processing. As old cases are processed this will impact on performance against target. Until the backlog is cleared 100% performance against this deadline will not be met.

Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		March 2022		April 2022		May 2022			
<b>To process and pay a refund</b>	Two months from the date of request	8	100%	8	100%	16	100%		
<b>Obtain transfer details for transfer in, calculate and provide quotation to member</b>	Two months from the date of request	2	100%	2	100%	0	N/A		
<b>Notify the amount of retirement benefits</b>	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	30	100%	48	100%	52	100%		
<b>Provide a retirement quotation on request</b>	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	58	100%	66	98%	80	100%		

Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		March 2022		April 2022		May 2022			
<b>Calculate and notify (dependent(s) of amount of death benefits</b>	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)	13	100%	24	100%	34	100%		
<b>Provide all active and deferred members with annual benefit statements each year</b>	By 31 <sup>st</sup> August								

## 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	Total Number Completed	% Achieved against target	Average days to process	Direction of Travel	Comments
		March 2022			April 2022			May 2022				
Send a notification of joining the LGPS to a scheme member	30 days from date of notification of joining member	116	60%	26	424	53%	30	138	66%	22	↑	New starters that employers have not informed us about are being identified as part of the end of year process. 47 cases did not meet target. Average days to process has fallen to well with KPI targets. Extra resources within the admin team are being used to clear new starter cases
Inform a scheme member of their calculated benefits (refund or deferred)	40 working days from date of notification (from employer or scheme member)	191	17%	873	260	11%	802	118	29%	591	↑	Historical backlog has now been passed to Hymans Robertson for processing. As old cases are processed this will impact on performance against target. Until the backlog is cleared 100% performance against target will not be met.  The Pension Committee have requested a breakdown between backlog and current cases. However the May KPI report had already been run and it is not possible to show

the changes here. We are investigating the changes needed for the report and aim to have this ready for June 2022 reporting.

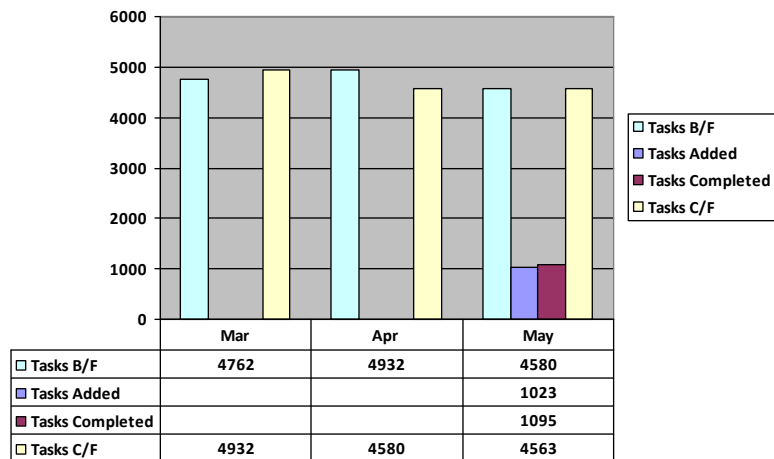
Process	Team Target	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Direction of Travel	Comments
		March 2022			April 2022			May 2022				
To process and pay a refund	40 working days from the date of request	8	100%	26	8	100%	4	16	100%	2		
Obtain transfer details for transfer in, calculate and provide quotation to member	40 working days from the date of request	2	100%	1	2	50%	18	0	NA	NA		No transfer cases were done in May 2022
Notify the amount of retirement benefits	20 working days from date of retirement	30	100%	3	48	100%	3	52	100%	1		
Provide a retirement quotation on request	15 working days from date of request	58	97%	5	66	95%	6	80	99%	4		Two cased in March, three cases in April and one case in May missed target.
Calculate and notify (dependent(s) of amount of death benefits	20 working days from receipt of all information	13	100%	6	-	-	-	34	100%	4		The report for April produced an inaccurate figure of 79.17% which fell well below our usual performance for this

To process



													<p>case type. After some investigating we identified a reporting error. Reply due days (days where we are waiting for information, for example from next of kin or employers) had been incorrectly included causing some cases to miss the target KPI.</p> <p>Correcting the figures would require a lot of manual intervention which is costly in time and resources. Based on previous levels of performance in this case type and the priority placed on death calculations we are confident the figures would have been similar to previous months. A work around has been put in place and checked when preparing the May KPI figures.</p>
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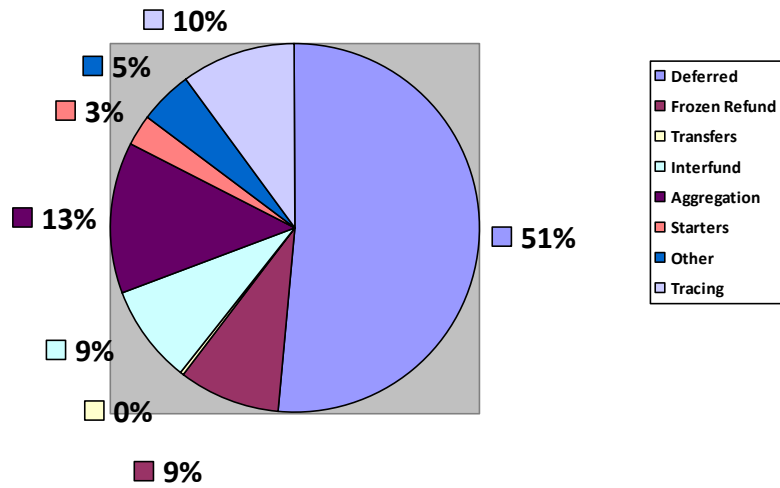
## Case levels – excluding backlog cases



More tasks are being created automatically as part of the i-Connect system. These tasks are not included in the standard outstanding case reports. We re therefore now using two separate reports to capture both tasks and cases so to accurately reflect the workload situation. The number of added and completed tasks for March and April 2022 have been excluded from the above table as the data is only partially completed.

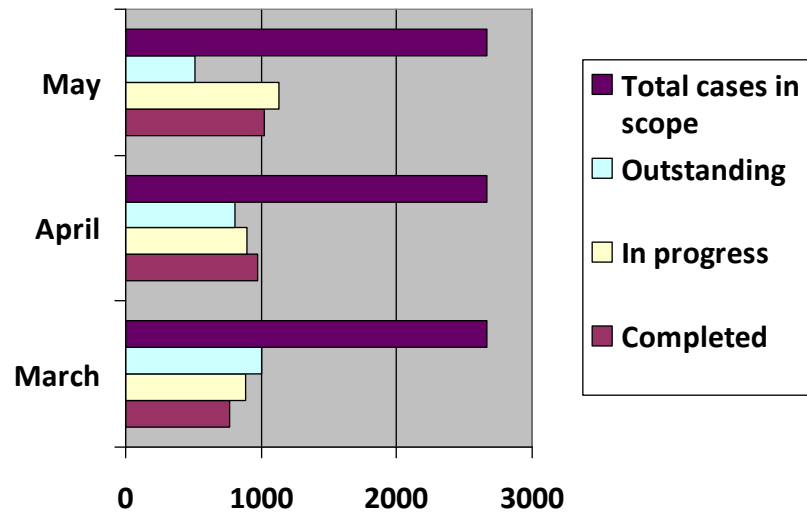
The above table does not include cases being completed as part of the backlog project. These have been separated out and reported on a separate table below.

## Outstanding Cases by Type



Additional case types have been added to provide further details. Tracings case are those where the calculations have been completed and checked but we need to use a tracing service to confirm the individuals current address. The bulk of these relate to completed backlog cases.

## Backlog cases levels



<b>Contributions Monitoring Report</b>	
<b>Contributions reconciled to schedules</b>	<b>% completed</b>
Oct 21 to Mar 22	98.55

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## Croydon Council

<b>REPORT TO:</b>	<b>Pension Board</b> <b>7 July 2022</b>
<b>SUBJECT:</b>	<b>Knowledge and Skills Policy</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett - Acting Head of Pensions and Treasury</b>
<b>1. RECOMMENDATION</b>  1.1 The Board is asked to note the attached Knowledge and Skills Policy, (Appendix E) and the CIPFA Knowledge and Skills Framework, (Appendices A, B and C).	

## 2. EXECUTIVE SUMMARY

- 2.1 This report sets out the steps required to bring current practices in regards to training in line with the actions suggested by the Governance Review and to comply with the new CIPFA framework.

## 3 DETAIL

- 3.1 From time to time the Committee have considered training matters. At their meeting on 9 May 2019 when they received a report entitled “Training Support for Pension Committee” (Minute 22/19 refers) the Committee noted:

- the requirement of the Chartered Institute of Public Finance and Accounting [CIPFA] guidance for key skills for successful public sector scheme administration; and
- the channels for accessing training.

- 3.2 However, in the 2019 Governance Review, Aon made reference to Guidance provided by CIPFA, the Local Government Pension Scheme Advisory Board (SAB) and The Pensions Regulator (tPR) and concluded that:

*It appears that all key elements are considered in relation to the Local Pension Board (SAB and TPR), but we are unable to verify this in relation to the wider requirements in line with the CIPFA guidance. Although some*

*information is contained within the Fund's Training Log, we were advised that the original decisions were made at a Pension Committee meeting in 2010 and those papers are no longer publicly available.*

*We would therefore recommend that a single Fund Knowledge / Training Policy is created standardising the approach for all Fund stakeholders in accordance with the SAB and CIPFA requirements and that this is formally approved and adopted by the Committee and Board.*

3.3 In the Action Plan arising from the Review it was agreed the Fund would:

*Introduce a Pension Fund "Knowledge and Skills Policy" clarifying expectations for all those involved with the governance of the Fund (i.e. the Pensions Committee, Pension Board and Senior Officers).*

The Committee agreed an amended policy at their March 2020 meeting.

3.4 Further recommendations made relating to this policy were made in the 2021 Governance review including providing more information on induction training.

3.5 Since the policy was last agreed the CIPFA knowledge and skills framework has been reviewed. This policy has now been updated to incorporate these requirements. Appendices A, B and C detail the framework requirements in respect of the Committee, Board and Senior Officers. These requirements can be met by completing either Hymans on-line training modules or the three LGA fundamentals sessions.

. The Board is asked to note the attached Knowledge and Skills Policy and the updated CIPFA Knowledge and Skills Framework appendices.

#### **4 DATA PROTECTION IMPLICATIONS**

4.1 Will the subject of the report involve the processing of 'personal data'?

No.



**Approved by:** Matthew Hallett, on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

---

**CONTACT OFFICER:**

Matthew Hallett - Acting Head of Pensions and Treasury

**BACKGROUND DOCUMENTS:**

None

**APPENDICES**

**Appendix A: CIPFA Framework Committee**

**Appendix B: CIPFA Framework Officers**

**Appendix C: CIPFA Framework Board**

**Appendix D: Key Documents**

**Appendix E: Knowledge and Skills Policy**

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## **Appendix A - PENSION COMMITTEE MEMBERS' FRAMEWORK**

### **Pensions legislations and guidance**

#### **General pensions framework**

A general understanding of the pensions legislative framework in the UK.

A general understanding of other legislation that is relevant in managing an LGPS fund, eg freedom of information, General Data Protection Regulation (GDPR) (as incorporated into UK legislation) and local authority legislation.

#### **Scheme-specific legislation**

A general understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration, funding, governance, communications and investment, including:

- a general understanding of the LGPS Regulations 2013
- a general understanding of the LGPS (Management and Investment of Funds) Regulations 2016.

An awareness of LGPS discretions and how the formulation of the discretionary policies impacts on the fund, employers and scheme members.

A regularly updated awareness of the latest changes to the scheme rules (as set out under regulation) and current proposals or potential changes to the scheme.

#### **Guidance**

A general understanding of the requirements of statutory guidance from the responsible authority – DLUHC (England and Wales), SPPA (Scotland) or the Department for Communities (Northern Ireland).

A general understanding of the requirements of The Pensions Regulator Code of Practice 14 (*Governance and Administration of Public Service Pension Schemes*).

An awareness of the requirements of guidance from the Scheme Advisory Board.

An awareness of the requirements of guidance from GAD.

An awareness of other guidance relevant to the LGPS, such as from CIPFA.

#### **Pensions governance**

An awareness of the LGPS regulations' main features, including any material developments and requirements relating to pension scheme governance.

An awareness of statutory and other guidance in relation to pension scheme governance, including DLUHC statutory governance guidance, The Pensions Regulator Code of Practice 14 (*Governance and Administration of Public Service Pension Schemes*), CIPFA/Solace, Scheme Advisory Board guidance and the Myners principles.

#### **Pension regulators, Scheme Advisory Board and other bodies**

A general understanding of how the roles and powers of DLUHC, TPR, the Money and Pensions Service and the Pensions Ombudsman relate to the workings of the scheme.

A general understanding of the role of the Scheme Advisory Board and how it interacts with other bodies.

#### **General constitutional framework**

A general understanding of the role of the administering authority in relation to the LGPS.

A general understanding of the role of pension committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.  
An awareness of the role and statutory responsibilities of the CFO and monitoring officer.

### **Fund-specific governance**

A strong understanding of the roles, terms of reference and delegated responsibilities of the pension committee (including any sub-committees), the pension board and any other delegated responsibilities to senior officers.

A general understanding of how the asset pool was established, including the responsibilities of the joint governance committee (or equivalent).

A general understanding of the stakeholders of the fund and the nature of their interests.

A general understanding of who the key officers responsible for the management of the fund are, how the pension team is structured and how services are delivered.

A general understanding of the fund's strategies, policies and other key documents.

A general understanding of best practice risk management, including how that supports a structured and focused approach to managing risks. This should include how risk is monitored and managed and the fund's current key risks.

A general understanding of how conflicts of interest are identified and managed.

A strong understanding of how breaches in law are recorded and managed and, if necessary, reported to TPR, including each individual's personal responsibility in relation to breaches.

A general understanding of the fund's knowledge and skills policy and associated training requirements.

An awareness of the fund's process for dealing with complaints, including its internal dispute resolution procedure.

A general understanding of how the effectiveness of the fund's governance is reviewed.

### **Service delivery**

A general understanding of the required budget and resources needed to manage and administer the fund.

A general understanding of the annual business planning cycle and budget setting.

A general understanding of the fund's key performance indicators and other performance measures.

A general understanding of the fund's business continuity policy and cyber security policy across all areas of fund activity, including administration.

### **Funding strategy and actuarial methods**

An awareness of the LGPS regulations' main features, including any key developments and requirements relating to funding strategy and the setting of employer contributions, including associated guidance.

A general understanding of the role of the fund actuary.

A general understanding of the funding strategy statement (including employer funding flexibilities) and the expected delivery of the funding objectives.

A general understanding of the key risks to the fund relating to the funding strategy.

### **Valuations**

A general understanding of the valuation process, including developing the funding strategy in conjunction with the fund actuary and inter-valuation monitoring.

An awareness of the costs to the employer, including employer contributions and early retirement strain costs.

An awareness of the different types of employers that participate in the fund

A general understanding of the importance of employer covenant, the relative strengths of the covenant across the fund's employers and how this impacts the funding strategy adopted.

A general understanding of any legislative and/or benefit uncertainty and the impact of this on the funding strategy.

A general understanding of the scheme valuation and other work carried out by GAD and the impact this has on the valuation process (ie, the cost management process/ Section 13 report).

### **New employer and exits**

A general understanding of the implications of including new employers in the fund and of the exit of existing employers.

A general understanding of the relevant considerations in relation to the different types of new employer, eg outsourcings, academies (if appropriate), alternative delivery models, and also the considerations in relation to bulk transfers.

### **Pensions administration and communications**

An awareness of the LGPS regulations' main features and requirements relating to:

- administration and communications strategies
- entitlement to and calculation of pension benefits
- transfers in and out of the scheme
- employee contributions
- the delivery of administration and communications (including associated guidance).

A general understanding of the fund's pensions administration strategy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.

A general understanding of the fund's communications policy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.

A general understanding of best practice in pensions administration, eg performance and cost measures.

A general understanding of the fund's processes and procedures relating to:

- member data maintenance and record keeping, including data improvement plans and relationships with employers for data transmission
- contributions collection.

An awareness of how the fund interacts with the taxation system in relation to benefits administration, including the annual and lifetime allowances.

A general understanding of additional voluntary contribution (AVC) arrangements, including:

- the AVC arrangements that exist
- the choice of investments to be offered to members
- the provider's investment and fund performance,
- the payment of contributions to the provider
- the benefits that can be received by scheme members
- how and when the AVC arrangements, including the investment choices, are reviewed.

### **Pensions financial strategy, management, accounting, report and audit standards**

A general understanding of the Accounts and Audit Regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the fund's accounts and annual report.

A general understanding of the various elements of income into and expenditure of the fund, including the operational budget.

A general understanding of the cash flows of the fund and how risks are managed to ensure appropriate cash is available to pay benefits and other outgoings.  
A general understanding of the role of both internal and external audit in the governance and assurance process.

### **Investment strategy, asset allocation, pooling, performance and risk management**

An awareness of the LGPS regulations' main features and requirements relating to investment strategy, asset allocation, the pooling of investments and responsible investments, including associated guidance.

#### **Investment strategy**

A general understanding of the key risks that the fund is exposed to and how a fund's investment strategy should be considered in conjunction with these risks.  
A general understanding of the risk and return characteristics of the main asset classes (equities, bonds, property) and the need to balance risk versus reward when determining the investment strategy.  
A general understanding of the role of these asset classes in long-term pension fund investing.  
A general understanding of the fund's cash flow requirements and how these impact on the types of investments considered.

#### **Investment pool (England and Wales)**

A general understanding of the structure, operation and purpose of the investment pooling arrangements, including the structure of the relationship with the other participants in the pool.  
An awareness of the regulations, best practice and guidance relating to investment pooling and the delivery of the investment objectives of the administering authority/pension committee by their chosen investment pool.  
An awareness of the boundaries of investment activities (eg strategy requiring advice from a suitably qualified person, in-house investment transactions) and which investment activities require FCA authorisation.  
A general understanding of the interaction between the administering authority, the pension committee, the investment pool operator, investment pool oversight committee and other parties relating to the investment pooling arrangement – in particular, reporting requirements, influence and accountability.  
A general understanding of the fund's investment strategy statement and the investment pool's interpretation and expected delivery of those investment objectives, including any objectives relating to environmental, social and governance factors.

#### **Total fund**

A general understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.

#### **Performance of the committee**

An awareness of the Myners principles and the need to set targets for the committee and to report against them.  
An awareness of the range of support services provided to the committee, who supplies them and the nature of the performance monitoring regime.

## **Performance of the investment pool (England and Wales)**

An awareness of the investment regulations and the requirements for monitoring investments.

A general understanding of the requirements of the investment pool in relation to the administering authority and pension committee investment strategy and how to effectively monitor the implementation of the investment strategy within the pool.

## **Responsible investment**

An awareness of the latest developments and requirements in the area of responsible investment.

An awareness of the UK Stewardship Code and the United Nations Principles of Responsible Investment (UNPRI) and whether the fund is a signatory of these.

A general understanding of the fund's approach to responsible investment, including how views on environmental, social and governance issues are incorporated into the fund's investment strategy.

## **Risk management**

A general understanding about how to manage and reduce risk and lessen the impact of risk on assets when it arises, including climate risk.

## **Financial markets and products**

### **Financial markets**

A general understanding of the primary importance of the investment strategy decision.

A general understanding of the workings of the financial markets, the investment vehicles available to the pension fund and the nature of the associated risks.

An awareness of the restrictions placed by legislation on the investment activities of LGPS funds.

### **MiFID II**

A general understanding of MiFID II requirements relating to the knowledge of decision makers.

## **Investment pool (England and Wales)**

A general understanding of the investment pool operator's approach to pooling and delivering access to the different asset classes and/or investment funds.

A general understanding of which assets and investments may sit outside of the investment pool and why their nature and characteristics permit this.

An awareness of how the fund interacts with the taxation system in the UK and overseas in relation to investments.

## **Pension services procurement, contract management and relationship management**

### **Understanding public procurement**

An awareness of the main public procurement requirements of UK and EU legislation and the use of national frameworks within the context of the LGPS.

### **Fund suppliers**

Awareness of the key decision makers in relation to the fund's procurements.

A general understanding of the fund's suppliers and providers and their roles in the management of the fund.

An awareness of how the fund's suppliers are monitored, including:

- the Myners principles
- the need for strategic objectives for investment consultants.

### **Supplier risk management**

A general understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting external suppliers and providers.

A general understanding of how the pension fund monitors and manages the performance of their external suppliers and providers, including business continuity and cyber risk.

### **Investment pool (England and Wales)**

An awareness of the nature of the relationship with the investment pool parties and a general understanding of:

- the extent of influence over the investment pool operator and oversight committee
- the terms for terminating a pooling agreement
- guidance on the requirement to pool investments.



## **Appendix B - SENIOR OFFICERS/MANAGERS' FRAMEWORK (INCLUDING LGPS SENIOR OFFICER)**

Note the levels of knowledge expected that are included within this part are focused on the minimum expectations relating to all senior officers or managers within a fund, including the LGPS senior officer. However, collectively, there should be expert knowledge demonstrated in all areas. For example:

- The LGPS senior officer should have expert knowledge in governance matters.
- The head of investments should have expert knowledge in investment areas.
- The head of administration should have expert knowledge in administration areas.
- There should be a senior officer or manager with expert knowledge in all other areas, including funding and communications.

### **Pensions legislation and guidance**

#### **General pensions framework**

A strong understanding of the pensions legislative framework in the UK, particularly:

- Pensions Act 1995
- Pensions Act 2004
- Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013
- Public Service Pensions Act 2013.

A strong understanding of other legislation that is relevant in managing an LGPS fund, eg freedom of information, GDPR (as incorporated into UK legislation) and local authority legislation.

#### **Scheme-specific legislation**

A detailed knowledge of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration, funding, governance, communications and investment, including:

#### **England and Wales**

- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- Local Government Pension Scheme (Administration) Regulations 2008
- Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014
- Local Government Pension Scheme Regulations 2013
- Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016.

A detailed knowledge of LGPS discretions and how the formulation of the discretionary policies impacts on the fund, employers and scheme members.

A detailed knowledge of the latest changes to the scheme rules (as set out under regulation) and current proposals or potential changes to the scheme.

A strong understanding of how the scheme interfaces with other private and state pension provision.

#### **Guidance**

A detailed knowledge of the requirements of statutory guidance from the responsible authority – DLUHC (England and Wales), SPPA (Scotland) or the Department for

Communities (Northern Ireland).

A detailed knowledge of the requirements of The Pensions Regulator code of practice.

A detailed knowledge of the requirements of guidance from the Scheme Advisory Board.

A strong understanding of the requirements of guidance from GAD.

A strong understanding of other guidance relevant to the LGPS, such as from CIPFA.

### **Tax legislation**

A strong understanding of pension scheme tax legislation and the UK pension scheme reporting framework, in particular:

- Finance Act 2004
- related statutory instruments.

### **Pensions governance**

A detailed knowledge of the LGPS regulations' main features, including any material developments and requirements relating to the pension scheme governance.

A strong understanding of statutory and other guidance relating to pension scheme governance, including DLUHC/SPPA/Department for Communities statutory governance guidance, The Pensions Regulator Code of Practice 14 (*Governance and Administration of Public Service Pension Schemes*), CIPFA/Solace, Scheme Advisory Board guidance and the Myners principles.

### **Pension regulators, Scheme Advisory Board and other bodies**

A detailed knowledge of how the roles and powers of DLUHC/SPPA/Department for Communities, The Pensions Regulator, the Money & Pensions Service and the Pensions Ombudsman relate to the workings of the scheme.

A detailed knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies.

### **General constitutional framework**

A detailed knowledge of the role of pension committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.

A detailed knowledge of the role and statutory responsibilities of the CFO and monitoring officer.

### **Fund-specific governance**

An expert knowledge of the roles, terms of reference and delegated responsibilities of the pension committee (including any sub-committees), the pension board and any other delegated responsibilities to senior officers.

A detailed knowledge of how the asset pool was established, including the responsibilities of the joint governance committee (or equivalent).

A detailed knowledge of the stakeholders of the fund and the nature of their interests.

An expert knowledge of the role of key officers responsible for the management of the fund, how the pension team is structured and how services are delivered.

A detailed knowledge of the fund's strategies, policies and other key documents.

An expert knowledge of best practice risk management, including how that supports a structured and focused approach to managing risk. This should include how risk is monitored and managed and the fund's current key risks.

An expert knowledge of how conflicts of interest are identified and managed.

An expert knowledge of how breaches in law are recorded and managed and, if necessary, reported to The Pensions Regulator, including each individual's personal

responsibility in relation to breaches.

An expert awareness of the fund's knowledge and skills policy and associated training requirements.

A detailed knowledge of the fund's process for dealing with complaints, including its internal dispute resolution procedure.

A detailed knowledge of how the effectiveness of the fund's governance is reviewed.

### **Service delivery**

An expert knowledge of the required budget and resources needed to manage and administer the fund.

An expert knowledge of the annual business planning cycle and budget setting.

An expert knowledge of the fund's key performance indicators and other performance measures.

An expert knowledge of the fund's business continuity policy and cyber security policy across all areas of fund activity, including administration.

### **Funding strategy and actuarial methods**

A detailed knowledge of the LGPS regulations' main features, including any key developments and requirements relating to funding strategy and the setting of employer contributions, including associated guidance.

A detailed knowledge of the role of the fund actuary.

A detailed knowledge of the funding strategy statement (including employer funding flexibilities) and the expected delivery of the funding objectives.

A detailed knowledge of the key risks to the fund relating to the funding strategy.

### **Valuations**

A detailed knowledge of the valuation process, including:

- the actual valuation processes
- agreeing the financial and demographic assumptions
- the development and publication of the funding strategy statement
- signing off the rates and adjustment certificate
- inter-valuation monitoring.

A detailed knowledge of the costs to the employer, including employer contributions and early retirement strain costs.

A strong understanding of the importance of employer covenant, the relative strengths of the covenant across the fund's employers, and how this impacts the funding strategy adopted.

A strong understanding of any legislative and/or benefit uncertainty and the impact of this on the funding strategy.

A strong understanding of the scheme valuation and other work carried out by GAD and the impact this has on the valuation process (ie the cost management process/Section 13 report).

### **New employer and exits**

A strong understanding of the implications of including new employers into the fund and of the exit of existing employers.

A general understanding of the relevant considerations in relation to the different types of new employer, eg outsourcings, academies (if appropriate), alternative delivery models, and also the considerations in relation to bulk transfers.

A strong understanding of the requirements of HM Treasury's 'fair deal' guidance the Best Value Authorities Staff Transfers (Pensions) Direction 2007 and

related guidance concerning outsourcing and bulk transfers.

## Other issues

A strong understanding of other pension arrangements, particularly with regard to staff transfers.

A strong understanding of the corporate and workforce ethos when working closely with HR colleagues to determine discretionary policies.

## Pensions administration and communications

A detailed knowledge of the LGPS regulations' main features and requirements relating to:

- administration and communications strategies
- entitlement to and calculation of pension benefits
- transfers in and out of the scheme
- employee contributions
- the delivery of administration and communications (including associated guidance).

A detailed knowledge of the fund's pensions administration strategy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.

A detailed knowledge of the fund's communications policy, including how it is delivered (including, where applicable, the use of third-party suppliers and systems), performance measures and assurance processes.

A strong understanding of best practice in pensions administration, eg performance and cost measures.

A detailed knowledge of the fund's processes and procedures relating to:

- member data maintenance and record keeping, including data improvement plans and relationships with employers for data transmission
- contributions collection.

A strong understanding of how discretionary powers operate.

A strong understanding of how the fund interacts with the taxation system in relation to benefits administration, including the annual and lifetime allowances.

A detailed knowledge of AVC arrangements, including:

- the AVC arrangements that exist
- the choice of investments to be offered to members
- the provider's investment and fund performance
- the payment contributions to the provider
- the benefits that can be received by scheme members
- how and when the AVC arrangements, including the investment choices, are reviewed.

## Pensions financial strategy, management, accounting, report and auditing standards

A detailed understanding of the Accounts and Audit Regulations and legislative requirements relating to role of the committee and individual members in considering and signing off the fund's accounts and annual report.

A detailed knowledge of relevant pensions accounting standards as they apply to the scheme and to the employer:

- Pensions SORP
- FRS 102 (IAS 19)
- iFReM.

A detailed understanding of the approach to pensions external audit as set down in APB Practice Note 15.

A detailed understanding of the various elements of income into and expenditure of the fund, including the operational budget.

A detailed understanding of the cash flows of the fund and how risks are managed to ensure appropriate cash is available to pay benefits and other outgoings.

A detailed understanding of the role of internal and external audit in the governance and assurance process.

A strong understanding of and compliance with the CIPFA *Statement of Expertise* as it applies to:

- leadership and strategic management
- governance, ethics and values
- financial and performance reporting
- audit and accountability
- strategic and operational financial management
- partnerships and stakeholder relations
- change, risk and project management.

### **Investment strategy, asset allocation, pooling, performance and risk management**

A detailed knowledge of the LGPS regulations' main features and requirements relating to investment strategy, asset allocation, the pooling of investments and responsible investments, including associated guidance.

#### **Investment strategy**

A detailed knowledge of the key risks that the fund is exposed to and how a fund's investment strategy should be considered in conjunction with these risks.

A detailed knowledge of the risk and return characteristics of the main asset classes (equities, bonds, property) and the need to balance risk versus reward when determining the investment strategy.

A detailed knowledge of the role of these asset classes in long-term pension fund investing.

A detailed knowledge of the fund's cash flow requirements and how these impact on the types of investments considered.

#### **Investment management**

A strong understanding of prevailing market conditions within UK and overseas equity markets and UK bond and property markets.

A strong understanding of the principles of portfolio construction within both bond and equity mandates.

A strong understanding of portfolio risk monitoring techniques.

A strong understanding of trading systems and practices within bond and equity markets.

A strong understanding of the importance of setting appropriate benchmark indices.

#### **Investment pool (England and Wales)**

A detailed knowledge of the structure, operation and purpose of the investment pooling arrangements, including the structure of the relationship with the other participants in the pool.

A detailed knowledge of the regulations, best practice and guidance related to investment pooling and the delivery of the investment objectives of the administering authority/pension committee by their chosen investment pool.

A detailed knowledge of the boundaries of investment activities (eg strategy requiring advice from a suitably qualified person, in-house investment transactions), and which investment activities require FCA authorisation.

A detailed knowledge of the interaction between the administering authority, the pension

committee, the investment pool operator, investment pool oversight committee and other parties relating to the investment pooling arrangements – in particular, reporting requirements, influence and accountability.

A detailed knowledge of the fund's investment strategy statement and the investment pool's interpretation and expected delivery of those investment objectives, including any objectives in relation to environmental, social and governance factors.

### **Total fund**

A strong understanding of the importance of monitoring asset returns relative to the liabilities and a strong understanding of ways of assessing long-term risks.

A strong understanding of the merits of manager diversification.

### **Performance of the committee**

A strong understanding of the Myners principles and the need to set targets for the committee and to report against them.

A detailed knowledge of the range of support services provided to the committee, who supplies them, and the nature of the performance monitoring regime.

### **Performance of the investment pool (England and Wales)**

A detailed knowledge of the investment regulations and the requirements for monitoring investments.

A detailed knowledge of the requirements of the investment pool in relation to the administering authority and pension committee investment strategy and how to effectively monitor the implementation of the investment strategy within the pool.

A detailed knowledge of the non-financial risks within the operation and relationship with the investment pool (operator, oversight committee and other parties) and how these can be mitigated or best managed.

### **Responsible investment**

A detailed knowledge of the latest developments and requirements in the area of responsible investment.

A strong understanding of the UK Stewardship Code and the UNPRI and whether the fund is a signatory of these.

A detailed knowledge of the fund's approach to responsible investment, including how views on environmental, social and governance issues are incorporated into the fund's investment strategy.

### **Risk management**

A strong understanding about how to manage and reduce risk and lessen the impact of risk when it arises, including climate risk.

### **Financial markets and products**

#### **Financial markets**

A detailed knowledge of the primary importance of the investment strategy decision.

A strong understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.

A strong understanding of the restrictions placed by legislation on the investment activities of LGPS funds.

## **MiFID II**

A strong understanding of MiFID II requirements relating to the knowledge of decision makers.

## **Investment strategy**

A strong understanding of long-term risk and return parameters of equity, bond and property markets and issues arising from short-term volatility.

A strong understanding of the effects on overall risk and return of combining these asset classes in the pension fund strategy.

A strong understanding of the relationship between the investment and funding strategies and the liabilities of the fund.

A strong understanding of 'alternative' asset classes available for pension fund investment (private equity, infrastructure, absolute return mandates, etc), including the practicalities of investing, prospective risks and returns and correlation with other asset classes.

A strong understanding of the costs and benefits of active and passive currency hedging strategies, including implementation issues.

## **Investment manager structures**

A strong understanding of the relative attractions of active and passive management across different asset classes.

A strong understanding of the role of active manager risk within the investment arrangements.

A strong understanding of the concepts of 'risk budgeting', sources of return (alpha and beta) and improving the 'efficiency' of the arrangements.

A strong understanding of the practical implications of pooled and segregated mandates in terms of setting investment guidelines, effecting transactions and client reporting.

A strong understanding of the implications of combining managers with different investment styles.

## **Other issues**

A strong understanding of the responsibilities of the custodian and procedures for reconciling information with investment providers.

A strong understanding of the costs and benefits of stock lending and commission recapture programmes.

## **Investment pool (England and Wales)**

A detailed knowledge of the investment pool operator's approach to pooling and delivering access to the different asset classes and/or investment funds.

A strong understanding of which assets and investments may sit outside of the investment pool and their nature and characteristics.

A strong understanding of how the fund interacts with the taxation system in the UK and overseas in relation to investments.

## **Pension services procurement, contract management and relationship management**

### **Understanding public procurement**

A detailed knowledge of the background to current public procurement policy and procedures, the values and scope of public procurement and the roles of key decision makers and organisations.

A detailed knowledge of the main public procurement requirements of UK and EU legislation and the use of national frameworks within the context of the LGPS.

### **Fund suppliers**

An expert knowledge of the key decision makers in relation to the fund's procurements  
A detailed knowledge of the nature and scope of risks for the fund and of the importance of considering risk factors when selecting third parties.

A detailed knowledge of how the fund monitors and manages the performance of its outsourced providers.

A detailed knowledge of how the fund's suppliers are monitored, including:

- the Myners principles
- the need for strategic objectives for investment consultants.

### **Investment pool (England and Wales)**

A detailed knowledge of the nature of the relationship with the investment pool parties and a detailed understanding of:

- the extent of influence over the investment pool operator and oversight committee
- the terms for terminating a pooling agreement
- guidance on the requirement to pool investments



## Appendix C - Local Pension Boards: A Technical Knowledge and Skills Framework

### Pensions legislation

A general understanding of the pensions legislative framework in the UK.

An overall understanding of the legislation and statutory guidance specific to the scheme and the main features relating to benefits, administration and investment.

An appreciation of LGPS discretions and how the formulation of the discretionary policies impacts on the pension fund, employers and local taxpayers.

A regularly updated appreciation of the latest changes to the scheme rules (under regulation).

### Pensions governance

Knowledge of the role of the administering authority in relation to the LGPS.

An understanding of how the roles and powers of the DLUCH, the Pensions Regulator, the Money and Pensions Service and the Pensions Ombudsman relate to the workings of the scheme.

Knowledge of the role of the Scheme Advisory Board and how it interacts with other bodies in the governance structure.

Broad understanding of the role of pension fund committees in relation to the fund, administering authority, employing authorities, scheme members and taxpayers.

Awareness of the role and statutory responsibilities of the treasurer and monitoring officer.

Knowledge of the Myners principles and associated CIPFA and SOLACE guidance.

A detailed knowledge of the duties and responsibilities of pension board members.

Knowledge of the stakeholders of the pension fund and the nature of their interests.

Knowledge of consultation, communication and involvement options relevant to the stakeholders.

Knowledge of how pension fund management risk is monitored and managed.

Understanding of how conflicts of interest are identified and managed.

Understanding of how breaches in law are reported.

## **Pensions administration**

An understanding of best practice in pensions administration, eg performance and cost measures.

Understanding of the required and adopted scheme policies and procedures relating to: member data maintenance and record-keeping processes

internal dispute resolution

contributions collection

scheme communications and materials.

Knowledge of how discretionary powers operate. Knowledge of the pensions administration strategy and delivery (including, where applicable, the use of third party suppliers, their selection, performance management and assurance processes).

An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to benefits administration.

An understanding of what additional voluntary contribution arrangements exist and the principles relating to the operation of those arrangements, the choice of investments to be offered to members, the provider's investment and fund performance report and the payment schedule for such arrangements.

## **Pensions accounting and auditing standards**

Understanding of the Accounts and Audit Regulations and legislative requirements relating to internal controls and proper accounting practice.

Understanding of the role of both internal and external audit in the governance and assurance process.

An understanding of the role played by third party assurance providers.

### **Pensions services procurement and relationship management**

Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations.

A general understanding of the main public procurement requirements of UK and EU legislation.

Understanding of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.

An understanding of how the pension fund monitors and manages the performance of their outsourced providers.

### **Investment performance and risk management**

Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.

Awareness of the Myners principles of performance management and the approach adopted by the administering authority.

Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.

### **Financial markets and products knowledge**

Understanding of the risk and return characteristics of the main asset classes (equities, bonds, property).

Understanding of the role of these asset classes in long-term pension fund investing.

Understanding of the primary importance of the investment strategy decision.

A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.

An understanding of the limits placed by regulation on the investment activities of local government pension funds.

An understanding of how the pension fund interacts with the taxation system in the UK and overseas in relation to investments.

## **Actuarial methods, standards and practices**

A general understanding of the role of the fund actuary.

Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.

Awareness of the importance of monitoring early and ill health retirement strain costs.

A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.

A general understanding of the relevant considerations in relation to outsourcings and bulk transfers.

A general understanding of the importance of the employer covenant and the relative strengths of the covenant across the fund employers.

**Appendix D**

**Key Policy Documents**

Board and Committee members should be familiar with the following key documents

1.	Member booklets, announcements and other key member and employer communications, which describe the Fund’s policies and procedures (including any separate AVC guides) including documents available on the Fund’s website	
2.	<p>Any relevant policies of the Administering Authority and/or Pension Committee, for example policies on:</p> <ul style="list-style-type: none"> <li>• conflicts of interests</li> <li>• record-keeping</li> <li>• data protection and freedom of information</li> <li>• internal dispute resolution procedure</li> <li>• reporting breaches</li> </ul>	
3.	The Administering Authority’s governance compliance statement (as required by regulation 55 of the Regulations)	
4.	The Administering Authority’s funding strategy statement (as required by regulation 58 of the Regulations)	
5.	The Administering Authority’s pension administration statement (as required by regulation 59 of the Regulations)	
6.	The Administering Authority’s discretionary policy statement (as required by regulation 60 of the Regulations)	
7.	The Administering Authority’s communications policy statement (as required by regulation 61 of the Regulations)	

8.	The Administering Authority's Investment Strategy Statement (as required by regulation 7 of the Investment Regulations)	
9.	The Administering Authority's internal controls risk register (for the purposes of section 249B of the 2004 Act)	
10.	The Fund's actuarial valuation report and rates and adjustment certificate (as required by regulation 62 of the Regulations)	
11.	The Fund's annual report and accounts (as required by regulation 57 of the Regulations) including any summary report (as required by regulation 56 of the Regulations)	
12.	Any accounting requirements relevant to the Fund	
13.	Any third party contracts and service level agreements	
14.	Any internal control report produced by third party service providers and investment managers	
15.	The Fund's standard form of admission agreement and bond and related policies and guidance	

## Knowledge and understanding of the law relating to pensions

### 1. Background and Understanding of the Legislative Framework of the LGPS

- Differences between public service pension schemes like the
- LGPS and private sector trust-based schemes
- The historic role of the Independent Public Sector Pensions Commission (IPSPC) and its recommendations within the *Hutton Report*
- Key provisions of the 2013 Act
- The structure of the LGPS and the main bodies involved including the Responsible Authority, the Administering Authority, the Scheme Advisory Board, the Local Pension Board and the LGPS employers
- An overview of local authority law and how Administering Authorities are constituted and operate
- LGPS rules overview (including the Regulations, the Transitional Regulations and the Investment Regulations)
- Local Government Pension Scheme (Benefits, Membership and Contributions) Regulations 2007
- Local Government Pension Scheme (Administration) Regulations 2008 and their main features.
- Latest changes to scheme rules

### 2. General pensions legislation applicable to the LGPS

An overview of wider legislation relevant to the LGPS including:

- Automatic Enrolment (Pensions Act 2008)
- Contracting out (Pension Schemes Act 1993)
- Data protection (Data Protection Acts 1998 and 2018)
- Employment legislation including anti-discrimination, equal treatment, family related leave and redundancy rights
- Freedom of Information (Freedom of Information Act 2000)
- Pensions sharing on divorce (Welfare Reform and Pensions Act 1999)
- Tax (Finance Act 2004)
- Institutions for Occupational Retirement Provision) (IORP Directive)

### 3. Role and responsibilities of the Local Pension Board

- Role of the Pension Board
- Conduct and conflicts
- Reporting of breaches
- Knowledge and understanding

- Data protection

#### **4. Role and responsibilities of the Pension Committee**

- Ensure the Fund operates in accordance with the LGPS regulations
- Adopt Fund specific policies and monitor compliance
- Set Investment Policy and review performance
- Ensure Triennial Valuation is carried out
- Set the pension administration strategy
- Approve the Statement of accounts and annual report
- Ensure the Council discharges its obligation to other scheme employers
- To make representation to government concerning proposed changes to the LGPS if they choose to do so

#### **5. Role and responsibilities of the Administering Authority**

- Membership and eligibility
- Benefits and the payment of benefits
- Decisions and discretions
- Disclosure of information
- Record keeping
- Internal controls
- Internal dispute resolution
- Reporting of breaches
- Statements, reports and accounts

#### **6. Knowledge of Stakeholders of the Pension Fund**

- Consultation, communication and involvement options relevant to stakeholders

#### **7. Funding and Investment**

- Requirements for triennial valuation
- Rates and adjustment certificate
- Funding strategy statement
- Bulk transfers
- Permitted investments
- Restrictions on investments
- Statement of investment principles
- CIPFA guidance
- Appointment of investment managers
- Role of the custodian
- Myners principles
- Investment pooling
- Pensions accounting and auditing standards
- Risk management



## **8. Role and responsibilities of Scheme Employers**

- Explanation of different types of employers
- Additional requirements for admission bodies
- Automatic Enrolment
- Deduction and payment of contributions
- Special contributions
- Employer decisions and discretions
- Redundancies and restructuring (including the Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2006)
- TUPE and outsourcing (including Fair Deal and the Best Value Authorities Staff Transfers (Pensions) Direction 2007)

## **9. Tax and Contracting Out**

- Finance Act 2004
- Role of HMRC
- Registration
- Role of 'scheme administrator'
- Tax relief on contributions
- Taxation of benefits
- Annual and lifetime allowances Member protections
- National Insurance
- Contracting out (Pensions Scheme Act 1993)
- Impact of abolition of contracting out in 2016
- VAT and investments

## **10. Role of advisors and key persons**

- Officers of the Administering Authority
- Fund actuary
- Auditor
- Lawyers
- Investment managers
- Custodians
- Administrators – in house and third party
- Procurement of services
- Contracts with third parties
- Monitoring and management of performance of outsourced providers

## **11. Key Bodies connected to the LGPS**

An understanding of the roles and powers of:

- Courts
- Financial Services Authority
- HMRC
- Information Commissioner's Office
- Money and Pensions Service
- Pensions Ombudsman
- The Pensions Regulator (including powers in relation to Local Pension Boards)
- The Department for Levelling Up, Housing and Communities (DLUCH)
- The Scheme Advisory Board (SAB)

## **Supplementary information on Pooling**

### **Investment Pool**

- Broad understanding of the structure, operation and purpose of the investment pooling arrangements, including the structure of the relationship with the other participants within the pool.
- Appreciation of the regulation, best practice and guidance related to investment pooling and the delivery of the investment objectives of the administering authority/pension committee by their chosen investment pool.
- Appreciation of the boundaries under financial services law and where carrying on investment activities requires FCA authorisation.
- Understanding of the interaction between the administering authority, the pension committee, the investment pool operator, investment pool oversight committee and other parties relating to the investment pooling arrangements; in particular reporting requirements, influence and accountability.
- Understanding of the statement of investment principles or investment strategy statement and the investment pool's interpretation and expected delivery of those investment objectives.

### **Pensions accounting and auditing standards**

- Awareness of the Accounts and Audit Regulations and legislative requirements relating to the role of the committee and individual members in considering and signing off the accounts and annual report.
- Awareness of the role of both internal and external audit in the governance and assurance process.

### **Understanding public procurement**

- Understanding of the background to current public procurement policy and procedures, and of the values and scope of public procurement and the roles of key decision makers and organisations.
- A general understanding of the main public procurement requirements of UK and EU legislation.

### **Supplier risk management**

Awareness of the nature and scope of risks for the pension fund and of the importance of considering risk factors when selecting third parties.

### **Investment pool**

Awareness of the nature of the relationship with the investment pool parties and an understanding of:

- the extent of influence over the investment pool operator and oversight committee
- the terms for terminating a pooling agreement; and
- guidance on the requirement to pool investments.

## **Investment performance and risk management**

### **Total fund**

Understanding of the importance of monitoring asset returns relative to the liabilities and a broad understanding of ways of assessing long-term risks.

### **Performance of advisors**

Awareness of the Myners principles of performance management and the approach adopted by the committee.

### **Performance of the committee**

Awareness of the Myners principles and the need to set targets for the committee and to report against them.

### **Performance of support services**

Awareness of the range of support services, who supplies them and the nature of the performance monitoring regime.

### **Performance of the investment pool**

- Awareness of the Investment Regulations and the requirements for monitoring investments.
- Understanding of the administering authority and pension committee investment strategy requirements of the investment pool and how to effectively monitor the delivery of the investment strategy

## **Financial markets and products knowledge**

### **Investment strategy**

- Awareness of the risk and return characteristics of the main asset classes (equities, bonds, property).
- Understanding of the role of these asset classes in long-term pension fund investing.

### **Financial markets**

- Understanding of the primary importance of the investment strategy decision.
- A broad understanding of the workings of the financial markets and of the investment vehicles available to the pension fund and the nature of the associated risks.
- An awareness of the limits placed by regulation on the investment activities of local government pension funds.

### **Investment pool**

- Appreciation of the investment pool operator's approach to pooling and delivering access to the different asset classes and/or investment funds.
- Understanding of which assets and investments may sit outside of the investment pool, and their nature and characteristics.

### **Valuations**

- Knowledge of the valuation process, including developing the funding strategy in conjunction with the fund actuary, and inter-valuation monitoring.
- Awareness of the importance of monitoring early and ill health retirement strain costs.
- A broad understanding of the implications of including new employers into the fund and of the cessation of existing employers.

### **Outsourcing**

A general awareness of the relevant considerations in relation to outsourcing and bulk transfers.



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## Appendix E

### LONDON BOROUGH OF CROYDON PENSION FUND

#### KNOWLEDGE AND SKILLS / TRAINING POLICY

##### Introduction

This is the Knowledge and Skills / Training Policy (Policy) of the London Borough of Croydon Pension Fund (Fund) which is managed and administered by the Council. The Policy details the training strategy for members of the Pension Committee, the Pension Board and Officers, including the Section 151 Officer, involved in the management of the Fund.

The Council has delegated responsibility for the implementation of this Policy to the Corporate Director of Resources and Section 151 Officer.

The SAB Good Governance Review is awaiting completion but it is expected that the guidance should clarify that the expectation is that the TPR requirements that apply to Local Pension Boards should equally apply to pension committees in respect of knowledge and skills and training. As a minimum those sitting on pension committees or the equivalent should comply with the requirements of MiFID\* II opt-up to act as a professional client but the expectation is that a higher level and broader range of knowledge will be required.

*\*Following the introduction of Markets in Financial Instruments Directive (MiFID II) legislation in January 2018, financial institutions can no longer categorise a local authority as a “per se professional client”. Instead, a local authority must be classified as a “retail client” unless opted up by the financial institutions to “elective professional client” status. To attain professional status a Fund, as a collective, must be able to demonstrate sufficient expertise, experience and knowledge to satisfy financial institutions that it is capable of making investment decisions and understanding the nature of potential risks. This Policy assists the Fund in ensuring that levels of expertise, experience and knowledge are maintained to satisfy the MiFID II requirements.*

The Good Governance Review also states:

A pension committee member should put aside political considerations, act in the interest of all employers and members and act within a regulatory framework.

##### Aims and objectives

The Fund’s “governance” objectives are set out in its Governance Policy Statement and prominent amongst them is 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.

All members and officers to whom this Policy applies are expected continually to demonstrate their personal commitment to training and to ensuring that the knowledge and skills objective is met.

To assist in achieving the objective the Fund will aim to comply with:

- CIPFA Knowledge and Skills Frameworks;
- Knowledge and understanding requirements of the Pensions Act 2004 and the Public Service Pensions Act 2013; and
- The Pensions Regulator's (TPR) Code of Practice for Governance and Administration of Public Service Pension Schemes (Code of Practice No 14).
- .

## **CIPFA and TPR Knowledge and Skills Requirements**

In January 2010 CIPFA launched technical guidance for Representatives on Pensions Committees and non-executives in the public sector contained in a knowledge and skills framework. The Framework detailed the knowledge and skills required by those responsible for pension scheme financial management and decision making in the public sector.

This has now been updated in the CIPFA Knowledge and Skills Framework for LGPS Committee and LGPS Officers 2021. The framework states that regardless of the range of responsibilities, those exercising a delegated responsibility on behalf of the administering authority and to whom this framework applies must be conversant with:

- the rules of the LGPS, and
- any document recording policy about the funding, investment, administration, communications or governance which is for the time being adopted in relation to the scheme.

Such persons must have knowledge and understanding of:

- the law relating to pensions, and
- such other matters as may be prescribed in legislation and guidance

A pension committee must:

- be able to demonstrate that it has the skills, knowledge and experience appropriate for governing its fund
- have a balance of knowledge and skills across the membership of the committee
- be able to apply that knowledge and skills in governing the fund.

Expectations in relation to Pension Committee Members are as follows:

- committing to undertake the role for a term of office
- having the capacity to attend meetings
- attending and participating constructively in meetings
- undertaking training and development appropriate to their role



- approaching matters with an open and independent mind, avoiding any pre-determination or bias
- having the confidence to challenge, influence and engage
- operating within the terms of reference of the committee and the administering authority's code of conduct.

### **Corporate Director of Resources and Section 151 Officer and Senior Officers**

As a Chief Finance Officer has, as a minimum, statutory Section 151 responsibilities under the Local Government Act 1972 in respect of an administering authority, they must keep their knowledge of the LGPS up to date, and this should be evidenced through regular, continued professional development.

Similarly, the Code of Practice also relates to all individuals responsible for the management of the LGPS or who have a decision-making, scrutiny or oversight role. The degree of knowledge and understanding required is that which is appropriate for the purposes of enabling the individual to properly exercise their delegated responsibility on behalf of the administering authority.

In July 2015 CIPFA launched technical guidance for Local Pension Board members by extending the existing knowledge and skills framework. The new Framework details the knowledge and skills required by Pension Board members to enable them properly to exercise their functions under Section 248A of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013. This guidance increases the emphasis on Pensions legislation and governance and highlights Pensions Administration as a new and separate area of knowledge and skills. The matrix for the pension board is attached as appendix C

The Framework covers eight areas of knowledge and skills identified as the core requirements:

- pensions legislation;
- pensions governance;
- pension accounting and auditing standards;
- pensions administration and communications;
- pension services procurement and relationship management;
- investment performance and risk management;
- financial markets and products knowledge; and
- actuarial methods, standards and practice.

The two primary roles of the Framework are:

- To enable the organisation to determine whether they have an adequate skills mix to meet their financial needs; and
- To allow individuals to assess their training needs, measure their progress and plan their development

The knowledge matrices for pension committee members and for senior officers are based on the core areas of knowledge listed above. They set out a list of competencies in each of the areas. They are attached to this policy as appendices A (committee members) and B (senior officers).

In 2016 CIPFA issued Investment Pooling Governance Principles for LGPS Administering Authorities, incorporating competencies relating to pooling in the LGPS. As regards training the key requirements are that Administering Authorities:

- Clearly articulate the knowledge and skills requirements in a Fund policy;
- Provide ongoing training in an effective and suitable manner to meet those requirements;
- Regularly review whether knowledge aspirations are being met; and
- Ensure that they rely appropriately on officers and advisers to provide expert knowledge.

CIPFA's Code of Practice recommends (amongst other things) that Local Government Pension Scheme (LGPS) administering authorities:

- Formally adopt the CIPFA Knowledge and Skills Frameworks (or an alternative training programme);
- Ensure that the appropriate policies and procedures are put in place to meet the requirements of the Frameworks (or an alternative training programme); and
- Publicly report how these arrangements have been put into practice each year.

### **The Pensions Act 2004 and the Pensions Regulator's Code of Practice**

Section 248A of the Pensions Act 2004, as amended by the Public Service Pensions Act 2013 (PSPA13) requires Pension Board members to be conversant with the rules of the LGPS and any document recording policy about the administration of the LGPS; and have knowledge and understanding of the law relating to pensions and any other matters which are prescribed in regulations.

The degree of knowledge and understanding required is that appropriate for the purposes of enabling the individual properly to exercise the functions of a member of the LGPS Local Pension Board.

These requirements have been incorporated and expanded on within The Pensions Regulator's Code of Practice 14 *Governance and administration of public service pension schemes*, effective from April 2015. Guidance has been issued by the Local Government Pension Scheme Advisory Board which details how these requirements relate to LGPS administering authorities. A Knowledge and Skills requirements document has been produced to meet these requirements (**Annex A**). The TPR are in the process of updating their code of practice and this policy will be reviewed once it has been finalised.

## **The Pensions Regulator’s Code of Practice 14: Governance and Administration of Public Service Pension Schemes**

This Code details the documents that pension board members need to be conversant with.

In paragraphs 43 to 44 the Code states:

*For pension board members of funded pension schemes, documents which record policy about the administration of the scheme will include those relating to funding and investment matters. For example, where relevant they must be conversant with the statement of investment principles and the funding strategy statement. Pension board members must also be conversant with any other documented policies relating to the administration of the scheme. For example, where applicable, they must be conversant with policies relating to:*

- *the contribution rate or amount (or the range/variability where there is no one single rate or amount) payable by employers participating in the scheme;*
- *statements of assurance (for example, assurance reports from administrators);*
- *third party contracts and service level agreements;*
- *stewardship reports from outsourced service providers (for example, those performing outsourced activities such as scheme administration), including about compliance issues scheme annual reports and accounts;*
- *accounting requirements relevant to the scheme;*
- *audit reports, including from outsourced service providers; and* ▪ *other scheme-specific governance documents.*

### **CIPFA Principles of Investment Decision Making and Disclosure**

In response to the Government’s report updating the Myners Principles, LGPS Administering Authorities are required to prepare and maintain statements of compliance against a set of six principles for pension fund investment, scheme governance, disclosure and consultation. These are included in the Investment Strategy Statement. The six principles are:

- Effective decision making
- Clear objectives
- Risk and liabilities
- Performance assessment
- Responsible ownership
- Transparency and reporting

### **Measuring and Monitoring Requirements**

#### **Evaluation**

The CIPFA Framework requires administering authorities to monitor and review knowledge and skills of members and senior officers. As a minimum the following is required:

- record attendance at training and ensure action is taken where poor attendance is identified

- prepare tailored training plans for committee members and officers
- require members and officers to undertake self-assessment against the required competencies as set out in the Framework
- communicate regularly with members and officers, encouraging them to highlight training needs on an ongoing basis.

A record of training attended should be kept up to date and made available to stakeholders in the fund's annual report and accounts each year. Members are responsible for ensuring their training record is up to date and accurate.

On appointment, and annually thereafter, Pension Board and Pension Committee members will be asked to complete a competency self-assessment matrix. This will highlight skills gaps or areas for further development. The results of this will be used to inform the development of the training plan.

Training programmes will be flexible, allowing Board and Committee 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 needs.

A report will be presented to the Pension Committee on an annual basis setting out:

- The training provided/attended in the previous year at an individual level;
- Commentary on how this compares to the Training Plan; and
- Any actions required, such as a review of the Training Plan.

This information will also be included in the Fund's Annual Report and Accounts.

Pension Committee members and Pension Board members will be provided with details of forthcoming seminars, conferences and other relevant training events as well as an annual summary of the events attended.

Training will be a standing item on all Board and Committee meeting agendas.

In order to identify whether the objectives of this Policy are being met, the Administering Authority will maintain a training log which records attendance at training and compares this to the Training Plan.

## **Delivery**

Training and developments 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 either internally developed or shared with other funds;
- Fund manager training;
- Investment Advisor and Actuary training;
- London CIV training;
- On -line Training facility provided by Hymans

- On-line facilities;
- Reading materials; and
- Personalised training.

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

### **Initial information and induction process**

On joining the Pension Committee, the Pension Board or on appointment as a Senior Officer, individuals will be provided with access to the following Fund documentation:

- Members guide to the LGPS;
- Latest Actuarial Valuation report;
- Annual Report and Accounts;
- Funding Strategy Statement;
- Governance Policy and Compliance Statement;
- Investment Strategy Statement including the Fund's statement of compliance with the Myners Principles;
- Communications Policy;
- Discretionary Policies; and
- This Training Policy
  
- Pensions Administration Strategy
  
- Access to all other Fund Policies

An induction module is available on the Hymans on-line training application which is available for committee members, board members and relevant Officers (including the Section 151 Officer) to access at any time.

Additionally, a Croydon-specific induction presentation has been created which will be provided to board and committee members and relevant officers (including the S151 Officer) on appointment.

Induction training sessions will be provided as required.

### **Demonstrating knowledge and understanding**

The Council will maintain records of the learning of individual Board and Committee members, the Section 151 officer and the Board and Committee 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 logs are published with the Fund's Annual Reports.

### **Costs**

Any cost involved in providing training will be met directly by the Fund.

## Key Risks

### Nature of the Risks

The key risks to the delivery of this Policy are outlined below. The Pension Committee members, with the assistance of the Pension Board and Senior officers, will monitor these and other key risks and consider how to respond to them.

- Changes in Pension Committee and/or Pension Board membership and/or Senior Officers potentially diminishing knowledge and understanding;
- Poor attendance and/or a lack of engagement at training and/or formal meetings by Committee members, Board members and/or other Senior Officers resulting in a poor standard of decision making and/or monitoring;
- Insufficient resources being available to deliver or arrange the required training; and
- The quality of advice or training provided not being of an acceptable standard

### How the Risks will be Measured / Monitored

The Risk Register has been adopted by the Pension Committee and Pension Board and will be reviewed at alternate meetings of each.

## Consultation

A Governance review was carried out by Aon Hewitt and a report making recommendations was published on 30 May 2019. An action plan was approved by the Pension Committee on 11 February 2020, together with a recommendation to review progress on delivery of the plan in 12 months. This Policy addresses the recommendations made in the Review as follows:

- To introduce a policy covering the Pension Board, The Pension Committee and senior officers.
  - Have regard to the work with the London CIV
  - Be supported by training with reference to the CIPFA guidance
  - Should include a list of documents that the Board, Committee and senior officers should be conversant with. **(Annex D)**
  - Link with training needs assessment and monitoring; all members and senior officers should complete the TPR toolkit.
  - Implement a training plan and annual assessment
  - Introduce Induction training
  - Consider further training opportunities including external events
- 
- Maintaining an up- to- date training log

## **Approval, Review and Effective Date**

The updated Pension Board Training Policy was approved by the Board at their meeting of 17 October 2019 and an amended Fund policy incorporating the CIPFA Local Pension Boards Framework and encompassing the Pension Committee and Senior Officers was approved by the Pension Committee at their meeting of 17 March 2020 and is effective from this date. This policy further incorporates recommendations of the 2021 governance review and the 2021 CIPFA knowledge and skills frameworks and is effective from 14 June 2022.

This Policy will be formally reviewed and updated every three years or sooner if the training arrangements or other matters included within it merit reconsideration.

## **Roles and Responsibilities**

The Council has delegated responsibility for the implementation of this policy to the Corporate Director of Resources and Section 151 Officer.

The Implementation, assessment and management of the Training Plan will be carried out by the Governance and Compliance Manager, reporting to the Head of Pensions and Treasury.

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## Croydon Council

<b>REPORT TO:</b>	<b>Pension Board</b> <b>7 July 2022</b>
<b>SUBJECT:</b>	<b>Pension Board Forward Plan 2022/23</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett - Acting Head of Pensions and Treasury</b>

### 1. RECOMMENDATION

- 1.1 That the Board considers and agrees the Forward Plan for the remainder of financial year 2022/23.

### 2. EXECUTIVE SUMMARY

- 2.1 This report sets out a suggested work plan for the Board for the remainder of 2022/23, inviting suggestions for amendments or additions.

### 3. DETAIL

- 3.1 The responsibility of the Board, as defined by section 5(1) and (2) of the Public Services Pensions Act 2013, is to assist the Administering Authority (Croydon Council) in its role as a Scheme Manager of the Scheme in relation to the following matters:

- To secure compliance with the Scheme Regulations and other legislation relating to the governance and administration of the Scheme;
- To secure compliance with requirements imposed in relation to the Scheme by the Pensions Regulator;
- In such other matters as the Scheme regulations may specify.

- 3.2 In order for the Board to carry out this role it is necessary to maintain a work plan which identifies which key activities the Board should be considering (and when) in order to demonstrate effective performance.

3.3 The Board last considered their Forward Plan, in respect of the remainder of 2021/22, on 14 October 2021. They agreed the Plan as drafted but also resolved the following:

- Asset transfer and Pension Dashboard to be determined items;
- Governance, following consideration by the Board at its meeting to be held on 3 November, as a to be determined item;
- The administration report as a standing item.

3.4 In respect of the items listed in paragraph 3.3:

- At their meeting on 7 March 2022 Full Council agreed not to progress plans to transfer properties, as previously considered, to the Pension Fund. The previously proposed transfer will, therefore, no longer be part of the Committee or the Board's consideration.
- The Board will be updated on the proposals for statutory pension dashboards on 13 October 2022 and at future meetings as developments occur.
- The Fund's governance arrangements were considered most recently by the Board on 14 October 2021 and 13 January 2022 and are proposed to be included on each agenda during 2022/23.
- The Administration report was considered by the Board on 13 January 2022 and will be included on each future agenda.

3.5 Subject to the considerations of the Board, Appendix A comprises a suggestion for the topics to be covered over the remainder of the year. At each meeting the Board will also be able to review the papers presented to the Pension Committee at meetings since the Board last met.

3.6 The Board are invited to add any items to this schedule that they feel should be included

3.7 A key component of the work of the Board is the maintenance of relevant knowledge, refreshing skills and access to informed experts. To this end training opportunities will be offered to the Board throughout the year. The Board are invited to offer ideas for subjects and officers will develop these into sessions which will be open to the Board and to Pension Committee members.

#### **4. DATA PROTECTION IMPLICATIONS**

4.1 Will the subject of the report involve the processing of 'personal data'?

No.

Has a data protection impact assessment (DPIA) been completed?

No. This report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

**Approved by:** Matthew Hallett, on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

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**CONTACT OFFICER:**

Matthew Hallett – Acting Head of Pensions and Treasury.

**APPENDIX:**

Appendix A - Forward Plan 2022/23

**BACKGROUND DOCUMENTS:**

None.



**FORWARD PLAN 2022/23**

**13 October 2022**

Administration Team Key Performance Indicators  
Pensions Dashboards  
Fund Annual Report and Accounts 2021/22  
Board Annual Report  
Governance of Best Practice Compliance Statement  
Conflicts of Interest Policy  
Risk Register  
Breaches of the law log  
Issues raised by Scheme Advisory Board and The Pensions Regulator  
Training Plan and training records update

**January 2023**

Progress on Fund Governance Arrangements  
Administration Team Key Performance Indicators  
London Collective Investment Vehicle – compliance with pooling requirements and savings  
Data Improvement Plan  
Record Management Policy  
ESG Update  
Administration Strategy  
Breaches of the law log  
Issues raised by Scheme Advisory Board and The Pensions Regulator  
Training Plan and training records update

**March 2023**

Administration Team Key Performance Indicators  
Medium Term Business Plan 2023/26  
Forward Plan 2023/24  
Triennial Valuation  
Budget review 2023/24  
Scheme Advisory Board Good Governance Review  
Risk Register  
Breaches of the law log  
Issues raised by Scheme Advisory Board and The Pensions Regulator  
Training Plan and training records update

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