

# Pension Committee Agenda



To: Councillor Callton Young OBE (Chair)  
Councillor Clive Fraser (Vice-Chair)  
Councillors Simon Brew, Nina Degrads, Patricia Hay-Justice, Yvette Hopley,  
Endri Llabuti and Alasdair Stewart

Co-opted Members: Ms Gilli Driver, Mr Peter Howard and Charles Quaye

Reserve Members: Louis Carserides, Richard Chatterjee, Stuart Collins,  
Simon Fox, Enid Mollyneaux, Srinivasan, Nikhil Sherine Thampi and  
Robert Ward

A meeting of the **Pension Committee** which you are hereby summoned to attend,  
will be held on **Tuesday, 11 October 2022** at **10.00 am** in **Council Chamber, Town  
Hall, Katharine Street, Croydon CR0 1NX.**

Katherine Kerswell  
Chief Executive  
London Borough of Croydon  
Bernard Weatherill House  
8 Mint Walk, Croydon CR0 1EA

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[www.croydon.gov.uk/meetings](http://www.croydon.gov.uk/meetings)  
Monday, 3 October 2022

Members of the public are welcome to attend this meeting, or you can view the  
webcast both live and after the meeting has completed at  
<http://webcasting.croydon.gov.uk>

If you would like to record the meeting, we ask that you read the guidance on the  
recording of public meetings [here](#) before attending.

The meeting will be paperless. The agenda papers for all Council meetings are available on the Council website [www.croydon.gov.uk/meetings](http://www.croydon.gov.uk/meetings)

If you require any assistance, please contact the person detailed above, on the righthand side.

## AGENDA – PART A

### 1. **Apologies for Absence**

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

### 2. **Minutes of the Previous Meeting (Pages 7 - 50)**

To approve the minutes of the meetings held on Tuesday, 8 December 2020; Tuesday, 16 March 2021; Tuesday, 25 May 2021; Friday, 3 December 2021 and Tuesday, 14 June 2022 as accurate records.

### 3. **Disclosure of Interests**

Members and co-opted Members of the Council are reminded that, in accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, they are required to consider **in advance of each meeting** whether they have a disclosable pecuniary interest (DPI), another registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda. If advice is needed, Members should contact the Monitoring Officer **in good time before the meeting**.

If any Member or co-opted Member of the Council identifies a DPI or ORI which they have not already registered on the Council's register of interests or which requires updating, they should complete the disclosure form which can be obtained from Democratic Services at any time, copies of which will be available at the meeting for return to the Monitoring Officer.

Members and co-opted Members are required to disclose any DPIs and ORIs at the meeting.

- Where the matter relates to a DPI they may not participate in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.
- Where the matter relates to an ORI they may not vote on the matter unless granted a dispensation.
- Where a Member or co-opted Member has an NRI which directly relates to their financial interest or wellbeing, or that of a relative or close associate, they must disclose the interest at the meeting, may not take part in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation. Where a matter affects the NRI of a Member or co-opted Member, section 9 of Appendix B of the Code of Conduct sets out the test which must be applied by the Member to decide whether disclosure is required.

The Chair will invite Members to make their disclosure orally at the commencement of Agenda item 3, to be recorded in the minutes.

**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. Triennial Valuation**

This report sets out a revised structure to the FSS and a few technical or regulatory updates required since the May 2021 review. The main updates for the Committee's attention are in relation to the funding assumptions, climate risk and the 'McCloud' judgement.

**6. Governance and Compliance Statement (Pages 51 - 60)**

This report updates the Governance Best Practice Compliance Statement for consideration by the Committee.

**7. Progress on implementation of Aon Governance Review Action Plan (Pages 61 - 78)**

The Pension Board were asked to consider the latest agreed list of recommendations and make comment for presentation to the Pension Committee. This report details those comments and suggested actions for the Committee's consideration.

This report updates the Committee on the progress made in completing recommendation actions to August 2022.

**8. Breaches of the Law Policy (Pages 79 - 102)**

This report asks the Committee to agree the revised Reporting Breaches of the Law Policy to the Committee and attached appendices.

**9. Breaches of the Law Log (Pages 103 - 116)**

It is consistent with The Pension Regulator's Code of Practice that the Pension Fund maintains a breaches log detailing incidences where breaches have occurred. In line with the recommendations of the Aon Hewitt 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 presents the current log (Appendix A) for the Committee's consideration and comment.

**10. Constitution Changes (Pages 117 - 192)**

The Pension Committee and Pension Board operate within the parameters defined within the Constitution. The Constitution should be reviewed annually and updated as appropriate. This report asks the Committee to consider the proposed amended sections of the Constitution as they relate to The Pension Committee and Pension Board and recommend them to the Monitoring Officer.

**11. Training Plan (Pages 193 - 216)**

This report advises the Committee of training undertaken by the Pension Board and Pension Committee members since January 2021 and asks them note the proposed joint Pension Committee and Pension Board training plan for 2022/23.

**12. Administration Performance Report (Pages 217 - 232)**

This report sets out Key Performance Indicators for the administration of the Local Government Pension Scheme for the three month period up to the end of July 2022.

**13. Risk Register Review (Pages 233 - 246)**

It is recommended best practice for the Pension Committee to maintain a risk register covering the most significant risks faced by the Fund. This report presents the current register (Appendix A) for the Committee's consideration.

**14. Update on LCIV (Pages 247 - 252)**

This report advises the Committee of the extent to which the Fund is complying with the pooling requirements of Guidance issued by the, then, Department for Communities & Local Government (DCLG) in 2015, the savings made through pooling in 2021/22 and the governance structure of the London Collective Investment Vehicle (LCIV).

**15. Update on SAB and TPR news (Pages 253 - 258)**

This report advises the Committee of the matters currently being considered by the Local Government Pension Scheme Advisory Board and The Pensions Regulator which are relevant to the Fund. Any implications for the Fund have been noted and are being addressed in consultation with Fund advisors.

**16. Progress report for quarter ending June 2022 (Pages 259 - 266)**

This report provides an update on the Fund's performance for the quarter to 30 June 2022. The report falls into four parts. Section 1 addresses performance against strategic goals. The second section considers the asset allocation strategy and how that is being applied,

specifically current and planned investments. The third section deals with risk management and the fourth and final section summarises the recent investment manager site visit.

**17. Progress report for quarter ending June 2022 (Pages 267 - 342)**

This report provides the commercially sensitive context to the performance of the Pension Fund over the most recent quarter.

**18. Exclusion of the Press and Public**

The following motion is to be moved and seconded where it is proposed to exclude the press and public from the remainder of a meeting:

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

**PART B**

**Pension Committee**

Meeting held on Tuesday, 8 December 2020 at 10.00 am in This meeting will be held remotely

**MINUTES**

**Present:** Councillor Andrew Pelling (Chair);  
  
Councillors Simon Brew, Robert Canning, Clive Fraser, Patricia Hay-Justice and Yvette Hopley  
  
Co-opted Members: Ms Gilli Driver, Mr Peter Howard and Charles Quaye

**Also Present:** Nigel Cook, Head of Pensions and Treasury  
Victoria Richardson, Head of HR Finance Service Centre  
Alison Fisher, Pensions Manager  
Matthew Hallett, Pension Fund Investment Manager  
Ian Talbot, Pension Fund Investment Manager  
Peter Gent, Senior Investment Consultant, Mercers  
Daniel Turner, Mercers,  
Robert McInroy, Hymans

**Apologies:** Councillor Simon Hall and Jan Buttinger  
Lisa Taylor, Director of Finance Investment and Risk and S151 Officer

**PART A**

**1/20 Minutes of the Previous Meeting**

The minutes of the meeting held on 15 September 2020 were agreed as an accurate record, subject to the following amendment:

Minute No 7/20 Pension Fund Business Plan

*Councillor Yvette Hopley requested the figures since inception for each fund as had previously been provided in previous reports to the Committee and it was agreed that this would be included in future papers.*

**2/20 Disclosure of Interests**

Members declared interests in relation to discussions around the property transfer as they are representatives of the employing authority.

**3/20 Urgent Business (if any)**

There were no items of urgent business.

The Chair took the opportunity to advise Members of the Committee that Councillor Simon Hall had been replaced by Councillor Andrew Pelling as a Member on the Committee.

**4/20 Progress Report for the Quarter ending 30 September 2020 (Part A)**

This item was introduced by the Head of Pensions and Treasury and the following was noted:

- The Fund was performing quite well despite the current circumstances and there was a distinction between what the markets thought and what was occurring in the real economic world that needed to be considered;
- There was, however, the reality that the world would move into recession due to the effects of the pandemic;
- The value of Assets had increased.

Councillor Hay Justice questioned what mitigations were in place as the markets did not reflect the reality of what was occurring around the world in terms of the economic climate, the Covid pandemic, and the presidential elections in America. Officers said that a strategy was in place that spread investments over a number of areas and therefore mitigated risk by diversification.

They continued to follow best advice, and constant monitoring was taking place as was the ability to react as necessary. The Investment adviser added that in terms of risks, as stipulated by Investment 101, that some had to be taken in order to generate a return and not taking any was a risk itself.

It was important that risks were taken in a managed way in areas that would result in payments on a long-term basis and ensuring that risk sources and return driver sources were spread across various different areas.

COVID had created dislocation in the markets. This dislocation would continue to be monitored for signs that the dislocations would become imbedded. The portfolio had a spread of return drivers across it, which was helpful in ensuring the Fund was well placed. Our advisers would continue to



be alive to changes going forward and how we might need to adapt the portfolio.

Members asked whether the Council issuing a Section 114 notice would affect the value of the Fund and whether members of the Committee had been interviewed by the Pensions Regulator regarding the Property transfer. The Chair stated that the Section 114 notice did not affect the Fund.

Mike Ellsmore; the Chair of the Pensions Board confirmed that he had been interviewed by the Pensions Regulator in September 2018 about the Property transfer as he had written a letter to the Section 151 Officer in 2018 raising a few areas where he thought further work was required. He confirmed he had not received any feedback from the Regulator. Councillor Hopley confirmed she had been interviewed by other outside bodies about the ratification of the decision about the Property transfer and concerns on governance. Officers confirmed that they had written to the Pensions Regulator about the Section 114 notice confirming that the arrangements of the Pension Fund were separate from the Council.

Members asked whether valuations of properties associated with the property transfer had been carried out. Officers responded that they had not got the information on this. It was commented that details of this had been requested on several occasions and there had been no details brought forward to date, there were also concerns about registration as well as completion of the legal papers.

It was agreed that a formal request for information be sent on behalf of the Committee to Officers to provide a written briefing on the Fund's position. Members highlighted further concerns about the reduced payment that was being taken from the Council as a result of the current agreement. Officers confirmed that currently the contributions paid by the Council had not been reduced and were in line with those agreed in the triennial valuation.

All Members expressed concerns about the continuing delays in resolving the Property transfer arrangement and that they wanted the situation resolved very quickly.

The Committee requested to be provided with a briefing note on the position in relation to Property Transfer which should include:

- a) The valuations of the properties included in the transfer
- b) The position regarding the legal agreement between the Council and the Fund
- c) The completion of the agreement

RESOLVED: to note the performance of the fund for the quarter.

## **5/20 Key Performance Indicators for the quarter ending 30 September 2020**

The Head of HR Finance Service Centre introduced the report and the following was noted:

- During the period as set out in the report, the team had been tasked with increased administrative duties as well as key annual events that was expected to be delivered during the period.
- There had been increased administrative duties as a result of the Council's staffing review.
- The team had been able to keep within its legal deadlines for key life events such as retirements and deaths but there was however large outstanding tasks as a result of backlogs on deferred benefit calculations.
- A contract had been awarded to Hyman Robertson to undertake some third party administrative duties to clear backlogs, this project should commence within the next month.

Discussions took place on managing the backlog of cases and it was commented that the current caseload was increasing by 200 each month and if Hyman Robertson came in to assist with clearing of backlog there would still be an issue. It was asked what the plan was to manage this in order to come back in line with existing new cases. Officers agreed with this point, in particular in light of the fact that there were two vacancies within the administration team that was being recruited to. Resource numbers were based on the scheme as it was and it was evident that a review needed to take place to ascertain what resource was needed to deliver the administration service as the scheme was becoming more complex. The contract with Hymans was a short to medium term contract to clear outstanding work and a longer term solution must be sought. There would be agreement of KPI's on amount of cases and quality of cases cleared and sample checking of cases would take place to ensure high standards and value for money of the contract.

It was further asked what the implication of a minimal workforce in terms of meeting legal thresholds for pension administration and what the ramifications would be. Officers said that if legal deadlines were not met, there would be a breach of regulation which would need to be recorded on the breaches register. Consideration would also need to be given to the significance of the impact and whether there was a need to report to the regulator.

In light of the situation, it was suggested that it would be in the interest of the Pension Fund and members to explore the possibility of outsourcing more work where necessary. Officers said that there were providers that could support the function of clearance of backlog and due to the limited buoyant

market for trained staff the pool of permanent Local Government pension staff remained a challenging market.

Questions were raised on the CIPFA guidance and whether our report covered all areas. Officers said that a report was brought before the Committee 12 months ago and was currently still a work in progress as there was some performance monitoring frameworks that needed to be established.

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

## **6/20 Pension Fund Governance Review Action Plan**

The item was introduced by the Head of Pensions Treasury who advised that the updated action plan informs the business plan and the forward plan for the Pensions Board. The headline issues contained in the report were identified as being important to ensure compliance with requirements if the governance review.

Questions were raised on what the situation was on progression of recommendations that were made in 2016, whether additional kpis as recommended by CIPFA has been added. Additionally if the data improvement plan had been completed or were on target. Officers responded that the report made reference to description of work that would be undertaken over the next three years with tasks allocated to future meetings of the Pension Committee and Board. There was a lot of work to be complete. There was also proposal being made that the Council has a named officer for LGPB. It had always been the ambition for the KPIs to be embedded once the processes were in place to collect and present data. This would still take place once Members were able to digest the information presented in a meaning full way

A Member commented that the report showed significant changes that would take time to implement such as the CIV governance structure. It was asked how quickly some of the changes could be brought forward to enable the new structures to be put in place immediately, in particular in areas where opposition Members had not had as much opportunity to consider some of the decisions. Officers said that conversations were taking place with the London CIV and the Pension Board has asked AON to assess progress against the action plan and pick up additional points that had arisen since the review. Once the review had been undertaken, the issues that had been specifically mentioned would be picked up and incorporated in future workload.

It was asked whether a business plan would be looked at and how soon this would take place as per the recommendation for one to be put in place. Officers responded that the business plan was in progress and it was to be presented to the Committee at its next meeting.

In response to a question on whether the recording of the meeting could be considered as a true reflection of the meeting alongside minutes. The Clerk advised that this was currently being looked at as technology had moved

forward. At present, printed minutes were still the only considered legal reference of the meeting.

**RESOLVED:** The Committee AGREED to note progress in respect of the Governance action plan

**7/20 Risk Register review**

The Head of Pensions and Treasury presented the report and the Committee was informed that two risks relating to Covid and the S114 Notice had been added to the register. There had been progress on moving forward on some of the other risks but the team's ability to respond had been impeded as a result of the Pandemic.

It was commented that the future of escalating, in comparison to current risk ratings on some of the entries had fallen in terms of likelihood of the events occurring and it was asked how confident officers were in the risks remaining as predicted. Officers said that a degree of optimism underpinned the entire process and that having recognised the risk and acted appropriately, future risks would be reduced due to the mitigations in place. Arrangements for financial services was put in place a while ago and would always be protected. Arrangements were also in place by banks and service providers to mitigate risks of cyber security.

It was further commented that officers must ensure that there was robust evidence in place to justify any changes made to risks.

**RESOLVED:** The Committee AGREED to note the contents of the Pension Fund Risk Register.

**8/20 Breaches of the Law Log**

The Head of Pensions and Treasury introduced the item and it was noted that there been three breaches recorded to date which were considered to be material to the extent that there was no requirement of reporting to the Pensions Regulator.

The report was being brought to the Committee to provide transparency and discharging of legal obligation on areas where there had been breaches.

**RESOLVED:** The Committee AGREED to note the contents of the Pension Fund Breaches Log.

**9/20 Correspondence review: The Pension Regulator and Scheme Advisory**

## **Board**

The Head of Pensions and Treasury introduced the report which detailed the impact of the McLeod judgement, the £95k cap and exit payments on the administration team.

Concerns were raised that this ruling presented a situation that required identification of inactive members and the financial implications this would have on the fund, additionally the resources that was required to undertake this substantial piece of work. Officers agreed on the complexity of the issues and that there was an infinite group of staff to be identified as part of the process. There was a plan and well as resources in place to manage the process.

**RESOLVED:** The Committee AGREED to note the contents of the report.

### **10/20 Training records update**

The Head of Pensions and Treasury introduced the report which detailed the training opportunities that had been identified. Members were asked to keep the team informed of any training needs they identified for themselves in order to ensure that this could be facilitated and records kept up to date.

A Member asked if there would be a system in place to ensure that there was a deadline in place for completion of induction for new members of the Committee. Officers believed that the three day training session that was offered each year provided basic understanding and knowledge required. It was however agreed that there was a need for continuous training and assessment for all Members and this was the reason for capturing details on the training log, as well as collation of views from feedback forms. There were constraints with the three day course as it was only offered once a year, in October and there was a considerable gap between appointments to the committee in May to the actual training date. It would be down to the Committee to decide how to formalise any changes.

It was asked if the team were able to check if Members were actually attending courses as it was vital to be knowledgeable in order to be able to adequately participate in meetings. Members should be reminded of their professional duty to attend courses. Officers said that there were mechanisms in place to conduct audits and they actively encouraged Members to attend.

**RESOLVED:** The Committee AGREED to note the contents of the report.

### **11/20 Pension Board report**

The Chair of the Pension Board introduced the report and it was noted that going forward, the Board will focus on three main areas. They would focus on

some of the work that came out of the training session that was delivered prior to the meeting today. It was evident that the Pension fund should create distinct lines between their role as an administering body and role as employer. This would result in change in the structure of Croydon and also the Pension Fund Governance Review Action Plan as this would be watched closely going forward.

**RESOLVED:** The Committee AGREED to note the focus of activity of the Pensions Board.

## **12/20 Exit Payment Cap**

The Head of HR Finance and Service centre introduced the item and the following was noted:

- The Public Sector Exit payment regulations came into force in November 2020 and restricts the payments that can be made to existing employees to £95k
- The payment includes redundancy payments and pensions training costs which arise when Local Government Pension is paid and reduced before a member's normal pension age.
- The changes affect employees aged 55 and over who were leaving on grounds of redundancy or efficiency
- The necessary changes to the Local Government Pensions scheme to implement the Cap was still out for consultation.
- The administering authorities were in a position of conflict in legislation between the Exit Cap regulations and the Local Government pensions Scheme Regulations
- The Scheme Advisory Board sought legal advice and advisors expressed opinion that the course of action that presented the least risk was to offer members the opportunity to take a deferred pension or a fully actuarial reduced pension.

In response to a question as to if other LA's were proposing the same recommendations as Croydon, officers advised that they were unsure as to what other funds had decided but the advice from the scheme advisory boards was that they should all seek to adopt the same approach in line with their advice and legal opinion.

It was asked how many staff had been affected or were likely to be affected by the situation and if there was a minimum period of time by which a pension would have to be deferred until it could be taken. Officers responded that it was possible for members to take their redundancy and then draw on pension a year later but it would be a fully actuarial reduced pension. Officers could not provide a figure on the number of staff to be affected as this would have to be looked at on an individual basis.

The complexity of the situation was echoed by all Members and the difficulties in understanding how this conflict of law would impact people and to what extent. Additionally there was a probability of this having a greater impact on women than men due to payment difference which would produce a discriminatory impact. Officers acknowledged the complexity and possible impact and said that this was why it had been recommended that the funds adopt the Government actuarial department's guidance on strain factors to avoid ending up in a position where factors that may have equalities issues were used to calculate strain costs.

**RESOLVED:** The Committee AGREED to:

i. Offer scheme members the opportunity to take a deferred benefit under LGPS regulation 6 or a fully actuarially reduced pension under LGPS Regulation 30(5) if the cap is breached when an LGPS member aged 55 Or over exits, whilst there is a conflict between the exit cap regulations and the LGPS regulations.

ii. Adopt the factors and calculation methodology consistent with Government Actuary's Department (GAD's) draft guidance for calculating early retirement strain factors.

**13/20 Exclusion of the Press and Public**

The following motion was moved by Councillor Hay-Justice seconded by Councillor Fraser to exclude the press and public:

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

The motion was put and it was agreed by the Committee to exclude the press and public for the remainder of the meeting.

**14/20 Minutes of the previous meeting**

The Committee agreed that the Part B minutes of the meeting of 15 September were an accurate record.

**15/20 Progress Report for the Quarter ending 30 September 2020 (Part B)**

The Committee considered the report of the Head of Pensions and Treasury that detailed the commercially sensitive context of the performance of the Pension Fund over the quarter to the end of September 2020.

**RESOLVED:** The Committee AGREED to note the report.

The meeting ended at 1.08 pm

**Signed:**

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**Date:**

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## Pension Committee

Meeting held on Tuesday, 16 March 2021 at 10.00 am in This meeting will be held remotely

### MINUTES

**Present:** Councillor Humayun Kabir (Chair);

Councillors Simon Brew, Jan Buttinger, Robert Canning, Clive Fraser, Patricia Hay-Justice, Yvette Hopley and Andrew Pelling

Co-opted Members: Ms Gilli Driver, Mr Peter Howard and Charles Quaye

### PART A

#### 1/21 **Minutes of the Previous Meeting**

The minutes of the previous meeting held on 8 December 2020 were not approved as an accurate record for the following reasons:

- Need to add Councillor Pelling to the attendance
- There were no disclosures of interest listed when Chairman had agreed that these should be included.
- That the minute under 4/20 was substantially inaccurate and should be rewritten for approval by the Committee via email by the end of the following week.

#### 2/21 **Disclosure of Interests**

Members declared an interest in relation to the property transfer as they are Representatives of the Employing Authority.

#### 3/21 **Urgent Business (if any)**

Councillor Hay-Justice made a request that the Committee should consider appointing a Vice-Chair to ensure that in the absence of the Chairman it would still be possible to call meetings.

Councillor Hay-Justice moved a motion, seconded by the Chair, to appoint Councillor Pelling as Vice-Chair for the remainder of the municipal year. Following a vote the Committee:

**RESOLVED** – That Councillor Pelling be appointed as Vice-Chair for the remainder of the 20/21 municipal year.

Councillor Hopley requested that the concerns raised in an email from the Section 151 Officer and Interim Director for Finance, Investment and Resources regarding the property transfer be noted and reported to the next meeting of the Committee. In response to queries raised by the Committee, officers confirmed that the Pension Regulator and Ministry of Housing, Communities & Local Government had been watching the situation closely.

Councillor Hopley moved a motion, seconded by Councillor Brew, to decide whether to refer the property transfer to the Pension Regulator after it came to the next Committee. Following a vote the Committee:

**RESOLVED** – To decide whether to refer the property transfer to the Pension Regulator after it came to the next Committee.

Councillor Pelling wished for his objection to be noted.

**a Exit Payment Cap**

The Pension Committee considered a report which detailed which updated on the government's decision to revoke the Restriction of Public Sector Exit Payments Regulations 2020 which would impact on the level of benefits paid to scheme members and employer strain costs paid when an LGPS member aged 55 or over exited the organisation. The Committee received an introduction from the Head of HR and Finance Service Centre.

In response to queries raised by the Committee, officers confirmed that no members of staff were impacted by any of these changes.

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

**b Review of Breaches Log**

The Pension Committee considered a report which detailed that it was a requirement of The Pension Regulator for the Pension Fund to maintain a breaches log detailing incidences where breaches had occurred. In line with the recommendations of the Aon Hewitt 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. The Committee received an introduction from the Head of Pensions and Treasury.

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

**4/21 Final Matters Arising from Governance Review**

The Pension Committee considered a report which advised the Committee of action taken or being taken in respect of the recommendations on specific aspects of the Fund's governance made by Aon Hewitt in their Governance Review received by the Committee on 11 February 2020. The Committee received an introduction from the Head of Pensions and Treasury.

In response to queries raised by the Committee, it was clarified that the employee representative did not have voting rights, as although they were significant stakeholders, there were no decisions within the scheme that they could vote on as set out in legislation.

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

**5/21 Governance Policy and Compliance Statement**

The Pension Committee considered a report which detailed the updates of the Governance Best Practice Compliance Statement agreed by the Committee on 17 September 2019. The Committee received an introduction from the Head of Pensions and Treasury.

The Committee queried whether it was appropriate for the Chairman of the Pension Board to be a member of the Committee with voting rights and it was agreed that the Board Chairman's role was to provide a scrutiny role to the Committee.

**RESOLVED** – That the Committee the draft Governance Best Practice Compliance Statement.

**6/21 (Key Performance Indicators (KPIs))**

The Pension Committee considered a report which set out Key Performance Indicators for the administration of the Local Government Pension Scheme for

the three-month period up to the end of January 2021. The Committee received an introduction from the Head of HR and Finance Service Centre.

In response to queries raised by the Committee, it was clarified that the resources of the Pension Team were protected from any Section 114 notices.

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

## **7/21 Risk Register**

The Pension Committee considered a report which detailed that it was recommended best practice for the Pension Committee to maintain a risk register covering the most significant risks faced by the Fund. This report presented the current register (Appendix A) for the Committee's consideration. The Committee received an introduction from the Head of Pensions and Treasury.

Members queried the costs and quality of the London CIV and the Committee asked for a training session to be held so that the risks and benefits could be better understood. The Committee asked for and received an explanation pertaining to the reasoning behind the amber and green status of some of the risks.

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

## **8/21 Training Records Update**

The Pension Committee considered a report which advised the Committee of training undertaken since October 2020 and invited them to make suggestions for future training as they saw fit.

The Committee received an introduction from the Head of Pensions and Treasury.

The Committee asked that future versions of the report be produced in black and white and over two pages to make it easier to read and understand.

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

## **9/21 Progress Report - Quarter Ending 31 December 2020**

The Pension Committee considered a report which provided an update on the London Borough of Croydon Pension Fund's (the Fund's) performance for the

quarter to 31 December 2020. The Committee received an introduction from the Head of Pensions and Treasury.

The Committee asked for officers to report back to the Chairman and Vice-Chairman with a timetable for the Committee to discuss each aspect of the asset allocation strategy.

**RESOLVED** – That the Committee agreed to note Part A of the report.

**10/21 Pension Board Report**

**11/21 Exclusion of the Press and Public**

It was **MOVED** and **SECONDED**:

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

The motion was put and it was agreed by the Committee to exclude the press and public for the remainder of the meeting.

**12/21 Progress Report - Quarter Ended 31 December 2020**

The meeting ended at 12.27 pm

**Signed:**

**Date:**

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## Pension Committee

Meeting held on Tuesday, 25 May 2021 at 6.30 pm in Council Chamber, Town Hall,  
Katharine Street, Croydon CR0 1NX

### MINUTES

**Present:** Councillor Andrew Pelling (Chair);  
Councillor Clive Fraser (Vice-Chair);  
Councillors Jamie Audsley, Simon Brew, Robert Canning, Pat Clouder and  
Yvette Hopley

Co-opted Members: Ms Gilli Driver, Mr Peter Howard and Charles Quaye

**Apologies:** Councillor Jan Buttinger

### PART A

#### 13/21 Disclosure of Interests

In respect of the “Reconsideration of Decision to Transfer Property from Croydon Affordable Homes and Croydon Affordable Tenures to the Pension Fund” item, the Chair declared that all Members had an interest and the delay of the transfer to the Pension Fund had been brought to the attention of The Pensions Regulator.

#### 14/21 Urgent Business (if any)

The Chair expressed empathy with officers in relation to the recent reductions in staff that had placed some difficulty in minutes being produced for meetings. However, he emphasised the importance of the need for minutes to be produced as a record of the meetings and the decisions made. He commented that some previous minutes had been very detailed, and in order to facilitate officers in producing minutes in a timely manner, emphasis should be placed on ensuring the decisions and any actions requested were recorded. In respect of this meeting, he requested that a more detailed minute of the “Reconsideration of Decision to Transfer Property from Croydon Affordable Homes and Croydon Affordable Tenures to the Pension Fund” item be recorded because of the importance of this matter. The Chair also asked whether it would be feasible for reserves from the Pension Fund be used to provide resources to help enable minutes to be produced.

Members also commented that there was a lack of detail in some reports and the Chair agreed to raise this matter with officers.

Democratic Services colleagues were invited to respond and advised the Committee that their team was currently still short staffed; however, more resources were expected to be forthcoming. Discussions on using reserves from the Pension Fund to facilitate this could take place if desired.

The Head of Treasury and Pensions stated that matters such as training records of Members were being collated and would be reported as part of the Annual Account report. He requested that Members provide him with any details of training that they had undertaken. He added that the Council, as the administration authority of the Pension Fund, had an obligation to ensure that administrative functions were sufficiently resourced.

**15/21      Review of Breaches Log**

The Head of Treasury and Pensions presented the report and advised that there were no new breaches to report and no matters that would require The Pensions Regulator to be notified.

**RESOLVED** - That the Committee agreed to note the report.

**16/21      Budget Review**

The Head of Treasury and Pensions presented the report which detailed the Pension Fund revenue budget for 2021/22 and the two subsequent years, together with the draft accounts for 2019/20 and the forecast accounts for 2020/21. He also drew Members' attention to the four tables contained within the report.

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

**17/21      Pension Fund Medium Term Business Plan 2021/24**

The Head of Treasury and Pensions presented the report and advised that the McCloud case was one of most significant issues the Council faced. He also highlighted in the report work being undertaken to invest more in Environmental, Social and Governance (ESG) assets.

The Chair commented that the Committee had previously agreed to move all equity investments to the London Collective Investment Vehicle's (LCIV) sustainable equity fund and that resolution should be reviewed. He requested that this be looked at as a matter of urgency and be reported to the 14 September 2021 Committee meeting. He also requested that a meeting



between the LCIV and Members be arranged prior to the Committee meeting. He welcomed moves for more carbon neutral assets.

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

**18/21 Funding Strategy Statement (FSS) updates - Exit Credit and Employer Flexibilities Regulatory Amendments**

The Head of Treasury and Pensions presented the report and advised that changes to the Funding Strategy Statement were proposed.

The Council's actuary added that new regulations had come into force in the last year in respect of exit credit. Contribution rates regarding triennial valuations were to be reviewed.

**RESOLVED:**

1. That the Committee agreed to note the draft changes to the Funding Strategy Statement.
2. That the Committee agreed to instruct officers to undertake an employer consultation on these changes.

**19/21 Governance Consulting Contract**

The Head of Treasury and Pensions presented the report that outlined the process by which the Governance Consultancy contract, awarded through the National Local Government Pension Scheme Framework, had been extended by one year

**RESOLVED** - That the Committee agreed to note the report.

**20/21 Croydon Pensions Administration Team Key Performance Indicators (KPIs)**

The Head of Human Resources and Finance Service Centre presented the report which set out the Key Performance Indicators for the administration of the Local Government Pension Scheme for the three-month period up to the end of March 2021. She added that heavy demands had been placed on the Pensions Administration Team because of the number of severance agreements needing to be arranged.

**RESOLVED** - That the Committee agreed to note the Key Performance Indicators and the performance against these indicators as set out in Appendix A of the report.

**21/21 Reconsideration of Decision to Transfer Property from Croydon Affordable Homes and Croydon Affordable Tenures to the Pension Fund**

The Chair began by referring to the recommendations in the report and that the discussions regarding section 3 in the report be minuted.

Officers then presented the report and advised Members that the situation had created an unusual set of circumstances. Both Members and the external auditor had raised concerns at the delay in the transfer taking place. It had since been considered as to whether the transfer would be in the best interests of the Pension Fund. As a result, it was now being recommended to rescind the decisions made in 2018 and 2019 to transfer funds from Croydon Affordable Homes and Croydon Affordable Tenures to the Pension Fund.

Members commented whether valuation of the properties had been undertaken for the Pension Fund and emphasised the importance of this being undertaken. Members sought the reasons that had led to the delay in the transfer. The lack of property valuations would mean that the Pension Fund would be missing out on future increases in property prices. Confirmation was sought that no completions in respect of any properties had been made. Members commented that more information on the properties concerned would be useful. It was queried whether it would be more beneficial to invest in carbon neutral schemes as opposed to properties as such actions would provide a longer-term asset, notwithstanding the benefit to the Pension Fund of any uplift in value of the properties concerned. Members also asked whether the Council's actuary had expressed any comments about this property investment. Some Members felt that the recommendations in the report to rescind the decisions made in 2018 and 2019 be agreed without delay. It was also queried as to whether a risk assessment had been undertaken in respect of the decisions and recommendations made.

In response to comments and questions from Members, officers confirmed that no transfers of properties had been completed. A risk assessment had been undertaken on the matter and consideration was being given as to the balance of asset allocations for the Pension Fund. The Committee heard that investing more in carbon neutral assets rather than properties may be more beneficial for the Pension Fund and there would be further consideration of this.

The Head of Treasury and Pensions advised Members that an updated valuation of the properties was awaited and this would be comprehensive. There were several complex technical issues that had contributed to the delay in the transfers. The Head of Treasury and Pensions stated that circumstances had changed significantly since the original decisions had been made in 2018 and 2019. Consideration needed to be given as to whether the properties in question would provide best value for the Pension Fund in future years. It was also important that actions taken were in accordance with the actuarial valuation.

The Council's actuary was then invited to comment. The actuary representative recommended that any assets taken on should be evaluated regularly to ensure appropriate safeguarding being taken. The actuary had reservations about the property transfer. Whilst a desk top valuation of the properties had been undertaken earlier, it was important to ensure valuations were up to date.

The Chair acknowledged the difficulties in considering this matter. He felt that more information was needed before any decisions could be made. He requested that further details of the valuation of properties at the time of the proposed transfer be provided. More information was needed in respect of the financial flows and structure concerning the scheme in order to provide Members with a greater understanding of the situation. In addition, officers were asked to explore other ways of investing cash in properties and other investment alternatives in order to seek better options. Further details of the risks involved in the property transfer and clarification on the contract between the Pension Fund and the Council was also sought.

In response, the Head of Treasury and Pensions advised that the information requested would be available in time for the 14 September 2021 Pension Committee meeting at the earliest.

Prior to a motion to this effect being proposed, a Member requested that it be noted that the Minority Party was in favour of the recommendations in the report to rescind the decision to transfer the properties concerned.

The motion with regard to defer any decision pending further information was moved by the Vice-Chair, Councillor Clive Fraser and seconded by the Chair, Councillor Andrew Pelling.

**RESOLVED:** That decisions regarding the transfer of Transfer Property from Croydon Affordable Homes and Croydon Affordable Tenures to the Pension Fund be deferred, pending further information being provided in respect of:

1. Details of the valuation of properties at the time of the proposed transfer
2. The financial flows and structure concerning the scheme
3. Other ways of investing cash in properties and other investment alternatives in order to seek better options
4. The risks involved in the property transfer
5. Clarification on the contract between the Pension Fund and the Council.

**22/21 Exclusion of the Press and Public**

The following motion was moved by Councillor Andrew Pelling and seconded by Councillor Clive Fraser to exclude the press and public:

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

**23/21 Progress Report for Quarter Ended 31 March 2021**

**RESOLVED** that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that:

- (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and,
- (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The meeting ended at 9.13 pm

**Signed:**

**Date:**

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## Pension Committee

Meeting held on Friday, 3 December 2021 at 10.00 am in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX. To view the meeting webcast, please click [here](#).

### MINUTES

**Present:** Councillor Andrew Pelling (Chair);  
Councillor Clive Fraser (Vice-Chair);  
Councillors Simon Brew, Jan Buttinger, Robert Canning and Pat Clouder  
  
Co-opted Members: Ms Gilli Driver, Mr Peter Howard and Charles Quaye

**Also Present:** Councillor

**Apologies:** Councillor Yvette Hopley

### PART A

#### 1/21 Apologies

It was confirmed by Democratic Services officer that Councillor Audsley had been appointed as a Committee Member active from 22 June 2021 and no decisions made during this municipal year by the Committee needed to be revisited or validity questioned in relation to that appointment.

Councillor Degrads was sitting as a substitute in Councillor Audley's absence; however, she did not have voting rights due to her remote attendance.

#### 2/21 Minutes of the Previous Meeting

A list of amendments and corrections to the minutes was read out by the Chair as follows:

- To add Gilli Driver, Charles Quaye, Michael Ellsmore as attendees;
- To add to 1/20 that the Committee asked for information at its next meeting on Fund payments to the Council for minute-taking;
- At 2/20 to delete all and replace with 'All councillors present declared an interest as members of the Authority in the context of discussions about the asset transfer proposal';
- At 5/20 to add in paragraph 3 the word 'separate' after the words 'delayed in the', and add 'relating to the Authority's accounts' after the words 'audit process';
- At 6/20 replace 'The Chair thanked' with 'The Committee congratulated';

- At 6/20 replace 'hard work' with 'achievements';
- At 6/20 replace 'regarding' with 'that';
- At 6/20 replace 'and' with 'marked n reporting a Government Actuary's Department (GAD) funding valuation of 98%';
- At 6/20 replace 'Maloney' with 'McInroy';
- In paragraph 1 replace 'noted' with 'pointed out';
- At the end of paragraph 1 add 'Mr. McInroy described the paper as really positive news';
- At the end of sentence 1 in paragraph 3 add 'in assumptions employed';
- In paragraph 3 sentence 3 delete 'was a' and replace with 'used', and delete 'they had been presented previously' and replace with 'used by Hymans Robertson LLP';
- Delete the rest of sentence 3;
- At the end of paragraph 4 add 'and provide in a summarised form metrics evolution details and a London league table';
- In paragraph 5 replace 'received' with 'to receive', replace 'for with 'regarding', replace 'performances' with 'balances', replace 'was' with 'were', replace 'by' with 'for' and delete 'the' in its fifth appearance;
- At 10/20 in paragraph 1 replace 'of moving the resolution' with 'of the moving of the resolution';
- In paragraph 2 delete all after 'Committee' and replace with 'Mr. Gent spoke of the nuances of measuring corporate carbon exposures', and delete 'overtime' and replace with 'over time'.

**RESOLVED** - That the Committee receive a report at its next meeting on the provision of minute taking by a third party.

**RESOLVED** - That the Committee receive a report at its March 2022 meeting on securing Clear Blue Water, the Fund's operation separately from the authority and the provision of a dedicated conflicts of interest policy.

Subject to the above changes, it was:

**RESOLVED** - That the minutes of the previous meeting held on 14 September 2021 were approved as an accurate record.

### **3/21 Disclosure of Interests**

All councillors present declared an interest in the Asset Transfer Proposal.

### **4/21 Urgent Business (if any)**

In relation to the issuing of the agenda and supplementary agenda, Mr Peter Howard and Ms Gili Driver stated that they did not have sufficient time to read the papers ahead of the meeting having received the physical agenda via post on 2 December 2021 at 2 pm. Ms Gili Driver also noted the packaging containing the agenda was damaged.

It was confirmed by Democratic Services that it was legal to proceed with the meeting and papers were circulated adequately. A digital version of the agenda was available to view from the statutory publication date. An urgent paper had been published one day prior to the meeting and was accepted by the Chair for the Committee to consider.

The Chair thanked officers and advisors for the work put into papers, and stated that item 16 would not be taken at this meeting.

It was **MOVED** by the Chair and **RESOLVED** that:

1. Within the constraints on legislation that the Committee provided discretion to the Chair during the current municipal year to make informal suggestions of changes in draft reports to Committee, such proposed alterations being also subject to the professional judgements of officers and advisors.
2. The draft minutes of this meeting be provided to all members before Christmas 2021.

**5/21 Croydon Council's Local Government Pension Scheme Employer Contribution Review 2021/2022 to 2022/2023**

**RESOLVED:**

To note the content of the report and the detail contained in the report in the closed part of this agenda and to request that the Scheme Actuary certify the change in contribution rates via a revised Rates and Adjustments Certificate.

**6/21 London Collective Investment Vehicle - amendments to Shareholder Agreement and Articles of Association**

**7/21 Governance Review**

The Committee received an introduction to the report from Mary Lambe, AON Hewitt. The Chair read out a list of amendments to the recommendations

which would be sent to officers following the meeting. The Chair requested that the recommendations, AON Hewitt's recommendations of special interest, the Pension Board's recommendations and the recommendations of the Chair of the Pension Board be added to the Action plan for progression.

It was noted that hard copies of agendas would be charged to the Pension Fund.

**RESOLVED:**

1. The Committee has considered the recommendations set out here, expressing its concern as to how officers are coping with service delivery for the Fund in the context of resource challenges detailed by Aon Hewitt.
  - 1.1 To appoint and non-Council employer voting representative to the Pension Committee.
  - 1.2 To create an explicit policy on voting rights at the Committee that shall include enfranchising the second pensioner representative and the trade union representative whilst seeking advice on the merits and demerits of increasing the number of council members on the Committee so as to broaden experience of the Fund's activity across the council, this matter to be settled by council by April 2022.
  - 1.3 That the Committee be provided with external advice by March 2022 on creating an appropriate governance distance from the authority including consideration of the South Yorkshire Pensions Authority.
  - 1.4 That the Committee seeks an urgent external review of service delivery with suggestions on how to progress enhancement of service delivery to be enacted by March 2022.
  - 1.5 That the following recommendations arising from the AON Hewitt governance report be progressed with the following deadlines:
    - a. Reports to committee be provided from March 2022 on the budget of the administration of the Fund and impact of changes in resources and the impact of increases in workload, as well as considering succession planning,
    - b. That the chair on behalf of the Committee write by the end of the year 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 Board and that the outgoing chair write in similar vein after the May 2022 municipal elections.

- c. Any new Committee members will be given timely induction training to ensure that 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 obligation 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 the Board.
- d. Note that the Chair of the Committee shall be a representative on the LCIV stakeholder board and will now report back on a regular basis with information from the CIV.
- e. That CIV relationship structures in line with Aon Hewitt'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.
- f. An investigation be made into the reasons for late papers coming to the Committee and Board and a report 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.
- g. That an external provider with expertise in LGPS matters is secured to draft a conflicts of interest policy for the Committee and the Board to be agreed by the Committee by March 2022.
- h. That the Committee will carry out a check on how the Fund complies with the recommendations Good Governance Review and where work will be required to ensure compliance by March 2023.
- i. That the Committee is provided with an evaluation against the new TPR Code's requirements in due course and will address areas of partial compliance and non-compliance in a timely manner.
- j. That the Committee will require a report on the updated CIPFA Code of Practice and Framework for Committees and Officers and action taken thereto.

- k. Breaches of the Law policy to be updated by September 2022.
  - l. That the Committee receive a report on compliance with the Aon Hewitt report on publication of the Fund's policies and documents by September 2023.
  - m. That the Committee are concerned to learn that "Officers are being required to address Council business which is impacting on their ability to progress with Fund activity" reflecting the importance of recommendation 1.15
2. That the Committee asked for summons to meetings to be made in a timely fashion and that hard copies of papers be provided in a convenient fashion to those who request them.

**8/21 London Borough of Croydon Pension Fund: Property Transfer Proposal**

The Head of Pensions Investment and Treasury introduced Richard Warden, the Scheme's actuary, who presented the report. The Chair queried how much property prices had risen since the Scheme began in 2018 and raised concerns about the risks. Due to the position of the Fund having changed drastically since the decision was taken by Full Council, the Chair thought it would be appropriate to cancel the proposal.

Members strongly expressed their concerns about not being properly prepared to discuss the business of the meeting as they had not had adequate time to digest the information in the papers; there was also concern that delaying the business would have adverse effects on the Fund.

The Committee requested that officers submit answers to questions submitted by the Committee at the meeting on 25 May 2021 in a report at the next meeting.

It was **MOVED** by the Chair and **RESOLVED** that this agenda item would be deferred. Councillor Canning requested that their vote to abstain be recorded in the minutes.

**9/21 Pension Fund Governance: the Admission Policy, the Bulk Transfer Policy and the Policy for Employers Leaving the Fund**

**RESOLVED** to:

Agree the “Admissions Policy”, “Bulk Transfer Policy” and the “Policy for Employers Leaving the Fund” as attached as appendices A, B and C respectively.

**10/21 Pension Fund Annual Report 2019/2020**

The Head of Pensions Investment and Treasury noted the deadline for publishing the annual report had been extended to the end of December 2021 due to issues with Covid-19. The audit process had not yet been completed as the annual reports of the General Fund and the Pension Fund needed to be submitted together

**RESOLVED:**

The Committee noted the draft Croydon Council Pension Fund Annual Report 2019/2020.

**11/21 Pension Fund Annual Report 2020/2021**

The Chair requested that officers change the foreword he had been sent and that officers looked at the record of attendance. The Chair also asked that it be noted that he was out of office for a period from November 2017 to May 2018.

**RESOLVED:**

To note the draft Croydon Council Pension Fund Annual Report 2020/2021.

**12/21 Review of Breaches Log**

**RESOLVED:**

To note the contents of the Pension Fund Breaches Log at Appendix A.

**13/21 Update on funding position as at 30 September 2021**

The Scheme’s actuary presented the report and in response to questions from members stated that there would be a further report once the valuation process had been completed in March 2022 about any variation of the funding level. The Committee heard that there had been a couple of spikes in mortality rates compared to 2019 due to age and not as a result of Covid.

The Committee congratulated officers for the outperformance of the Fund and wanted to ensure that asset allocations were adjusted to reflect the desire to protect the trend of being fully funded. Members requested a report on this as soon as possible.

**RESOLVED:**

To note the funding update provided by the Scheme Actuary.

**14/21 Progress Report for Quarter Ended 30 September 2021**

This report provided Members with performance information in relation to the Pension Fund over the most recent quarter ended 30 September 2021. Performance analysis and market commentary provided by Mercer were included at Appendix A and Appendix B respectively but were withheld from publication in view of the commercially sensitive nature of the information contained.

The Chair claimed that there were factual inaccuracies in the report, and officers explained that the discrepancies in figures were due to the different methods and timings of assessments.

**RESOLVED:**

- 1.1 The Committee noted the performance of the Fund for the quarter ended 30 September 2021.
- 1.2 The Committee noted the investment advice set out in paragraph 3.6.9, to divest £33m from the LGIM developed world (ex-tobacco) equity fund with the proceeds being invested in the Pimco Global Bond Mandate which is offered through the London CIV.
- 1.3 The Committee agreed to the high level portfolio structure set out in paragraph 3.6.12 with an immediate action to increase the allocation to LCIV Sustainable Equity Exclusion Fund (RBC) by £52m (20% of the strategic equity allocation)
- 1.4 To undertake a high level strategy review focussing on the approach to currency hedging and allocation to alternatives
- 1.5 To investigate LCIV PEPPA and LCIV RIF in more detail (including liquidity profile)

1.6 To look at the other LCIV equity managers to fill the final slot (if neither are deemed appropriate we will re-visit the underlying allocations)

**15/21 Minute Taking at meetings of the Pension Committee and Pension Board**

The Chair asked that, with the agreement of the Chair of the Pensions Board, some of the correspondence between the Chairs and the Pensions Regulator be circulated to members.

**RESOLVED:**

To consider the report and determine if external minute taking services are required for the Pensions Committee and the Pension Board.

**16/21 Exclusion of the Press and Public**

The following motion was **MOVED** and **SECONDED**:

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

The motion was put and it was agreed by the Committee to exclude the press and public for the remainder of the meeting.

**17/21 Minutes of the Previous Meeting**

**RESOLVED** that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

**18/21 Croydon Council's Local Government Pension Scheme Employer Contribution Review 2021/2022 to 2022/2023**

**RESOLVED** that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt

information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

**19/21 Progress Report for Quarter Ended 30 September 2021**

**RESOLVED** that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

**20/21 Minute Taking at meetings of the Pension Committee and Pension Board**

**RESOLVED** that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

**21/21 London Collective Investment Vehicle - Amendments to Shareholder Agreement and Articles of Association**

**RESOLVED** that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The meeting ended at 4.30 pm

**Signed:**

**Date:**

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# Public Document Pack

## Pension Committee

Meeting held on Tuesday, 14 June 2022 at 10.15 am in Council Chamber, Croydon Town Hall, Katherine Street, CR0 1NX

### MINUTES

**Present:** Councillor Callton Young OBE (Chair);  
Councillor Clive Fraser (Vice-Chair);  
Councillors Simon Brew, Nina Degrad, Patricia Hay-Justice and  
Yvette Hopley and Robert Ward

Co-opted Members: Ms Gilli Driver

**Also Present:** Matthew Hallett (Acting Head of Pensions and Treasury), Gillian Phillip (Pensions Manager), Ian Talbot (Interim Finance Officer), Jane West (Corporate Director of Resources (Section 151 Officer)), Mike Ellsmore (Chair of Pension Board) and Robbie Sinnott (Mercer)

**Apologies:** Councillors Endri Llabuti and Alasdair Stewart  
Co-opted Members: Peter Howard and Charles Quaye

### PART A

#### 9/22 Disclosure of Interests

There were none.

#### 10/22 Minutes of the Previous Meeting

It was confirmed to the Committee that the three sets of outstanding minutes which had not been approved were with the Pension Team for checking, and that they would be sent for approval as soon as they had been checked. It was agreed that these sets of minutes would be on the agenda for approval at the next Pension Committee meeting.

It was also agreed that the Work Programme and Action Log should be presented to the Committee.

The minutes of the meeting held on 13 April 2022 were agreed as an accurate record of the proceedings.

#### 11/22 Urgent Business (if any)

There were no items of urgent business.

## 12/22 Breaches Log

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report and highlighted three new additions to the log. In response to members' concerns over decisions being made and not minuted, Mr Hallett clarified that:

- Previous decisions made by the Committee were still recorded and were valid and that the lack of approved minutes did not affect this. The Pension Team, however, would review all decisions and bring the Action Log up to date.

Officers confirmed they were in dialogue with the Pensions Regulator and would provide feedback to the Committee. The Committee also requested that the backlog in administration task be quantified.

**RESOLVED** to consider the contents of the Pension Fund Breaches Log, Appendix A, and to comment as appropriate.

## 13/22 Budget Review

Matthew Hallett, Acting Head of Pensions and Treasury , introduced the report. In response to members' questions, officers explained that:

- There were plans to recruit permanently for the Governance and Compliance team, and that there would be temporary recruitment to the Investment and Accounting team before permanent staff would be in place, but that the Pension Administration team was fully resourced;
- The £18.5m bulk transfer referred to the pensions belonging to employees of the South London Waste Partnership, for which the Croydon Pension Fund was responsible.

The Chair pointed out that the tables in the report showed only one year's worth of data to forecast future spending, and asked that the Pension team provided an estimate of forecast costs based on data stretching further back in time.

**RESOLVED** to note the contents of the report.

## 14/22 Business Plan 2023 to 2026

Matthew Hallett, Acting Head of Pensions and Treasury, explained that this was an extension of the medium-term plan agreed in 2021, and that it

incorporated issues raised by the Governance Review. In response to questions from members, officers clarified that:

- The team could attach timescales and deadlines to the objectives set out in the plan, and that some of the objective deadline dates had already passed, so those would be revised;
- Staffing was a high priority on the plan. However, Officers confirmed that it was difficult to find the right staff and they had asked other Local Authorities, but they were experiencing similar issues. Officers also highlighted the practical difficulty in separating the Head of Pensions from the Treasury role due to the expertise required.
- The Pension team had undertaken a prioritising exercise and that they would negotiate priorities with the Committee.

The Chair welcomed this approach. Mike Ellsmore, the Chair of the Pension Board, was also present. He said that the Committee needed to reflect and take stock of the vast programme of work. He also encouraged involvement of the Committee with officers and made a plea for them to complete four-year terms as members, as continuity was important to the planning and management of the Fund.

**RESOLVED** to agree to the recommended Medium Term Business Plan 2022/25.

## **15/22 Discretions Policy**

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report and drew attention to the recommendation to the change of the policy on abatement. He explained that the principal reason for doing this was in the interests of fairness to members. The Committee raised the question of whether the costs of administrating the current policy would outweigh the cost of continued payments. Officers confirmed that there were only currently three cases so it would be a saving.

**RESOLVED** to note the review of the existing policies and approve the suggested changes ready for consultation with scheme employers.

## **16/22 Forward Plan Review 2023 - 24**

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report. Members expressed concerns about the number of meetings and the number of items of business they had to get through. The Committee

discussed whether there could be more meetings in the year, to avoid situations such as a meeting the previous year which had been exceptionally long. The Committee also discussed meetings taking place in the evening, which was noted by the Chair to consider.

The Committee suggested there could be more informal workshops, and that they expected more presentations from Fund Managers, and officers agreed to arrange this. The Committee requested an extra meeting between September and December.

**RESOLVED** to agree the Forward Plan for the remainder of financial year 2022/23.

#### **17/22 Governance Best Practice Compliance Statement**

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report. In response to comments from members, officers noted that Principal G of the report (That subject to any rules in the Council's Constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee) could not be described as fully compliant due to the historical poor performance in producing meeting papers and minutes on time. The Pension Team also agreed to look at whether or not item d) of the Compliance Statement on Structure could be described as fully compliant. Officers would review whether or not the Pension Board should be described as a sub-committee and if decided not then the Pension Committee did not have sub-committees. It should still be recognised that the Chair of the Pension Board observed Pension Committee meetings and was invited to speak and comment on the work of the Board.

**RESOLVED** to review and agree the draft Governance Best Practice Compliance Statement attached as Appendix A.

#### **18/22 Knowledge and Skills Policy Review**

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report. Members expressed that they found it difficult to know exactly which training needed to be completed, and commented that they would like a formal training document that was meaningful for members to use. Officers agreed to circulate this to members and to include access to the Hymans Training Portal.

**RESOLVED** to agree the attached Knowledge and Skills Policy, (Appendix E) and adopt the CIPFA Knowledge and Skills Framework, (Appendix A-C), with

the caveat that officers develop and circulate a clear and useable training document for members.

## **19/22 Key Performance Indicators June 2022**

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report and in response to members' questions explained that:

- Hymans Robertson had been allocated around 3,000 cases to clear, and they were currently clearing around 1,000, which was considerable progress;
- Very old cases were included in this number, and that the Pension Team could provide two sets of data for the Committee to compare progress of older and newer cases;
- These data included not just Council cases but also those of partner agencies.

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

## **20/22 Local Government Pension Scheme Advisory Board / The Pensions Regulator Update**

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report. In response to comments from members, the Pension Team explained that with regards to the effects on the Fund of the McCloud Judgement, the team was still collecting data from historic payroll systems and awaiting amendments to the regulations which were expected in the autumn. Matthew Hallett also explained that, with regards to Central Government having recommended that fund managers avoid Russian investments, the Croydon Pension Fund did not have any in its global equity allocation, but that there was a small number within the Global Bonds Mandate held with the London Collective Investment Vehicle (LCIV). The Committee was assured the LCIV would not be making any further investments of this nature.

**RESOLVED** to note the contents of the report.

## **21/22 Progress Report**

Matthew Hallett, Acting Head of Pensions and Treasury, introduced the report and in response to members' questions explained that the reason the Fund was holding a larger amount of cash than usual, at 2.5%, was a deliberate

action. The current volatility and downward spiral in equity and bond markets meant that it was sensible to have a higher cash allocation. Officers went on to explain the Fund was investing the cash in the Local Authority market to gain a bit of pick up on return. This involved lending to other Local Authorities.

**RESOLVED** to note the performance of the Fund for the quarter ended 31 March 2022.

**22/22 Exclusion of the Press and Public**

The following motion was moved by Councillor Young and seconded by the Committee to exclude the press and public:

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

The motion was put and it was agreed by the Committee to exclude the press and public for the remainder of the meeting.

**23/22 Progress Report**

**RESOLVED** that members of the Press and Public be excluded from the remainder of the meeting under Section 100A(4) of the Local Government Act 1972 on the grounds that: (i) it involved the likely disclosure of exempt information as defined in Paragraph 3 (Information relating to the financial or business affairs of any particular person (including the authority holding that information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

The meeting ended at 12.24 pm

**Signed:**

**Date:**

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Date of meeting	Agenda item
06-Dec-22	Key Performance Indicators Data Improvement Plan Progress report for quarter ending September 2022 Report from the Pensions Board Record Management Policy Investment Strategy and ESG Breaches of the Law Log Update on SAB and TPR news
14-Mar-23	Key Performance Indicators Progress report for quarter ending December 2022 Triennial Valuation Funding Strategy Statement Progress on implementation of Aon Governance Review Action Plan Update on Contracts Review Governance and Compliance Statement Internal Disputes and Resolution Procedure Review Investment Strategy Business Plan 2023/26 Forward Plan Review 2023/24 Budget Review including London CIV costs Review of Risk Management Policy and Strategy Breaches of the Law Log

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Pension Committee Action Log 2022-23

Date of meeting	Action	Agenda ref.	Deadline	Progress
14 June 2022	MH to review minutes ready for committee to approve at the next meeting	10/22	13 Sept 2022	5 sets of minutes to be approved at October Committee.
14 June 2022	MH and DS to generate Work Programme and Action Log for review at each committee meeting	10/22	13 Sept 2022	Action Plan and Work Programme to be presented at October Committee.
14 June 2022	Pension Team to give update from the regulator on the minutes and quantify backlog of tasks in the Breaches Log	12/22	13 Sept 2022	Letter received from Pensions Regulator – verbal update to be given at October Committee. The entry on the minutes on the Breaches Log has been updated accordingly. The backlog figures were already on the Breaches Log and have now been updated to 31.7.2022
14 June 2022	Budget Review - Only one year's data in the table in the report to forecast future spending. Need to estimate of forecast based on data stretching further back in time	13/22	-	Work in progress
14 June 2022	Attach timescales to the outstanding Governance Review actions	14/22	13 Sept 2022	Governance progress report included for October committee meeting which lists outstanding items and timescales.
14 June 2022	Discretions policy – Amend and send to employers for consultation	15/22	-	This was sent to employers with request for comment by 09.09.22 Update since – no comments received, consultation complete
14 June 2022	Key Performance Indicators Report – Add further detail on backlog	16/22	-	To be included in October report.

14 June 2022	Governance Compliance Statement – Amend Principal G as not Fully compliant and under Principal D check if the Pensions Board is classified as a sub-committee	17/22	13 Sept 2022	The Governance Compliance Statement has been amended and a report is included for consideration at the October committee meeting
14 June 2022	Members requested a formal training plan	18/2		A report is being presented at the October Committee meeting
14 June 2022	Fund manager meetings to be arranged for Committee to attend	21/22	-	Officers have arranged a meeting with a Fund Manager to take place in November and have created a plan for future events which is included on the training plan to be considered by the Committee in October 2022.

## Completed Actions

Date of meeting	Action	Deadline	Progress	
14 June 2022	Discuss frequency and time of cttee dates	16/22	Sept 2022	Date identified subject to discussion with the Chair

## Croydon Council

<b>REPORT TO:</b>	<b>Pension Committee</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>Governance Best Practice Compliance Statement</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury</b>

<p><b>CORPORATE PRIORITY/POLICY CONTEXT:</b></p> <p>Sound Financial Management: This report advises the Committee of the changes made to the Governance and Compliance Statement and asks it to review them.</p>
<p><b>FINANCIAL SUMMARY:</b></p> <p>There are no financial implications associated with this report</p>
<p><b>1. RECOMMENDATION</b></p> <p>1.1 The Committee are asked to review and agree the revised draft Governance Best Practice Compliance Statement attached as Appendix A.</p>

## 2. EXECUTIVE SUMMARY

- 2.1 This report updates the Governance Best Practice Compliance Statement for consideration by the Committee.

## 3. DETAIL

- 3.1. Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires an administering authority to prepare a written statement setting out the extent to which a delegation of its functions to a committee, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying. In addition A3 of the Scheme Advisory Board Good Governance Review recommends Local Government Pension Scheme Administering Authorities to measure their governance arrangements against any standards set out. Statutory Guidance issued by the, then, Secretary of State for Communities and Local Government or (now) by the Secretary of State for Levelling Up, Housing and Communities. The Committee is expected to review the Governance Best Practice Compliance Statement annually and must consult such persons as it considers appropriate when preparing or revision the statement.

PEN 13092022

- 3.2 At their meeting on 14 June 2022 the Committee considered a draft Compliance Statement and the minutes of their discussion were as follows:

*In response to comments from members, officers noted that Principle G of the report (That subject to any rules in the Council's Constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee) could not be described as fully compliant due to the historical poor performance in producing meeting papers and minutes on time. The Pension Team also agreed to look at whether or not Principle A item d) of the Compliance Statement on Structure could be described as fully compliant. Officers would review whether or not the Pension Board should be described as a sub-committee and if decided not then the Pension Committee did not have sub-committees. It should still be recognised that the Chair of the Pension Board observed Pension Committee meetings and was invited to speak and comment on the work of the Board.*

*RESOLVED to review and agree the draft Governance Best Practice Compliance Statement attached as Appendix A.*

- 3.3 The updated compliance statement included as Appendix A takes into account the points made by the Committee and other matters consequent upon the Committee's consideration. Officers confirm that soon after local pension boards were established in 2015 administering authorities, via the Local Government Association, received advice from Leading Counsel that they are not council committees and have no corporate status. Council Committees are created under section 101(1) and 102 of the Local Government Act 1972. Pension Boards are established under section 5 (1) of the Public Service Pensions Act 2013 and The Local Government Pension Scheme (Amendment) (Governance) Regulations 2015. Appendix A sets out where the Pension Fund is fully compliant with the guidance and, where it is not fully compliant, provides an explanation.
- 3.4 The Committee are asked to review and agree the attached Governance Best Practice Compliance Statement.

#### **4. CONSULTATION**

- 4.1 Officers have prepared the Compliance Statement with regard to the recommendations of the Governance Review carried out by Aon, the Fund's Governance Adviser.

#### **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 There are no financial or risk assessment considerations arising from this report.

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

## **6. LEGAL CONSIDERATIONS**

- 6.1. Burges Salmon LLP (a legal adviser appointed to the Fund) note that there are no direct legal considerations arising from this report but noting further that administering authorities have a legal obligation to produce a written compliance statement further to regulation 55 of the Local Government Pension Scheme Regulations 2013, and to keep that statement under review.

## **7. HUMAN RESOURCES IMPACT**

- 7.1 There are no direct workforce implications arising from the recommendations within this report.

**Approved by:** Gillian Bevan Head of HR Resources and Assistant Chief Executives on behalf of Dean Shoesmith, Chief People Officer

## **8. EQUALITIES IMPACT**

- 8.1 There are no equalities impacts arising from this report.

**Approved by:** Gavin Hanford, Director of Policy, Programmes & Performance

## **9. ENVIRONMENTAL IMPACT**

- 9.1 There are no environmental impacts arising from this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no crime and disorder impacts arising from this report.

## **11. DATA PROTECTION IMPLICATIONS**

- 11.1 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:** Alan Layton 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.

PEN 13092022

**BACKGROUND DOCUMENTS:**

None.

**APPENDICES:**

Appendix A: Governance Best Practice Compliance Statement

**Governance Best Practice - Compliance Statement**

Regulation 55 of the Local Government Pension Scheme Regulations 2013 requires an administering authority to prepare a written statement setting out the extent to which a delegation of its functions to a committee, or the absence of a delegation, complies with guidance given by the Secretary of State and, to the extent that it does not so comply, the reasons for not complying. In addition, A3 of the Scheme Advisory Board Good Governance Review recommends Local Government Pension Scheme Administering Authorities to measure their governance arrangements against any standards set out in the Statutory Guidance issued by the, then, Secretary of State for Communities and Local Government or (now) by the Secretary of State for Levelling Up, Housing and Communities. The Committee is expected to review the Governance Best Practice Compliance Statement annually and must consult such persons as it considers appropriate when preparing or revising the statement. The following compliance statement sets out where the Pension Fund is fully compliant with current guidance and, where it is not fully compliant, provides an explanation.

<b>Principle A - Structure</b>	<b>London Borough of Croydon Pension Fund Compliance</b>
a. The management of the administration of benefits and strategic management of Fund assets clearly rests with the main committee established by the appointing council.	<b>Fully Compliant</b> The Council Constitution delegates responsibility for the Pension Fund to the Pension Committee in respect of these matters.
b. That representatives of participating LGPS employers, admitted bodies and Scheme members (including pensioners and deferred members) are members of either the main or secondary committee to underpin the work of the main committee.	<b>Partially Compliant</b> Pensioner and Union representatives are appointed to the Pension Committee. The Committee does not currently have representatives of participating employers.
c. That where a secondary committee or panel has been established, the structure ensures effective communication across both levels.	Not applicable – the Fund does not have a secondary committee.
d. That where a secondary committee or panel has been established, at least one seat on the main committee is allocated for a member from the secondary committee or panel.	Not applicable – the Fund does not have a secondary committee.

Principle B – Committee Membership and Representation	London Borough of Croydon Pension Fund Compliance
<p>a. That all key stakeholders are afforded the opportunity to be represented within the main or secondary committee structure. These include:-</p> <ul style="list-style-type: none"> <li>i) Employing authorities (including non-scheme employers, eg admitted bodies);</li> <li>ii) Scheme members (including deferred and pensioner scheme members);</li> <li>iii) Where appropriate, independent professional observers; and</li> <li>iv) Expert advisers (on an ad-hoc basis).</li> </ul>	<ul style="list-style-type: none"> <li><b>i) Partially Compliant</b> The Committee includes eight Councillors, but does not include employer representation.</li> <li><b>ii) Fully Compliant</b> The Committee includes 2 pensioner representatives and one trade union representative.</li> <li><b>iii) Fully Compliant</b> The Committee does not have an independent professional observer as does not deem it appropriate. However, the Chair of the Pension Board is often invited to comment at meetings.</li> <li><b>iv) Fully Compliant</b> The Fund has an Investment Advisor, Actuary and Governance and Legal Advisors.</li> </ul>
<p><b>b)</b> That where lay members sit on a main or secondary committee, they are treated equally in terms of access to papers and meetings, training and are given full opportunity to contribute to the decision-making process, with or without voting rights</p>	<p><b>Fully Compliant</b> All members of the Committee are sent papers ahead of meetings, are invited to training and are able to contribute fully to the decision-making process.</p>



<b>Principle C - Selection and role of lay members</b>	<b>London Borough of Croydon Pension Fund Compliance</b>
a. That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee	<b>Fully Compliant</b> See the Governance Policy; training sessions specifically cover these points.
b. That at the start of any meeting, committee members are invited to declare any financial or pecuniary interest related to specific matters on the agenda.	<b>Fully Compliant</b> Members of the Committee declare interests as appropriate at the start of each meeting.

<b>Principle D – Voting</b>	<b>London Borough of Croydon Pension Fund Compliance</b>
a. The policy of individual administering authority on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	<b>Fully Compliant</b> See Governance Statement. Whilst one of the pensioners' representatives and the trade union member representative do not have voting rights at the Committee, they are encouraged to participate fully in the meetings and decision making process.

<b>Principle E - Training/Facility time/Expenses</b>	<b>London Borough of Croydon Pension Fund Compliance</b>
a. That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process	<b>Fully Compliant.</b> See the Fund's Knowledge and Skills / Training Policy
b. That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum	<b>Fully Compliant</b>
c. That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	<b>Fully Compliant</b> The Council seeks to ensure that all members of the Committee are aware of the eight areas of knowledge and skills relating to the LGPS which CIPFA has identified as being the core technical requirements for those involved in decision taking; they are advised of training opportunities and a log is maintained of all training undertaken.

Principle F - Meetings (frequency/quorum)	London Borough of Croydon Pension Fund Compliance
a. That an administering authority's main committee or committees meet at least quarterly	<b>Fully Compliant</b>
b. That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	Not applicable – the Fund does not have a secondary committee.
c. That an administering authority that does not include lay members in their formal governance arrangements must provide a forum outside of those arrangements by which the interest of key stakeholders can be represented.	<b>Fully Compliant</b> This is achieved through representation on the Pension Committee or via the Pension Board.

Principle G - Access	London Borough of Croydon Pension Fund Compliance
a. That subject to any rules in the Council's Constitution, all members of main and secondary committees or panels have equal access to committee papers, documents and advice that falls to be considered at meetings of the main committee	<b>Partially Compliant</b> Meeting papers are generally dispatched to all members 5 clear working days prior to each meeting and, at the same time, published on the website. However, over the last two years some papers have not been published on time and sometimes not in a format requested by some Members. In addition, the production of minutes on time has been very poor. However, action has been taken to rectify this. Democratic services are now fully resourced and are producing and circulating and publishing draft minutes shortly after meetings.

<b>Principle H - Scope</b>	<b>London Borough of Croydon Pension Fund Compliance</b>
a. That administering authorities have taken steps to bring wider scheme issues within the scope of their governance arrangements.	<b>Fully Compliant</b> The Committee reviews all aspects of the Pension Fund management.

<b>Principle I - Publicity</b>	<b>London Borough of Croydon Pension Fund Compliance</b>
a. That administering authority have published details of their governance arrangements in such a way that stakeholders with an interest in the way in which the scheme is governed, can express an interest in wanting to be part of those arrangements	<b>Fully Compliant</b> Governance Policy and Compliance statement is published in full on the Pensions website <a href="http://www.croydonpensionscheme.org/">http://www.croydonpensionscheme.org/</a>

September 2022

To be reviewed in June 2023

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<b>REPORT TO:</b>	<b>PENSION COMMITTEE</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>Progress on implementing findings of Governance Review</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett, Acting Head of Pensions and Treasury</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> <b>Sound Financial Management:</b> This report forms an important component of the governance arrangements for the stewardship of the Pension Fund.	
<b>FINANCIAL SUMMARY:</b> Financial risks relating to the Pension Fund are substantial and can impact on the General Fund of the Council.	

## **1 RECOMMENDATIONS**

- 1.1 To agree the outstanding actions to be taken forward as a result of the findings from the various Governance Reviews as detailed in section 3.4 of this report.
- 1.2 To note the progress achieved in addressing the findings of the Governance Reviews of 2019 and 2021.

## **2. EXECUTIVE SUMMARY**

- 2.1 The Pension Board were asked to consider the latest agreed list of recommendations and make comment for presentation to the Pension Committee. This report details those comments and suggested actions for the Committee's consideration.
- 2.2 This report updates the Committee on the progress made in completing recommendation actions to August 2022.

## **3. DETAIL**

- 3.1 A governance review carried out by AON, the Fund's governance advisors, was commissioned by the Fund and its 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. A list of recommendations from both of these reviews and from a meeting 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 was formulated.

- 3.2 At their 7 July 2022 meeting the Pension Board were asked to consider these recommendations and whether to request that the Committee amend the work programme in respect of any of the items. The Board report detailing the recommendations is attached as Appendix A.
- 3.3 The Chair expressed that he and the Board were very impressed and pleased with the progress made on the recommendations of the Governance Reviews and that the next steps were to consolidate all the findings of the reviews into an action plan.
- 3.4 Officers have consolidated all of the findings and detailed these findings and recommendations in the Governance Review Action Plan which is attached as Appendix B. The Pension Committee are asked to agree the outstanding actions to be taken forward as detailed below:

#### **Non-Pension Officer Actions**

- 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
- Democratic Services to keep Pension Officers informed of changes to Board and Committee membership in a timely way
- Relevant individuals within the appropriate teams in the Council are reminded of the responsibility placed on members of the Committee and Board.
- 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
- 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

#### **Constitutional Actions**

- To create a Fund wide Conflicts of Interest Policy covering Committee, Board and Senior Officers and incorporating work with the LCIV
- That a small annual allowance should be paid to Pension Board members to reflect the increasingly onerous skills and training requirements.
- To include LCIV relationships structures in the constitution
- To appoint non-council employer representatives to the Pension Committee
- Update Part 3 of the Constitution is updated to be consistent to avoid any confusion around the responsibilities of the Pension Board.
- Clearly documented Scheme of Delegation – to include greater detail regarding the delegation to the Director of Finance Investment and Risk and Section 151 Officer in the next update to the constitution
- To review voting rights of categories of Committee members

#### **Resourcing**

- To review the operation of procurement and recruitment for the Fund
- That the administering authority should proactively consider the use of third party suppliers to increase the resources available to the Fund ;

- The Board requested a report on Procurement and Recruitment to the Fund in July 2023;
- That the Board receive a report on resourcing twice a year
- The Board requested that the Pension Team performed an options appraisal for payments of benefits and the Pension Administration Team.

### **Finance and Business Planning**

- That the Fund Annual Report and Accounts be reported to the Pension Committee prior to being reported to the General Purposes and Audit Committee ;
- To report when the 2019/20 pension fund report and accounts have been signed off by audit
- To compile a 3-year financial plan covering admin, fund management and other overhead costs ;
- Review structure and content of the business plan, including a three year financial plan, ensuring compliance with CIPFA guidance

### **Website**

- That the Committee receive a report on compliance with the Aon report on publication of the Funds policies and documents by September 2023
- Consider adding additional information from Code of Practice paragraph 96 about the Pension Board and Pension Committee members onto the Fund website

### **Policy and Process**

- To review the Breaches of the Law Policy
- To review the Investment Strategy Statement- to include compliance statement against the Myners Principles
- To review the Administration Strategy
- To review the Communications Policy
- To create a Data Improvement Plan
- To review the Governance and Compliance Policy
- To review the IDRP procedure to include details on what is exempt (as per section 50(9) of the 1995 Pensions Act.
- To create a Record Management Policy
- Regularly review knowledge and skills requirements as a standing agenda item for Board and Committee meetings
- Report on meeting administration and process

### **Projects**

- That the Committee will carry out a check on how the Fund complies with the recommendations of the Good Governance and where work will be required to ensure compliance by March 2023
- 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

3.5 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, as well as the updated recommendations list, and should note that officers continue to work to address the remaining points covered by both reviews.

3.6 This 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.

3.7 Eleven elements in the latest governance review were highlighted as positive.

3.8 Three elements were rated as negative. As at August 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.

3.9 Thirty-eight elements were rated as neutral. 21% of neutral items are constitutional and are being taken forward as part of an overall review of the constitution. Work is in progress on this.

3.10 As at August 2022, of the remaining neutral items 43% have been completed and a further 30% are in progress, making a total progressed of 73%.

3.11 Of the original points on the 2019 Governance review, as at August 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.

3.12 The updated recommendations list had 28 items categorised as follows:

The updated recommendations list has 23 items actions for pension officers to take forward. This includes 4 constitutional items that are being taken forward as part of an overall review of the constitution. Work is in progress on this.

Of the remaining 19 items 26% have been completed, 35% are in progress, making a total of 61% of these items having been progressed, and 22% are still to be actioned. However, of that 22%, 9% are not due to be completed until at least March 2023.

3.13 The Committee are asked to consider adopting the comments of the Pension Board and to note progress in completion of actions.

## **4 CONSULTATION**

4.1 Officers have prepared this report in line with previous recommendations of the Pension Fund's advisers Aon in.



## **5 FINANCIAL CONSIDERATIONS**

- 5.1 This report deals with governance and stewardship of the Pension Fund. It is important that the recommendations of the governance reviews are followed through on.

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

## **6 COMMENTS OF BURGES SALMON LLP**

Burges Salmon LLP (a legal advisor appointed to the Pension Fund) comments that the Pension Committee's role is to ensure that the Pension Fund is properly operated in accordance with the Local Government Pension Scheme Regulations 2013. Ensuring good governance is essential for the operation of the Pension Fund.

## **7 HUMAN RESOURCES IMPACT**

There are no direct workforce implications arising from the recommendations within this report. If any should arise these will be managed under the Council's policies and procedures.

**Approved by** Gillian Bevan, Head of HR, Resources and Assistant Chief Executives, on behalf of Dean Shoesmith, Chief People Officer

## **8 EQUALITIES IMPACT**

- 8.1 The council has an obligation under the Public Sector Equality Duty, which is to eliminate unlawful discrimination, to advance equality of opportunity and to build better relationships between groups with protected characteristics.  
I have not identified any negative impacts in this report amongst groups with protected characteristics.

**Approved by:** Gavin Hanford, Director of Policy, Programmes & Performance

## **9. ENVIRONMENTAL IMPACT**

- 9.1 There are no environmental impacts arising from this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no crime and disorder impacts arising from this report.

## **11. DATA PROTECTION IMPLICATIONS**

- 11.1 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:** Alan Layton 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:** Pension Board Meeting 7 July 2022 Review of Recommendations and Update on Progress of Governance Review

**Appendix B:** Governance Review Action Plan

<b>REPORT TO:</b>	<b>Pension Board 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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**London Borough of Croydon Pension Fund  
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**APPENDIX B**

<b>Category</b>	<b>Action</b>	<b>Comments</b>	<b>Date Due</b>
<b>Non-Pension Officer Actions</b>	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	At the June 2022 Pension Committee, the Chair of the Board requested that Committee members committed to four-year terms to aid continuity.	
<b>Non-Pension Officer Actions</b>	The Section 151 Officer to review the structure of the Pensions Function and how that sits within the Council structure.	This will be carried out when considering the plan for 2023-24	31 March 2023
<b>Constitutional Actions</b>	To create a Fund wide Conflicts of Interest Policy covering Committee, Board and Senior Officers and incorporating work with the LCIV	Officers are awaiting comment from the Monitoring Officer	October 2022
<b>Constitutional Actions</b>	That a small annual allowance should be paid to Pension Board members to reflect the increasingly onerous skills and training requirements	This is being done through amendment to the Constitution Officers support this.	October 2022
<b>Constitutional Actions</b>	To include LCIV relationships structures in the constitution	This is being done through amendment to the Constitution	October 2022
<b>Constitutional Actions</b>	Update Part 3 of the Constitution to be consistent to avoid any confusion around the responsibilities of the Pension Board	This is being done through amendment to the Constitution	October 2022
<b>Constitutional Actions</b>	Clearly documented Scheme of Delegation – to include greater detail regarding the delegation to the Director of Finance Investment and Risk and Section 151 Officer in the next update to the constitution	This is being done through amendment to the Constitution	October 2022
<b>Constitutional Actions</b>	To review voting rights of categories of Pension Committee members. Board would like to see inclusion of a voting non-council	This is being done through amendment to the Constitution	October 2022

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**APPENDIX B**

	employer representative and a voting member representative.		
<b>Resourcing</b>	To review the operation of procurement and recruitment for the Fund	This will be worked on over the year and reported back.	July 2023
<b>Resourcing</b>	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 to assist with backlog work and continues to benefit from governance consultancy provision from AON. Additionally, Burges Salmon now undertake legal comment for reports.	Completed
<b>Resourcing</b>	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.	It was felt that the service had improved, so no formal SLA's were required at this stage. This is to be reviewed in six months	January 2023
<b>Resourcing</b>	That the resourcing required in order to provide an efficient service be reviewed especially considering McCloud and Pension Dashboards. The Board receive a report on resourcing twice a year	This will be added to the agenda planner	January 2023
<b>Resourcing</b>	The Board requested that an options appraisal of the Pensions Administration Function be carried out.		July 2023
<b>Finance and Business Planning</b>	That the Fund Annual Report and Accounts be reported to the Pension Committee prior to being reported to the General Purposes and Audit Committee	There are currently 3 years of accounts where the audit is still to be completed. When the backlog has been removed this will be incorporated in the normal cycle of reporting.	July 2023
<b>Finance and Business Planning</b>	To report when the 2019/20 pension fund report and accounts have been signed off by audit		January 2023
<b>Finance and Business Planning</b>	To compile a 3-year financial plan covering admin, fund management and other overhead costs	This was presented to Committee in June 2022 and further enhancements will be incorporated into the next review.	March 2023

**London Borough of Croydon Pension Fund  
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**APPENDIX B**

<b>Website</b>	That the Committee receive a report on compliance with the Aon report on publication of the Funds policies and documents by September 2023		September 2023
<b>Website</b>	Consider adding additional information from Code of Practice paragraph 96 about the Pension Board and Pension Committee members onto the Fund website		January 2023
<b>Policy and Process</b>	To review the Breaches of the Law Policy		October 2022
<b>Policy and Process</b>	To review the Investment Strategy Statement- to include compliance statement against the Myners Principles	Will be done alongside the Triennial Valuation	March 2023
<b>Policy and Process</b>	To review the Administration Strategy		December 2022
<b>Policy and Process</b>	To review the Communications Policy		December 2022
<b>Policy and Process</b>	To create a Data Improvement Plan	Checks are currently carried out on data but officers will formalise this in a policy document	March 2023
<b>Policy and Process</b>	To review the Governance and Compliance Policy		June 2023
<b>Policy and Process</b>	To review the IDR procedure to include details on what is exempt (as per section 50(9) of the 1995 Pensions Act		January 2023
<b>Policy and Process</b>	To create a Record Management Policy		January 2023
<b>Policy and Process</b>	Regularly review knowledge and skills requirements as a standing agenda item for Board and Committee meetings	Added to forward plan	Ongoing

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**APPENDIX B**

<b>Projects</b>	That the Committee will carry out a check on how the Fund complies with the recommendations of the Good Governance 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.	March 2023
<b>Projects</b>	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.	TBC

## Croydon Council

<b>REPORT TO:</b>	<b>Pension Committee</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>Reporting Breaches of the Law</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett, Acting Head of Pensions and Treasury</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> Sound Financial Management: This report recommends that the Pension Committee agree revisions to the Fund's "Reporting Breaches of the Law Policy" and note the update of the Fund's Breaches of the Law log.	
<b>FINANCIAL SUMMARY:</b> There are no direct financial implications associated with this report but it should assist in the efficient management of the Fund which could have an impact on the General Fund of the Council.	

### **1 RECOMMENDATION**

- 1.1 The Committee are asked to agree revisions to the Fund's "Reporting Breaches of the Law Policy" and to note the Fund's Breaches of the Law log.

### **2 EXECUTIVE SUMMARY**

- 2.1 This report asks the Committee to agree the revised Reporting Breaches of the Law Policy to the Committee and attached appendices.

### **3 DETAIL**

- 3.1. The current policy was agreed by the Committee on 15 September 2020. The policy is required to be reviewed at least every three years. Following recommendations from the Governance Review around further areas for development, the Policy has now been reviewed.

3.2 The revised Policy is attached as Appendix A. Appendices B and C detail the reporting process as follows:

- Appendix B Breaches Reporting Form – to be completed by anyone wishing to report a breach.
- Appendix C Breaches Flowchart – the process of investigation.

3.3 The Committee are asked to agree the Policy and Appendices.

## **4 CONSULTATION**

4.1 Officers have consulted the Fund Governance Advisors Aon on this Policy.

## **5 FINANCIAL CONSIDERATIONS**

5.1 There are no financial considerations arising from this report.

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

## **6 LEGAL CONSIDERATIONS**

6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) note there are no direct legal implications arising from the recommendations within this report.

## **7 HUMAN RESOURCES IMPACT**

7.1 There are no direct workforce implications arising from the recommendations within this report.

**Approved by:** Gillian Bevan, Head of HR, Resources and Chief Executives on behalf of Dean Shoemith, Chief People Officer.

## **8 EQUALITIES IMPACT**

8.1 There are no equalities impacts arising from this report.

**Approved by:** Denise McCausland – Equality Programme Manager



**9 ENVIRONMENTAL IMPACT**

9.1 There are no environmental impacts arising from this report.

**10 CRIME AND DISORDER REDUCTION IMPACT**

10.1 There are no crime and disorder impacts arising from this report.

**11 DATA PROTECTION IMPLICATIONS**

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

NO

**Approved by:** Alan Layton 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.

**APPENDIX:**

- Appendix A: Reporting Breaches of the Law
- Appendix B: Breaches Reporting Form
- Appendix C: Breaches Flowchart
- Appendix D: Breaches Risk Process
- Appendix E: Reporting Breaches of the Law (revised)
- Appendix F: Breaches Log

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# Reporting Breaches of the Law Policy

## Background and Introduction

This Policy sets out the procedure to be followed by certain persons involved with the Croydon Pension Fund (the "Fund"), which is managed and administered by Croydon Council (the "Administering Authority"), in relation to identifying, recording and, where necessary, reporting breaches of the law to The Pensions Regulator ("The Regulator").

Breaches can occur in relation to a wide variety of the tasks normally associated with the administrative function of a Scheme such as keeping records, internal controls, calculating benefits and making investment or investment-related decisions, as well as in relation to lack of relevant knowledge or skills to effectively manage The Scheme.

This Policy has been developed to assist those individuals who have a legal responsibility to report certain breaches to The Regulator in determining whether a breach they have identified should be reported. It has also been developed to assist the Administering Authority, in ensuring it is aware of all breaches of the law in relation to the Fund and that these are appropriately recorded and then dealt with.

The Administering Authority has delegated responsibility for the implementation of this Policy to the Head of Pensions and Treasury. A breaches log for the Fund is maintained by the Head of Pensions and Treasury.

This Policy was agreed by the Pension Committee on XXXXX and is effective from that date.

The Policy will be reviewed in October 2025, or sooner as a result of legal or regulatory changes, evolving best practice and ongoing review of the effectiveness of the procedure set out in this Policy.

## Legal requirements

Certain people are required to report breaches of the law in writing to the Pensions Regulator as soon as reasonably practicable and where they have reasonable cause to believe that:

- A legal duty which is relevant to the administration of the Local Government Pension Scheme (The Scheme) has not been, or is not being, complied with, e.g. keeping records/internal controls; and
- The failure to comply is likely to be of material significance to The Regulator in the exercise of any of its functions.

Those subject to the reporting requirements in the context of public service pension schemes are as follows:

- A Scheme Manager which in the LGPS means the Administering Authority and in context means anyone acting on behalf of the London Borough of Croydon in managing the Pension Fund, including the Pension Committee, Fund Officers and the Section 151 Officer.
- All members of the Pension Committee and Pension Board
- Any person who is otherwise involved in the administration of a public service pension scheme
- Employers. In the case of a multiemployer scheme, any participating employer who becomes aware of a breach should consider their duty to report, regardless of whether the breach relates to, or affects members who are its employees or those of other employers
- Professional advisers including auditors, actuaries, legal advisers and fund managers and external suppliers (noting that legal privilege may apply)
- Any person who is otherwise involved in advising The Scheme Manager in relation to The Scheme including the Monitoring Officer, and staff members of the internal audit function.

## **Requirements**

This section clarifies these legal requirements and to whom they apply.

### **Pensions Act 2004**

Section 70 (1) of the Pensions Act 2004 (the "Act") imposes a requirement on the following persons to report a matter to The Regulator as soon as is reasonably practicable where, under Section 70 (2) of the Act, that person has reasonable cause to believe that:

a) a legal duty relating to the administration of The Scheme has not been or is not being complied with, and

b) the failure to comply is likely to be of material significance to The Regulator in the exercise of any of its functions:

- a trustee or manager of an occupational or personal pension scheme
- a member of the pension board of a public service pension scheme
- a person who is otherwise involved in the administration of such a scheme
- the employer in relation to an occupational pension scheme
- a professional adviser in relation to such a scheme
- a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

Section 70(4) of the Act states that under Section 10 of the Pensions Act 1995 (c. 26) (civil penalties) a person can be subject to a civil penalty if he or she fails to comply with this requirement without a reasonable excuse.

The duty to report breaches under the Act overrides any other duties the individuals listed above may have. However, the duty to report does not override 'legal privilege'. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.

### **The Pensions Regulator's Code of Practice 14**

The current version of the Code of Practice was issued in April 2015.

Practical guidance in relation to this legal requirement is included in The Pensions Regulator's Code of Practice including in the following areas:

- implementing adequate procedures to consider and record breaches
- judging whether a breach must be reported
- submitting a report to The Regulator
- whistleblowing protection and confidentiality.

A draft new code of practice was issued in March 2021 but is yet to come into force. This consolidates a number of the Regulator's previous codes (including Code 14) into a single document. The sections in relation to breaches are collated under 3 headings and are drawn from the following sections of the previous codes:

#### **Who must report**

Code 1 paragraphs 3-6, 9-17, 19-24, 29

Code 13 paragraphs 165-166

Code 14 paragraphs 241-244, 272-275

#### **Decision to report**

Code 1 paragraphs 30-38, 40-42, 44-45, 50

Code 5 paragraph 46

Code 6 paragraph 47

Code 13 paragraphs 165-166

Code 14 paragraphs 173-186, 247-262

#### **How to report**

Code 1 paragraphs 18, 46-47, 49, 51-67

Code 5 paragraph 48-49, 52-53

Code 6 paragraph 49-50, 53-54  
Code 13 paragraphs 78, 165-166  
Code 14 paragraphs 245-246, 263-271

## **Status of codes of practice**

Codes of practice are issued by The Pensions Regulator under the powers given to them in section 90 and section 90A of the Pensions Act 2004.

The expectations set for administering authorities within the code have been developed in light of The Regulator's statutory objectives, which were introduced by the Pensions Act 2004.

Codes of practice are not statements of the law but they do set out the expectations of how governing bodies should comply with their legal duties. When determining whether legal requirements have been met, a court or tribunal must take any relevant provisions of a code of practice into account.

The draft new code of practice states

*This code applies to governing bodies of occupational, personal and public service pension schemes. Some legal obligations do not apply to all types of governing bodies or schemes.*

*Governing bodies are defined as trustees or managers of occupational pension schemes, managers of personal pension schemes, and scheme managers (The Scheme Manager is the Pension Committee) and/or pension boards of public service schemes that are regulated by The Pensions Regulator.*

*Governing bodies should be confident that they have a working knowledge of the pensions legislation relevant to them. If they do not then they need to consider whether they are meeting the requirements for knowledge and understanding, as these apply to them, and to undertake training as appropriate. Failure to do so could itself be deemed a breach.*

The knowledge requirements for Pension Boards, Committees and Officers are set out in the CIPFA Knowledge and Skills Framework 2021. Further information on these requirements is set out in the Fund's Knowledge and Skills Policy which was agreed by the Pension Committee on 14 June 2022.

The SAB Good Governance Review is expected to extend the knowledge requirement to cover committees. It may then be something that the Regulator would take an interest in.

If governing bodies are, for any reason, unable to act in line with the standards referred to by the code, they should consider if they have a statutory duty under section 70 of the Pensions Act 2004 to assess and report breaches of the law.

## **Application to the Croydon Pension Fund**

The Administering Authority has developed this Policy in relation to The Fund. This document sets out how the Administering Authority will strive to achieve best practice through use of a formal reporting breaches procedure. It reflects the guidance contained in The Pensions Regulator's Code of Practice.

### **Implementing adequate procedures**

Identifying and assessing a breach of the law is important in reducing risk and providing an early warning of possible malpractice. Those people with a responsibility to report breaches ("reporters"), including Scheme Managers (in particular, Pension Committee Members and Officers) and Pension Board members should establish and operate appropriate and effective procedures to ensure that they are able to meet their legal obligations. Procedures should enable people to raise concerns and facilitate the objective consideration of those matters

There are four steps in the Breaches process:

1. Understanding the law and what is a breach
2. Determining whether a suspected breach is an actual breach
3. Determining whether the breach is likely to be of material significance and so should be reported to the Regulator
4. Recording the breach, even if it is not reported

### **Procedures will include the following features:**

- Obtaining clarification of the law where it is not clear to those responsible for reporting
- Clarifying the facts around the suspected breach where they are not known in order to establish whether there has been a breach
- Consideration of the material significance of the breach to the Regulator taking into account its cause, effect, the reaction to it, and its wider implications, including where appropriate, dialogue with the Scheme Head of Pensions and Treasury or the Pension Board

- The breach should be reported to the Governance and Compliance Manager in the first instance, who will assess the cause, effect and the wider implications and determine if it is likely to be of material significance to The Pensions Regulator.
- A timeframe for the procedure to take place that is appropriate to the breach and allows the report to the Regulator (if required) to be made as soon as reasonably practicable.

## 1. Understanding the law and what is a breach

In order to assist in deciding if a breach of the law has occurred, some of the key provisions are available via the links below:

Section 70(1) and 70(2) of the Pensions Act 2004:  
<https://www.legislation.gov.uk/ukpga/2004/35/contents>

Employment Rights Act 1996:  
<https://www.legislation.gov.uk/ukpga/1996/18/contents>

Occupational and Personal Pension Schemes (Disclosure of Information) Regulations 2013 (Disclosure Regulations):  
<https://www.legislation.gov.uk/uksi/2013/2734/contents/made>

Public Service Pension Schemes Act 2013  
<https://www.legislation.gov.uk/ukpga/2013/25/contents>

Local Government Pension Scheme Regulations (various):  
<https://www.lgpsregs.org/timelineregs/Default.html>  
<https://lgpsregs.org/schemeregs/index.php>

The Pensions Regulator's Code of Practice  
<https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/code-14-public-service-pension-code-of-practice>

The Draft of the Pensions Regulator's New Code of Practice  
[full-draft-new-code-of-practice%20\(13\)](https://www.thepensionsregulator.gov.uk/en/document-library/codes-of-practice/full-draft-new-code-of-practice%20(13))

Further guidance and assistance can be provided by the Fund's Governance and Compliance Manager, provided that requesting this assistance will not result in alerting those responsible for any serious offence (where the breach is in relation to such an offence).



## **2. Determining whether a suspected breach is an actual breach**

Individuals need to have reasonable cause to believe that a breach of the relevant legal provision has occurred, not just a suspicion. Where a breach is suspected the individual should carry out further checks to confirm the breach has occurred.

Where the individual does not know the facts or events, it will usually be appropriate to check with the Fund's Governance and Compliance manager, the Head of Pensions and Treasury, a member of the Pension Committee or Pension Board or others who are able to explain what has happened.

However, there are some instances where it would not be appropriate to make further checks, for example, if the individual has become aware of theft, suspected fraud or another serious offence and they are also aware that by making further checks there is a risk of either alerting those involved or hampering the actions of the police or a regulatory authority. In these cases The Pensions Regulator should be contacted without delay.

Breaches can occur in relation to a wide variety of the tasks normally associated with the administration function of the scheme such as keeping records, internal controls, calculating benefits, making investments, or investments related decisions, as well as in relation to lack of relevant knowledge or skills to effectively manage the scheme.

Having 'reasonable cause' to believe that a breach has occurred means more than merely having a suspicion that cannot be substantiated. Therefore, it is imperative that where a breach is suspected, individuals refer the matter to the Governance and Compliance Manager so that investigations can be undertaken to establish whether or not a breach has in fact occurred and if the matter requires escalation to The Head of Pensions and Treasury.

In establishing whether there is reasonable cause to believe that a breach has occurred, it is not necessary for a reporter to gather all the evidence which the Scheme Manager or The Pensions Regulator may require before taking further action.

It is also important that a reporter is aware that any delay in reporting any potential breach may exacerbate or increase the risk of the breach causing further and more significant issues.

## **3. Judging whether a breach must be reported**

Should an individual have reasonable cause to believe that breach of the law has occurred, they must decide whether that breach is likely to be of material significance to The Pensions Regulator, and therefore should be reported to The Pensions Regulator. To do this, an individual should consider the following, both separately and collectively:

- cause of the breach (what made it happen)
- effect of the breach (the consequence(s) of the breach)
- reaction to the breach
- wider implications of the breach

The Fund's Governance and Compliance Manager (or another officer if appropriate) will assist with carrying out this assessment.

### **3.1 The cause of the breach**

The breach is likely to be of material significance to the Pensions Regulator where it is for example, caused by (but not limited to):

- Dishonesty
- Poor governance, inadequate controls resulting in deficient administration, or slow or inappropriate decision-making practices
- Incomplete or inaccurate advice
- Acting (or failing to act) in deliberate contravention of the law

A breach will not normally be regarded as materially significant if it has arisen from an isolated incident, for example resulting from teething problems with a new system or procedure, or from an unusual or unpredictable combination of circumstances or where prompt action has been taken to rectify the issue.

### **3.2 The effect of the breach**

Evidence in relation to any of the following matters is particularly important and likely to be of material significance to the Pensions Regulator:

- Pension Board Members, Committee Members or Officers not having the appropriate degree of knowledge and understanding which may result in them not fulfilling their roles, the Fund not being properly governed and administered and/or breaching other legal requirements.
- Pension Board Members, Committee Members or Officers having a conflict of interest which may result in them being prejudiced in the way that they carry out their role, ineffective governance and administration of the Fund and/or breaching legal requirements.
- Adequate internal controls not being established and operated which may lead to the Fund not being run in accordance with their scheme regulations and other legal requirements, risks not being properly identified and managed and/or the right money not being paid to or by the Fund at the right time.
- The right money/contributions not being paid to the scheme at the right time.

- Internal Dispute Resolution Procedures not having been made and/or implemented.
- Information about benefits and other information about Scheme administration not being disclosed to scheme members and others which may result in members not being able to effectively plan or make decisions about their retirement.
- Information about the Pension Board or Committee not being published.
- The scheme not being administered properly.
- Appropriate records not being maintained.
- Pension Board Members, Committee Members or Officers having misappropriated any assets of The Scheme or being likely to do so.
- Repeated miscalculations or incorrect payment of benefits which have a detrimental impact on Scheme Members.

### **3.3 The reaction to the breach**

Where prompt and effective action is taken to investigate and correct the breach and its causes and, where appropriate, notify any affected members, The Pensions Regulator will not normally deem it to be materially significant.

A breach is likely to be of concern and material significance to The Pensions Regulator where a breach has been identified and those involved:

- Do not take prompt and effective action to remedy the breach and identify and tackle its cause in order to minimise risk of recurrence.
- Are not pursuing corrective action to a proper conclusion or
- Fail to notify affected scheme members where it would have been appropriate to do so.

### **3.4 The wider implications of the breach**

Reporters should also consider the wider implications when deciding whether a breach must be reported. The breach is likely to be of material significance to The Pensions Regulator where the fact that a breach has occurred makes it more likely that further breaches will occur within the Fund or, if due to maladministration by a third party, further breaches will occur in other pension schemes.

#### **4. Recording the breach, even if it is not reported**

The record of past breaches may be relevant in deciding whether to report a breach (for example it may reveal a systemic issue). The Governance and Compliance Manager will maintain a record of all breaches identified. Therefore, individuals should provide information relating to all breaches that have been identified to the Governance and Compliance Manager so they can be recorded.

The record of all breaches (reported or otherwise) will be provided to each Pension Committee meeting and Pension Board meeting.

#### **5. Submitting a report to The Scheme Manager**

The Fund's Governance and Compliance Manager can provide further guidance in relation to breaches and will also be responsible for ensuring that a record of all breaches is maintained.

All reports of possible breaches must be submitted in writing to the Governance and Compliance Manager. However, if the matter is considered particularly serious by the reporter and if appropriate, it can be preceded by a telephone call and brought directly to The Scheme Manager's attention (which in the LGPS means the Administering Authority and, in this context, means anyone acting on behalf of the London Borough of Croydon in managing the Pension Fund, including the Pension Committee, Fund officers and the Section 151 Officer)

However, you should not contact the Fund's Governance and Compliance Manager if this could result in alerting those responsible for any serious offence (where the breach is in relation to such an offence).

Individuals must bear in mind, however, that the involvement of the Governance and Compliance Manager is to help them understand their obligations in relation to the reporting of breaches and to ensure this procedure is followed. The individual remains responsible for the final decision as to whether a matter should be reported to The Pensions Regulator and for completing the reporting procedure

#### **6. Reporting more serious concerns**

Where sufficiently serious concerns exist, it may be more appropriate for the Pension Board to report these directly to the Pensions Regulator. This could also apply where a concern has been raised with the Pension Committee and the Pension Board consider that the Pension Committee have not taken appropriate action to rectify the issue, in which case the Pension Board may consider reporting directly to the Pensions Regulator.

Such concerns could include (but are not limited to) fundamental breaches of The Regulations

## **Reporting Procedure**

Any member of The Scheme or member of staff is able to report a breach. The individual reporting such a breach will be referred to as the 'reporter'.

The reporter should, in the first instance, bring any concerns that a breach of the law has occurred to the Governance and Compliance Manager as soon as possible preferably within 3 working days at latest. To bring a suspected breach to the attention of the Governance and Compliance Manager, the reporter must submit the details of the suspected breach in writing by hard copy by post or by electronic submission to the Governance and Compliance Manager.

Once received, the Governance and Compliance Manager will undertake the necessary review of the reporting document and then decide whether this represents a breach in considering the above. Once the Governance and Compliance Manager has ascertained that it is an actual breach, they will record it in the breaches log.

The Governance and Compliance Manager is able to:

1. Obtain clarification of the law if it is not clear;
2. Clarify the facts where they are not known; and
3. Consider the material significance of the breach.

The Governance and Compliance Manager will follow the Internal Escalation Matrix later in this Policy to ensure appropriate escalation within Croydon Council, subject to this not alerting those responsible for any serious offence (where the breach is in relation to such an offence).

The Pensions Act and Regulator's Code require that if an individual decides to report a breach, the report must be made in writing as soon as reasonably practicable.

The time taken to reach the judgements on "reasonable cause to believe" and on "material significance" should be consistent with the speed implied by 'as soon as reasonably practicable'. In particular, the time taken should reflect the seriousness of the suspected breach.

In cases of immediate risk to the Fund, for instance, where there is any indication of dishonesty, The Regulator does not expect reporters to seek an explanation or to assess the effectiveness of proposed remedies. They should only make such immediate checks as are necessary.

The more serious the potential breach and its consequences, the more urgently reporters should make these necessary checks. In cases of potential dishonesty, the reporter should avoid, where possible, checks which might alert those implicated. In

serious cases, reporters should use the quickest means possible to alert the Regulator to the breach.

## **Reporting a breach to The Pensions Regulator**

Reports must be submitted either to The Regulator's online system at <https://login.thepensionsregulator.gov.uk/> or by post or email and should be marked urgent if appropriate.

If necessary, a written report can be preceded by a telephone call. The individual should ensure they receive an acknowledgement for any report they send to The Regulator. The Regulator will acknowledge receipt of all reports within five working days and may contact reporters to request further information. Reporters will not usually be informed of any actions taken by The Regulator due to restrictions on the disclosure of information.

As a minimum, individuals reporting should provide:

- full Scheme name: Croydon Pension Fund
- description of the breach/breaches
- any relevant dates
- name, position, and contact details
- role in connection to the Scheme
- employer name or name of Croydon Council as the Administering Authority/Scheme Manager.

If possible, reporters should also indicate:

- the reason why the breach is thought to be of material significance to The Regulator
- Scheme address: Bernard Weatherill House, 8 Mint Walk, Croydon CR0 1EA
- Scheme Manager's contact details: [Matthew.Hallett@croydon.gov.uk](mailto:Matthew.Hallett@croydon.gov.uk)
- Pension Scheme Registry Number: 10165249
- whether the breach has been reported before.

The individual should provide further information or reports of further breaches if this may help The Regulator in the exercise of its functions. The Regulator may make contact to request further information.

If requested, the Regulator will do its best to protect the identity of the individual who has reported the breach and will not disclose information except where it is lawfully required to do so in relation to their employer.

An employee may have protection under the Employment Rights Act 1996 if they make a report in good faith.

The Regulator will acknowledge all reports within five working days of receipt. If reporters have not received an acknowledgement from them within five days, they should contact them.

## **Review of Breaches of the Law log**

The Breaches Log will be presented to quarterly meetings of the Pension Committee and the Pension Board containing the following information:

- Date
- Category
- Description and cause of breach
- Possible effect of breach and wider implications
- Reaction of relevant parties to the breach
- Reported/not reported to the Regulator (with justification if not reported with dates)
- Traffic light colour
- Outcome of report and/or investigations
- Outstanding actions

## Breaches Matrix

Type of Breach	Timescale for reporting	Internal actions	Further actions
<b>Urgent and Material</b>	Responsible officer informs Head of Pensions and Treasury and the governance team, the breach is reported immediately to The Pensions Regulator	Governance team to keep record of the breach and investigate options to prevent further occurrence	Report urgent and material breaches to Section 151 officer, Chair and Vice Chair of Committee and Local Pension Board. Full report to be submitted at the next available meeting
<b>Non urgent: Assess whether Material / Immaterial</b>	Responsible Officer informs Head of Pensions and Treasury and the governance team, the breach is considered and, if deemed necessary, it is reported to the Regulator	Governance team to keep record of the breach and investigate options to prevent further occurrence	Report breach at next Pension Committee and Pension Board meeting
<b>Immaterial</b>	Responsible Officer informs Head of Pensions and Treasury and the governance team	Governance team to keep record of the breach and investigate options to prevent further occurrence	Report immaterial breach at next Pension Committee and Pension Board meeting



## Reporting Guide

Rating	Description	Breach occurred	Breach identified	Action taken	Decision
	Cause, effect, reaction and wider implications considered together <b>ARE LIKELY</b> to be of material significance	Error has occurred <b>PLUS</b>	Errors not recognised <b>PLUS</b>	No action taken to rectify and tackle the cause	<b>MUST</b> Report to TPR
	Cause, effect, reaction and wider implications considered together <b>MAY</b> be of material significance	Error has occurred <b>PLUS</b>	Errors rectified <b>PLUS</b>	Systemic causes not addressed so issue may arise again	<b>MAY</b> Report to TPR
					Consider the evidence and make a decision.
	Cause, effect, reaction and wider implications considered together <b>ARE NOT</b> Likely to be of material significance	Error has occurred <b>PLUS</b>	Errors rectified <b>PLUS</b>	Systemic causes addressed to mitigate against issue arising again	<b>DON'T</b> Report to TPR

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## Appendix B

### Breach Reporting Form

Name of reporter	
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Date of breach	
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Why do you think this is breach?			
Details of breach			
Implications of breach			
Actions to rectify breach			
Has the breach been rectified?	<b>Yes</b>		Date
	<b>No</b>		Expected resolution date

Ongoing actions to rectify			
Other relevant information			
Changes to practice / procedures			

Ref to Governance Manager	Date	
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Ref to Head of Pensions	Date	
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Ref to S151 Officer	Date	
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**APPENDIX C**  
Breaches Flowchart

**APPENDIX C**

<b>1</b>	<b>a</b>	<b>Possible Breach identified</b>	Complete form as soon as possible	
	<b>b</b>	<b>Serious Breach raised with Head of Pensions</b>	Head of Pensions to complete stage 3	
	<b>c</b>	<b>Breaches have been raised with the Pension Committee</b>	Head of Pensions to complete stage 3	
<b>2</b>		<b>Breach form completed</b>	Pass to Governance and Compliance Manager	
<b>3</b>		<b>Form received by Governance and Compliance Manager</b>	Check facts	
			Check requirements of the law	
<b>4</b>		<b>Has a breach occurred</b>	No	Refer to Head of Pensions to sign off
			Yes	Enter in Breaches log

5	Is the breach Material	No	Refer to Head of Pensions to sign off	Update Breaches Log
		Not clear	Refer to Head of Pensions to make recommendation	Update Breaches Log
		Yes	Refer to Head of Pensions to make recommendation	Update Breaches Log

6	Head of Pensions receives referral	Not clear if Breach is Material	Make recommendation and refer to S151 Officer for decision	Update Breaches Log
		Breach is Material	Make recommendation and refer to S151 Officer for decision	Update Breaches Log

7	S151 Officer decides breach is Material	Scheme Manager reports Breach to the Pensions Regulator	Update Breaches Log
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<b>REPORT TO:</b>	<b>Pension Committee</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>Review of Breaches Log</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett - Acting Head of Pensions and Treasury</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
Sound Financial Management: This report forms an important component of the governance arrangements for the stewardship of the Pension Fund.	
<b>FINANCIAL SUMMARY:</b>	
Financial risks relating to the Pension Fund are substantial and can impact on the General Fund of the Council.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: N/A</b>	

## 1. RECOMMENDATION

The Committee is asked to:

- 1.1 Consider the contents of the Pension Fund Breaches Log, Appendix A, and to comment as appropriate.

## 2. EXECUTIVE SUMMARY

- 2.1 It is consistent with The Pension Regulator’s Code of Practice that the Pension Fund maintains a breaches log detailing incidences where breaches have occurred. In line with the recommendations of the Aon Hewitt 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 presents the current log (Appendix A) for the Committee’s consideration and comment.

## 3 DETAIL

- 3.1 The Pension Act 2004 ( “The Act”, s 70) imposes duties on certain persons to report breaches of the law as follows:

70 Duty to report breaches of the law

(1) Subsection (2) imposes a reporting requirement on the following persons—

- (a) a trustee or manager of an occupational or personal pension scheme;
- (aa) a member of the pension board of a public service pension scheme;
- (b) a person who is otherwise involved in the administration of an occupational pension scheme;
- (c) the employer in relation to an occupational pension scheme;
- (d) a professional adviser in relation to such a scheme;
- (e) a person who is otherwise involved in advising the trustees or managers of an occupational or personal pension scheme in relation to the scheme.

(2) Where the person has reasonable cause to believe that—

- (a) a duty which is relevant to the administration of the scheme in question, and is imposed by or by virtue of an enactment or rule of law, has not been or is not being complied with, and
- (b) the failure to comply is likely to be of material significance to the Regulator in the exercise of any of its functions,

he must give a written report of the matter to the Regulator as soon as reasonably practicable.

(3) No duty to which a person is subject is to be regarded as contravened merely because of any information or opinion contained in a written report under this section. This is subject to section 311 (protected items).

(4) Section 10 of the Pensions Act 1995 (c. 26) (civil penalties) applies to any person who, without reasonable excuse, fails to comply with an obligation imposed on him by this section.

In line with this legislation and the Pensions Regulator's Code of Practice a Breaches Log is maintained by the Fund. In their Governance Review Aon Hewitt recommended that the log was reviewed regularly by the Pension Committee. It was last reviewed on 25 May 2021. The current log is attached (Appendix A).

3.2 In this context a breach of the law occurs when a duty which is relevant to the administration of the Fund, and is imposed by or by virtue of legislation or rule of law, has not been or is not being complied with. In the context of the LGPS this can encompass many aspects of the management and administration of the LGPS, including failure:

- to do anything required under the Regulations;
- to do anything required under overriding legislation, applicable statutory guidance or codes of practice;



- to maintain accurate records;
- to act on any fraudulent act or omission that is identified;
- to comply with policies and procedures (e.g. the Fund's statement of investment principles, funding strategy, discretionary policies, etc.);
- of an employer to pay over member and employer contributions on time;
- to pay member benefits either accurately or in a timely manner;
- to issue annual benefit statements on time or non-compliance with the Code.

3.3 Since the Committee last reviewed the Log 2 entries have been removed, 2 entries have been added and 5 entries have been amended.

- The entries that have been removed are failure to issue annual benefit statements in August 2019 as this is now outside the 3 year period of the log and failure to pay a refund of scheme contributions which was removed at the Pension Board's request as they are satisfied that all reasonable steps have been taken to resolve the issue.
- The entries that have been added are failure to issue annual benefit statements in August 2022 and failure to publish audited Fund accounts for 2021 by 30 September 2021.
- As detailed on the Breaches Log, it is not possible to issue 100% of benefit statements as there will always be cases that are being worked on or that have outstanding queries which are being pursued. This is the case across other Local Authorities also. Any cases where statements are not issued will be entered onto the administration system as a task to be completed and will be resolved as part of the normal work of the team.
- Failure to publish audited Fund accounts by 30 September 2021 has been added to the log along with details of the reasons for this. The Pension Fund Accounts have been prepared and now need to be audited. The audit for the 2019/20 accounts is substantially complete subject to final reviews. However, the audit opinion cannot be signed due to ongoing issues related to the London Borough of Croydon accounts. The Council and auditors need to resolve the issues around the accounting treatment of Croydon Affordable Homes LLP. Due to the delays with 2019/20, the 2020/21 Pension Fund Accounts have not been audited. The current expectation is that the Council accounts and therefore as part of those, the Pension Fund accounts for 2019/20, will be signed off in October 2022 and the audit for the 2020/21 accounts will take place between October and December 2022. The draft Fund accounts were presented to the Pension Committee at the 3 December 2021 meeting.
- The entries that have been amended are in respect of failure to issue annual benefit statements in August 2020, failure to issue annual benefit statements in August 2021, failure to inform 100% of scheme members of their calculated benefits, failure to produce meeting minutes and the entry concerning failure to publish the Fund accounts for 2019/20.

3.4 The Committee is asked to consider the contents of the Breaches Log and to comment.

#### **4. CONSULTATION**

- 4.1 Officers have previously consulted with both the Pension Committee and Local Pension Board on the template for the Breaches Log which forms the basis of the report.

#### **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 There are no financial considerations arising from this report.

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

#### **6. LEGAL CONSIDERATIONS**

- 6.1 Burges Salmon LLP ( a legal advisor appointed to the Pension Fund) comments that the Pension Committees role is to ensure the Fund is properly operated in accordance with the Local Government Pensions Scheme Regulations 2013 (“the Regulations”) all other relevant legislation and best practice as advised by the Pensions Regulator, including relevant financial, governance and administrative matters.
- 6.2 Section 70 of the Pensions Act 2004 (‘the Act’) imposes a requirement on the following persons (‘reporters’) to report breaches of the law as it applies to the management and administration of the Fund:
- 6.3 The duty is to report the matter to The Pensions Regulator in writing as soon as is reasonably practicable where that person has reasonable cause to believe that:
- (a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and
  - (b) the failure to comply is likely to be of material significance to The Pensions Regulator
- 6.4 Under the Act a person can be subject to a civil penalty if they fail to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the relevant individuals may have. However, the duty to report does not override ‘legal privilege’. This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed.
- 6.5 The Pensions Regulator has published guidance in the Code of Practice no 14 (Governance and administration of public service pension scheme (‘the Code’). Paragraphs 241 to 275 of the Code deal with reporting breaches of the law.

## 7. HUMAN RESOURCES IMPACT

- 7.1 The Council will need to ensure appropriate action and advice is provided to retiring employees and retired employees in its capacity as the employer and pensions scheme administrator

Any implications arising from this report for Council employees or staff will be dealt with as appropriate under the Council's HR Policies and Procedures.

**Approved by:** Gillian Bevan, Head of Hr, Resources and Chief Executives on behalf of Dean Shoesmith, Chief People Officer

## 8. EQUALITIES IMPACT

- 8.1 The Council has a statutory duty to comply with the provisions set out in the Equality Act 2010. In summary, the Council must in the exercise of all its functions, "have due regard to" the need to comply with the three arms or aims of the general equality duty. These are to:

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act;
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and people who do not share it.

- 8.2 Having due regard means to consider the three aims of the Equality Duty as part of the process of decision-making. This means that decision makers must be able to evidence that they have taken into account any impact of the proposals under consideration on people who share the protected characteristics before decisions are taken. In this instance it would be beneficial to consider Age, Sex.

- 8.3 The report highlights that one breach involves not issuing annual benefits statements. This is often where members of staff are leaving, transferring service in or retiring and could potentially therefore impact on the basis of age. However, there is no data to confirm this and the reason for the delay in issuing statements is that these events can affect the benefit statements and it is considered better to delay issuing these in this situation rather than issue incorrect statements.

**Approved by:** Gavin Handford, Director of Policy, Programmes and Performance

## 9. ENVIRONMENTAL IMPACT

- 9.1 There are no environmental impacts arising from this report.

**10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 There are no crime and disorder impacts arising from this report.

**11. DATA PROTECTION IMPLICATIONS**

**11.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

**NO**

The Director of Human Resources comments that this report relates to matters relating to the administration of the LGPS and the Croydon Pension Fund.

**Approved by:** Alan Layton 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: Breaches Log

**BACKGROUND DOCUMENTS:**

None.

Date	Category	Description and cause of breach	Possible effect of breach and wider implications	Reaction of relevant parties to the breach	Reported/Not reported (with justification if not reported and dates)	Traffic light colour	Outcome of report and or investigations	Outstanding actions	Comments
Aug-20	Administration	Failure to produce 100% of Annual Benefit Statement notifications	Members and former members have not received up to date information on the value of their LGPS benefits which may affect their ability to make informed decisions around pension provision. Non-compliance with LGPS regulations timescales. Member has been unable to check personal data is complete and accurate or that the correct contributions have been credited.	The technical team issued 98.69% of the statements due. For the remainder, tasks are set up on Altair to enable the admin team to carry out any necessary tasks on the member records as part of the work schedule, such as resolving queries or completing benefit calculations.	The matter was not referred to the Pensions Regulator. All the issues were identified and tasks have been set up on Altair to be dealt with as part of the work schedule.	Green	Not reported. Only 2.12% for active and 0.27% for deferred members were not issued. The issues will be dealt with and member records updated as part of the work schedule.		

Aug-21	Administration	Failure to produce 100% of Annual Benefit Statement notifications	Members and former members do not receive have up to date information on the value of their LGPS benefits affecting their ability to make informed decisions around pension provision. Non-compliance with LGPS regulations timescales. Members have been unable to check personal data is complete and accurate or that the correct contributions have been credited.	The team managed to issue 99.94% of annual benefit statements.	The matter was not referred to the Pensions Regulator. All the issues were identified and tasks have been set up on Altair to be dealt with as part of the work schedule.	Green	Not Reported. Only 0.06% of the notifications were not issued. The issues are dealt with and member records updated as part of the work schedule.		
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Aug-22	Administration	Failure to produce 100% of Annual Benefit Statement notifications	Members and former members have not received up to date information on the value of their LGPS benefits which may affect their ability to make informed decisions around pension provision. Non-compliance with LGPS regulations timescales. Members have been unable to check personal data is complete and accurate or that the correct contributions have been credited.	The technical team have issued 92.30% of the statements due. The majority of the deferred ABSs not issued are a result of outstanding leaver calculations which have been identified as part of the backlog project contracted to a third party. Work on this project continues and members are being contacted once the calculations have been completed. The remainder relate to leavers where we are awaiting transfer details from other LGPS funds before the deferred benefits can be processed or those that have left the scheme post 31 March 2022 and we await leaver information from employers. These cases are included in BAU work and handled by the Pension Admin Team on a daily process. Members will be contacted once the calculations have been completed.	The matter was not referred to the Pensions Regulator. All the issues were identified and tasks have been set up on Altair to be dealt with as part of the work schedule.	Green	Not reported. 100% for active members were issued. While 86.19% for deferred members were issued, the balance were not produced due to ongoing benefit calculations or transfer calculations where we are awaiting information. These cases are included in BAU work and handled by the Pension Admin Team on a daily process. Members will be contacted once the calculations have been completed		
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<p>Jan-21</p>	<p>Administration</p>	<p>Failure to inform 100% of scheme members of their calculated benefits (refund or deferred) – backlog cases. The original number of backlog cases was 2665. To 31 July 2022, 1083 cases are outstanding. However, 773 of these outstanding cases are in the process of being completed or checked.</p>	<p>Members and former members have not received up to date information on the value of their LGPS benefits which may affect their ability to make informed decisions around pension provision. Non-compliance with LGPS regulations timescales. Members have been unable to check personal data is complete and accurate or that the correct contributions have been credited.</p>	<p>Historical backlog is impacting performance. Hymans Robertson have been engaged to provide administration services to clear this backlog,</p>	<p>The issue has been identified and action taken to rectify it. Outsourcing the historical backlog provides greater administrative capacity , mitigating the risk of recurrence. This has therefore been judged as not necessary to report to the Pensions Regulator.</p>	<p>Amber</p>	<p>Not reported to The Pensions Regulator.</p>		<p>A separate A table has been added to the KPI report detailing progress with the backlog cases</p>
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Oct-21	Administration	Failure to publish Committee and Board meeting Minutes	Without minutes any decisions made are not recorded and so have no legal basis. Any actions taken as a result of those decisions have no legal authority. There is no public access to decisions taken, preventing openness and challenge.	The matter was discussed at the meeting on 14 September 2021. Democratic Services have been experiencing resourcing issues and backlogs of all Council Committee meeting minutes have arisen. The team are now fully resourced and will be trying to catch up on the backlog and produce future minutes in a more timely fashion moving forward. Members requested that officers look into sourcing external minuting provision in respect of Pension Meetings to safeguard Fund business.	Officers have designated the breach as amber in line with TPR guidance. Whilst there is an impact on the administration of the Fund, action has been taken to resolve the issue. The Monitoring Officer has advised that the matter should be reported to the TPR which has been done by the Chairs of the Board and Committee.	Amber	Democratic Services are now adequately resourced and are producing the minutes themselves. All outstanding draft Committee minutes have been published and will be included on the agenda for the 11 October 2022 meeting for consideration and approval. The three outstanding draft Board minutes have been published and approved by the Board.		Feedback has been received following referral of the matter to the TPR. They expect processes to be put into place to produce minutes in a timely manner and for them to be reviewed and approved promptly. These matters have been addressed. There is a named clerk who produces and circulates draft minutes shortly after each meeting. These are then entered onto the agenda for the next meeting. The Governance Team have created a log to record when each set of minutes has been approved.
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<p>Sep-21</p>	<p>Finance</p>	<p>Failure of the Fund to publish audited Fund Accounts for year 2019/20 by 30 September 2020.</p>	<p>Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.</p>	<p>The Fund report and accounts were prepared but had not been signed off by the Auditors. The Fund accounts form part of the Council accounts. External auditors would not sign off on the Council accounts as there was an issue around the accounting treatment involving Croydon Affordable Homes LLP. However, this is being resolved and it is expected that the paperwork will be in place shortly to allow sign off to be completed. The draft Annual Report and Accounts were presented to Pension Committee on 3 Decemeber 2021.</p>	<p>The matter has not been reported to the Pension Regulator. Progress had initially been delayed due to the issuing of the Section 114 notice applicable to Croydon and, more widely, to the impact of the Covid 19 pandemic. Many other LGPS Funds had been unable to finalise their accounts due to the impact of the pandemic. The continued delay in signing the accounts is as a result of the issues caused with Council's accounts around the accounting treatment of Croydon Affordable Homes LLP. The failure to sign off the accounts does not relate to a failure on the part of the Fund. The audit of the accounts is substantially complete and it is expected that the paperwork will be in place shortly to allow sign off to be finalised. The draft Annual Report and Accounts have been published on the website.</p>	<p>Green</p>		<p>The Fund Accounts form part of the Council Accounts and cannot be signed off separately. The Head of Pensions will continue to liaise with Audit on progress on signing off the Council accounts.</p>	
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<p>Sep-22</p>	<p>Finance</p>	<p>Failure to publish the audited Fund Accounts for year 20/21 by 30 September 2021</p>	<p>Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.</p>	<p>The report and accounts were prepared and but the accounts had not been signed off by the auditors due to issues with the Council's accounts for 2019/20 around the accounting treatment of Croydon Affordable Homes LLP. The draft Annual Report and Accounts were presented to Pension Committee on 3 Decemebr 2021.</p>	<p>The matter has not been reported to the Regulator. Due to the passage of time, in July 2022 the Head of Pensions and Treasury reconsidered whether to report the breach, the main consideration being whether it would affect the valuation. Having consulted the Actuary and deemed that the valuation could still be signed off, it was decided that the breach still did not need reporting.</p>	<p>Green</p>		<p>The Fund Accounts form part of the Council Accounts and cannot be signed off separately. The Head of Pensions will continue to liaise with Audit on progress on signing off the Council accounts.</p>	
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<b>REPORT TO:</b>	<b>Pension Committee</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>Proposed changes to the Constitution</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett, Acting Head of Pensions and Treasury</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
Sound Financial Management: This report forms an important component of the governance arrangements for the stewardship of the Pension Fund.	
<b>FINANCIAL SUMMARY:</b>	
Financial risks relating to the Pension Fund are substantial and can impact on the General Fund of the Council.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: N/A</b>	

<b>1.</b>	<b>RECOMMENDATION</b>
1.1	The Committee is asked to consider the proposed amended sections of the Constitution as they relate to The Pension Committee and Pension Board and recommend them to the Monitoring Officer.

## **2. EXECUTIVE SUMMARY**

- 2.1 The Pension Committee and Pension Board operate within the parameters defined within the Constitution. The Constitution should be reviewed annually and updated as appropriate. This report asks the Committee to consider the proposed amended sections of the Constitution as they relate to The Pension Committee and Pension Board and recommend them to the Monitoring Officer.

## **3. DETAIL**

- 3.1 The Constitution sets out the scope and terms of reference within which the Committee and Board must operate. It is made up of various sections and these must be kept under review and updated as appropriate.
- 3.2 The governance review carried out by Aon made various recommendations concerning the constitution. In particular they recommended that part 3 be updated to ensure the responsibilities of the Board were accurately reflected, to review the voting rights of members of the Committee and Board, to add an employer representative to the membership of the Committee, to include the London CIV structure and to provide an annual allowance to certain members of

the Pension Board in recognition of the time and knowledge and skills requirements of their roles.

3.3 The amendments need to be made across several sections of the Constitution. These are detailed below and are shown in red on the appendices for ease of reference:

- Part 3 – Responsibility for Functions (attached as Appendix A) – 2.9 the role of the Pension Board has been added and 2.10 under the Pension Committee an Employer voting member has been added to make the representation more reflective of the Fund .
- Part 4 F – Non-Executive Committee Procedure Rules (attached as Appendix B) – 1.1 the pension board and its status has been added
- Part 4 M - Pension Board Terms of Reference (attached as Appendix C) – References to ‘LPB’ have been replaced with ‘Pension Board’, under definitions the commentary on Fund, ,Scheme, Pension Board, Pensions Regulator, Scheme Manager and Scheme Regulations have been amended and Internal Disputes Resolution Procedure has been removed; legal advice was that it was not relevant to this document, 3.1 has an update to the regulations added,4. The status of the Board has been added, 10 the commentary on the conflicts of interest has been amended, 12 has some additions to Advisors shown as more than one,13.5 the commentary on the knowledge and skills policy has been amended, 20.2 reimbursement of employer has been removed, 21 an annual allowance for Board members has been added, 23 has been removed; legal advice was that it was not relevant to this document
- Part 4 N – Pension Committee Terms of Reference (attached as Appendix D) – 1.1 amended wording regarding administering authority, 2.1 addition of 2013 to regulations quoted, 2.3g removed on legal advice; the responsibility for this rests with the Scheme Advisory Board, 4.1c staff side has been added, 4.1 d voting employer representative has been added to make the representation more reflective of the Fund, 4.3 the structure of the London CIV has been added
- Part 5 I – Members’ Code of Conduct (attached as Appendix E) Definitions – the status of the Board has been added, ‘or Board member’ has been added throughout the document
- Part 6 D – Scheme of Co-option (attached as Appendix F) – 8.1 and 8.2 have been amended to include a voting employer representative.

3.5 The Committee is asked to note the amended appendices, to comment as appropriate and to recommend them to the Monitoring Officer to progress.

#### **4. CONSULTATION**

4.1 Officers have previously consulted with both the Pension Committee and Local Pension Board on the Aon recommendations

#### **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 The payment of an annual allowance to certain Pension Board members will give rise to a relatively small additional cost to the Pension Fund.

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

## **6. LEGAL CONSIDERATIONS**

- 6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) note there are no direct legal implications arising from the recommendations within this report but observe that the governance arrangements for the Pension Board are in part prescribed by legislation.

## **7. HUMAN RESOURCES IMPACT**

- 7.1 There are no direct workforce implications arising from the recommendations within this report.

**Approved by:** Gillian Bevan, Head of HR, Resources and Chief Executives on behalf of Dean Shoesmith, Chief People Officer.

## **8. EQUALITIES IMPACT**

- 8.1 The council has an obligation under the Public sector equality duty, which is to eliminate unlawful discrimination, to advance equality of opportunity and to build better relationships between groups with protected characteristics. No direct negative impacts have been identified amongst groups with protected characteristics.

**Approved by:** Gavin Handford, Director of Policy, Programmes and Performance

## **9. ENVIRONMENTAL IMPACT**

- 9.1 There are no environmental impacts arising from this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no crime and disorder impacts arising from this report.

## **11. DATA PROTECTION IMPLICATIONS**

### **11.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

**NO**

**Approved by:** Alan Layton 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 : Part 3 – Responsibility for Functions

Appendix B: Part 4 F – Non-Executive Committee Procedure Rules

Appendix C: Part 4 M - Pension Board Terms of Reference

Appendix D: Part 4 N – Pension Committee Terms of Reference

Appendix E: Part 5 I – Members' Code of Conduct

Appendix F: Part 6 D – Scheme of Co-option



# CONSTITUTION OF THE LONDON BOROUGH OF CROYDON

## PART 3 - RESPONSIBILITY FOR FUNCTIONS

Local Authority Functions are split between Executive Functions which are the responsibility of the Mayor and Executive and then Non-Executive Functions which are the responsibility of Council and its Committees. These functions derive from specific legislation and cannot be the responsibility of the Executive. The Council is required to set out where there are delegations of Council functions to Committees and officers.

This part of the Constitution sets out which parts of the Council are responsible for carrying out particular functions. Functions fall into three categories:

- i) Council functions (sometimes referred to as non-executive functions). These functions may be exercised by the Council itself or by a Committee, Sub-Committee or officer. Where a matter is delegated to a Committee or Sub-Committee, it will be set out in the Terms of Reference for that Committee/Sub-Committee in section 2 below.
- ii) Executive functions. The Mayor may decide to arrange for these functions to be delegated to the Executive (Mayor and Cabinet), a Committee of the Executive, a single Executive (Lead) Member or an officer.
- iii) Local choice functions. These are functions which the Council can choose to discharge either through a Committee/Sub-Committee or the Executive. They may also be delegated to officers. Where the Council discharges local choice functions these must comply with all relevant local acts connected to the London Borough of Croydon.

### 1 RESPONSIBILITY FOR LOCAL CHOICE FUNCTIONS

The Council has determined that all local choice functions (set out in the table below) contained in Schedules 2 of The Local Authorities (Functions and Responsibilities) Regulations (to be known as the Functions Regulations) except approval of non- executive contracts, are to be Executive functions.

<b>Function</b>
The determination of any appeals against any decision of the Council
The appointment of review boards under regulations made under Section 34(4) Social Security Act 1998 (determination of claims and reviews)
Making arrangements for appeals against exclusions of pupils from maintained schools

Making arrangements for admissions appeals under Section 94(1) (1A) and (4) School Standards and Framework Act 1998
Making arrangements for appeals by governing bodies under Section 95(2) School Standards and Framework Act 1998 in respect of children who have been excluded from 2 or more schools
Functions relating to contaminated land
Functions relating to the control of pollution or the management of air quality
The service of an abatement notice in respect of a statutory nuisance (Section 80 Environmental Protection Act 1990)
The passing of a resolution that Schedule 2 to the Noise and Statutory Nuisance Act 1993 should apply in the area
The inspection of the area to detect any statutory nuisance (Section 79 Environmental Protection Act 1990)
Investigation of complaints relating to existence of statutory nuisance
Obtaining information under Section 330 Town and Country Planning Act 1990 as to interests in land
Obtaining particulars of persons interested in land under Section 16 Local Government (Miscellaneous Provisions) Act 1976
Making agreements for the execution of highways works

Appointments to any office (save employment with the Council) and to any body (or committee or sub committee of such a body) save the Council itself or a joint committee of two or more authorities and the revocation of any such appointment provided that the body etc is exercising executive functions.

For example, it will be the responsibility of the Executive to make the following appointments:-

Local Government Association;

One Croydon Alliance

The Place Committee (sub-committee of South West London Integrated Care Board)

and any other bodies, which in the opinion of the Monitoring Officer, are of a similar nature.

The making of all other appointments will be a non-executive responsibility.

The making of agreements with other local authorities for the placing of staff at the disposal of those other authorities

## **2 RESPONSIBILITY FOR COUNCIL FUNCTIONS**

The Council has delegated the responsibilities and functions to the Committees and Sub-Committees named below. These Committees may consider and decide any matter of relevant non-executive business referred to the Committee by a Sub-Committee, the Chief Executive or a Corporate Director.

All Committees have power to create such Sub-Committees as are necessary for the efficient conduct of their business.

### **2.1 Appointments and Disciplinary Committee (Membership 6.)**

1. To carry out interviews and recommend to Council appointments to the roles of Corporate Directors and the Chief Executive (Head of Paid Service) and to such other senior posts in accordance with the Staff Employment Procedure Rules in Part 4 of this Constitution
2. To carry out interviews and recommend to Council appointments in respect of the Independent Chair of Audit and Governance Committee
3. The function in respect of voting on salary packages upon appointment

4. Consideration of disciplinary action, as defined within the Staff Employment Procedure Rules in Part 4 of the Constitution, which could result in dismissal and any action short of dismissal of the Head of Paid Service, the Chief Finance Officer or the Monitoring Officer. For this purpose, the Appointments and Disciplinary Committee shall include at least one Member of the Executive when consideration is being given to dismissal of the Head of Paid Service, the Chief Finance Officer or the Monitoring Officer. The Appointments and Disciplinary Committee shall consider the matter in accordance with the processes and procedures approved by Ethics Committee for this purpose from time to time. Where Appointments and Disciplinary Committee recommends dismissal it shall make a report and recommendations to full Council for consideration and final determination. Any such report shall specifically include the Committee's recommendations on appropriate action and the views of the Independent Panel.
5. Consideration of Suspension of the Head of Paid Service, Chief Finance Officer or Monitoring Officer, including following provisional suspension in accordance with the Staff Employment Procedure Rules in Part 4 of the Constitution;

## **2.2 Appeals Committee**

(Membership 5: Members who shall not be members of Appointments and Disciplinary Committee but must include at least one member of the Executive).

### Purpose

1. To hear appeals against any action short of dismissal taken by the Appointments and Disciplinary Committee against the Head of Paid Service, Monitoring Officer or Chief Finance Officer.

## **2.3 Audit and Governance Committee**

(Membership 7 including independent, suitably qualified Chair who may not be a Member or officer of the Council and one independent, suitably qualified co-optee)

### Purpose

The Audit and Governance Committee provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The Committee's purpose is to:

1. provide independent assurance to the Council of the adequacy of the risk management framework and the internal control environment;
2. oversee internal and external audit, helping to ensure that efficient and effective assurance arrangements are in place;

3. provide independent review of the Council's governance, risk management and control frameworks
4. oversee the financial reporting and annual governance processes and
5. provide independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment.

#### Governance, risk and control

1. To monitor the effective development and operation of the Council's risk management arrangements, the control environment and associated antifraud, whistleblowing and anti-corruption, strategies, actions and resources. To consider a quarterly report on whistleblowing activity in the Council.
2. To monitor progress in addressing risk-related issues reported to the committee. To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
3. To consider the Council's framework of assurance, including the Statement on Internal Control, and ensure that it adequately addresses the risks and priorities of the Council. To review the Council's corporate governance arrangements against the good governance framework and consider the local code of governance. To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances.
4. To review the governance and assurance arrangements for significant partnerships or collaborations. To ensure appropriate arrangements are in place in relation to any subsidiary bodies controlled by the Council.
5. To consider the effectiveness of the Council's policies, standards and processes for transparency, ensuring that they meet Government requirements and take into account best practice.
6. To consider the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
7. To approve the internal audit charter.

#### Internal audit

8. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations. To consider any impairments to independence or objectivity arising from additional roles or

responsibilities outside of internal auditing of the head of internal audit. To periodically review safeguards to limit such impairments.

9. To review (but not direct) internal audit's risk-based strategy, plan and resource requirements, the approach to using other sources of assurance and any work required to place reliance on those other sources. To approve significant interim changes to the risk-based internal audit plan and resource requirements.
10. To review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary. To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
11. To receive the annual report of the Head of Internal Audit and make recommendations as appropriate to management, Cabinet and/or Full Council. To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services and make recommendations as appropriate to management, Cabinet and/or Full Council.
12. To advise and recommend on effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.
13. To contribute to the Quality Assurance Improvement Programme and in particular to the external quality assessment of internal audit.
14. To provide free and unfettered access to the Committee Chair for the head of internal audit, including the opportunity for a private meeting with the Committee.

#### External audit

15. To consider the external auditor's annual assessment of its independence and review any issues raised by Public Sector Audit Appointments Ltd.
16. To make recommendations to Council relating to the appointment of the external auditor.
17. To consider the reports of external audit and inspection agencies and make recommendations as appropriate to management, Cabinet and/or Full Council. To review the external auditor's opinion and reports to Members,

and monitor management action in response to the issues raised by external audit.

18. To comment on the scope and depth of external audit work and ensure it gives value for money.

#### Financial reporting

19. To review the annual statement of accounts and specifically to consider whether appropriate accounting policies and the CIPFA Financial Management Code have been followed, and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the Council.

#### Accountability and escalation

20. To report to the full Council on the Committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of the Council's governance, risk management and internal control frameworks, financial reporting arrangements and internal and external audit functions.
21. To make an annual report to the full Council on the Committee's performance in relation to its terms of reference and the effectiveness of the Committee in meeting its purpose.

### **2.4 Ethics Committee** (Membership 6 + 2 Independent non-voting co-optees)

1. Supporting the statutory role of the Monitoring Officer as set out in Article 12 of the Constitution, including the promotion of high standards of Member conduct.
  1. Receiving reports from the Monitoring Officer on matters of probity and ethics, and to consider and recommend any necessary revisions of the Members' Code of Conduct (the Code) to the Council.
  2. Reviewing the operation of the Code and recommending revisions for the consideration of full Council as necessary.
  3. Monitoring compliance with the Code and granting any dispensations church and parent governor representatives from requirements relating to interests set out in the Code.
  4. Commenting on the content of guidance and advice to be issued to elected and non-elected Members.
  5. Considering reports and recommendations from the Member Development Panel in relation to training for elected and co-opted Members.

6. Agreeing programmes of advice and training for elected, co-opted and non-elected Members on ethics and probity, and on the Code.
7. To consider applications for a grant of dispensation in the following circumstances:
  - a) That, without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on the matter.
  - b) That the authority considers that the dispensation is in the interests of persons living in the authority's area.
  - c) That the authority considers that it is otherwise appropriate to grant a dispensation.
  - d) If referred to them for consideration by the Monitoring Officer, to advise on or express a view on whether a dispensation would be appropriate in either of the following circumstances:
    - i. That so many Members of the decision-making body have disclosable pecuniary interests (DPIs), Other Registrable Interests (ORIs) or NonRegistrable Interests (NRIs) in a matter that it would impede the transaction of the business; or
    - ii. That, without a dispensation, no Member of the Cabinet would be able to participate on this matter.
8. To agree the processes and procedures for the Appointments and Disciplinary Committee for the consideration of disciplinary action and suspension pursuant to Part 4J of the Constitution.
9. To make future invitations for appointment of Independent Persons in accordance with and for the purposes of the Staff Procedure Rules.
10. To undertake the role of Hearings Panel in respect of a complaint that a Member or co-opted Member has failed to comply with the Code of Conduct upon the matter being referred to the Committee by the Monitoring Officer in accordance with the arrangements adopted by the Council under the Localism Act 2011.

## **2.5 General Purposes Committee (Membership 8)**

1. Periodic review of the Scheme of Members' Allowances and approval of arrangements in respect of the scheme to reimburse costs incurred for childcare/dependent relative care, travel and subsistence whilst a Member is on Council business.
2. Appointments to outside bodies, subsequent to the Annual Council Meeting. [Note: The Monitoring Officer, after consultation with the Chair of the General Purposes Committee or (in respect of Executive appointments) the Mayor, may also make appointments to outside bodies as necessary during the year.]



- 3 Consideration of changes to the Constitution recommended by the Constitution Working Group, except for the allocation of responsibilities by the Mayor, and referral of any proposals to full Council for approval. Periodic review of the Constitution.
- 4 The Authority's Consultation requirements with the staff side.
- 5 Consideration and recommendation to Full Council of the Pay Policy Statement as required.
- 6 The function in respect of voting on severance packages of staff above such specified threshold as may, from time to time, be updated by statutory guidance.
- 7 The function of deciding, in respect of severance packages, whether the Council wishes to vote on a severance package above the specified threshold.
- 8 Any matter not reserved to the Council or delegated to another Committee which pertains to a staffing matter and is referred to the Committee by the Head of Paid Service for consideration.
9. Receive reports relating to the Council's use of powers under the Regulation of Investigatory Powers Act 2000.
10. Any matter not reserved to the Council or delegated to another Committee and related to a non-executive function.
11. Any matter reserved to the Council and a non-executive function, or a matter reserved to a non-executive committee or sub-committee of the Council which requires, in the Committee's view or on the recommendation of the Mayor, the Chief Executive or a Corporate Director, action as a matter of urgency.
12. Any protocol concerning the exercise of relevant delegated powers of the Committee.

### **General Purposes Urgency Sub-Committee**

(Membership of 3 drawn from the Membership of the General Purposes Committee and constituted as and when necessary, by the Monitoring Officer)

All of the responsibilities and functions of the General Purposes Committee where in the opinion of the Monitoring Officer it is necessary for a decision to be taken before the next meeting of the Committee.

**2.6 Health and Wellbeing Board** (Membership: 5 Majority Group Members (voting) such members to include the Cabinet Member for Families Health and Social Care and the Cabinet Member for Children, Young People and Learning , 2 Minority Group Members (voting), Corporate Director Adult Social Care & Health (non-voting), Director of Public Health (non-voting), CCG Representative (voting), Croydon

May 2022 Responsibilities for Functions

Updated 05.22 †

University Hospital Chair (non-voting), Healthwatch Representative (voting), SLAM representative (non-voting), Croydon Voluntary Action representative (non-voting). The terms of Reference of the Health and Wellbeing Board are set out in Part 4L

**2.7 Licensing Committee** (Membership 12. A further 10 Members shall form a pool of reserve Members for the Committee).

1. All licensing, registration and related functions as set out in Schedule 1 of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended and the Licensing Act 2003 (Note: Applications and other matters under the Licensing Act 2003 shall be determined in accordance with the schedule of delegations at Annex 3 to the Protocol on Licensing Hearings. Responsibility for hearing and determining applications where a hearing is required under the provisions of the Licensing Act 2003 shall be delegated to the Licensing Sub- Committee).
2. Matters relating to the adoption or review of the Authority's Licensing Statement prior to final consideration by the Council as part of the policy framework.
3. Subject to any matters reserved to the full Council by statute, to exercise all functions of the Council as Licensing Authority under the Gambling Act 2005 including the power to set fees under s212 of the Act. (Note: Responsibility for hearing and determining applications where a hearing is required under the Gambling Act 2005 shall be delegated to the Licensing Sub-Committee).
4. To comment on the three-year Statement of Principles in respect of the Authority's functions under the Gambling Act 2005 prior to its adoption by the full Council; and to make recommendations to the full Council on all Licensing functions under both the Gambling Act 2005 and the Licensing Act 2003 where those functions are reserved to full Council.
5. Health and Safety functions under the relevant statutory provision within the meaning of Part 1 of the Health and Safety at Work etc. Act 1974, to the extent that those functions are discharged otherwise than in the Council's capacity as employer.
6. Registration of births, deaths and marriages.
7. To agree any protocol concerning the exercise of relevant delegated powers.

**Licensing Sub-Committee** (Membership 3, drawn from the Membership of the Licensing Committee and constituted as and when necessary by the Monitoring Officer)

Hearing and determining applications when a hearing is required under the provisions of the Licensing Act 2003 and the Gambling Act 2005. Hearings will be

conducted in accordance with the requirements of the relevant Act, Regulations issued under the Act, and the Council's agreed Protocol for Licensing Hearings.

## **2.8 Civic Mayoralty and Honorary Freedom Selection Committee** (Membership 5)

To make recommendations directly to the Council on the selection of:

- a) The Civic Mayor;
- b) Persons that should be admitted to the Roll of Honorary Aldermen and Alderwomen;
- c) Persons or organisations that should be granted Freedom of the Borough; and
- d) Honorary Recorder.

## **2.9 Pension Board** (Membership 1 Independent non-voting Chair, 3 Employer representatives (one to be a Councillor) and 3 Employee representatives)

The Pension Board, with an independent non-voting Chair, is formed of three employer representatives and three representatives of the Pension Fund.

The Board secures the effective and efficient governance and administration of the Croydon Council Pension Fund. Terms of reference are set out in Part 4M. Functions of the Pension Board are as follows:

The role of the Pension Board, as defined by section 5(1) and (2) of the Public Services Pensions Act 2013 supplemented by regulations 106-108 of the Local Government Pension Scheme Regulations 2013, is to –

- a. Assist the Administering Authority (Croydon Council) in its role as a Scheme Manager of the Scheme;-
- b. To secure compliance with the Scheme Regulations and any other legislation relating to the governance and administration of the LGPS;
- c. To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
- d. In such other matters as the LGPS regulations may specify;
- e. Secure effective and efficient governance and administration of the LGPS for the Fund;
- f. Provide the Scheme Manager with such information as is required to ensure any member of the Pension Board or person to be appointed to the Pension Board does not have a conflict of interest.

**2.10 Pension Committee** (Membership 8, plus 1 Staff Side voting co-opted member **nominated by the unions**, **1 Employer voting member** and 2 Pensioner Side Members (1 voting member and one non- voting member). **This is representative of Fund stakeholders**. Staff side and **Employer side** members are appointed on an annual basis. Pensioners' side members are appointed in keeping with the outcome of an election by ballot of Pensioners of the Fund, normally for a term of four years. Terms of Reference are set out at Part 4N. Functions of the Pensions Committee are:

- 2.10.1 To ensure that the Fund is properly operated in accordance with the Local Government Pensions Scheme Regulations 2013 ("the Regulations") all other relevant legislation and best practice as advised by the Pensions Regulator, including financial, governance and administrative matters.
- 2.10.2 To adopt Fund specific policies concerning the administration of the Fund, investing of Fund monies and the management of the Fund's solvency level. In addition, the Committee is responsible for compliance with all financial and regulatory requirements of the Fund.
- 2.10.3 To discharge its fiduciary responsibility in the best interest of the Fund, in particular:
  - a) To set the investment policy and review the performance of the Fund's investment managers, pooling operators, scheme administration, and external advisors;
  - b) To make arrangements for the triennial actuarial valuation;
  - c) To determine the Pension Administration Strategy;
  - d) To approve and monitor compliance of statutory statements and policies required under the Regulations;
  - e) To approve the Fund's Statements of Accounts and annual report;
  - f) To ensure that the Council discharges its obligation, as administering authority for the local government pension scheme, to other scheme employers;
  - g) To make representations to government as appropriate concerning any proposed changes to the Local Government Pension Scheme; and
  - h) To keep these terms of reference under review.

**2.11 Planning Committee** (Membership: 10. A further 10 councillors shall form a pool of reserve members for the committee.)

1. To determine applications for planning permission, where the recommendation is for approval by the Director of Planning & Sustainable Regeneration, and the development is for:
  - a) a residential development containing 200 or more new dwellings or, where the number of dwellings is not given, the site area is 4 hectares or more; or

- b) the erection of a building or buildings with a gross floor space of 10,000 square metres or more or, where the floorspace is not given, the site area is 2 hectares or more.
2. To determine applications for planning permission where the recommendation is for approval and the application exceeds the Sub Committee thresholds (see 2.10 below) and the development is for:
- a) a residential development containing less than 200 new dwellings or, where the number of dwellings is not given, the site area is less than 4 hectares; or
  - b) the erection of a building or buildings with a gross floor space of less than 10,000 square metres or, where the floor space is not given, the site area is 2 hectares or more:

where the Committee Consideration Criteria (part 4K of this Constitution) are met.

3. The confirmation of Directions under Article 4 of the Town and Country Planning (General Permitted Development) Order 2015 – as amended.
4. Any other application or planning matter referred to the Planning Committee by the Director of Planning & Sustainable Regeneration acting in his or her discretion.
5. Planning Committee will only deal with reserved matters pursuant to outline planning permission where the Planning Committee have expressly requested (when determining applications for outline planning permission) that the subsequent reserved matters should be referred to Planning Committee for determination. This request should be included in the minutes and specified by way of an informative attached to the outline planning permission.
6. Applications for minor material amendments, variations of planning conditions and non-material amendments submitted under S.73 and S.96A of the Town and Country Planning Act 1990 will be determined by officers under delegated authority in all instances unless they fall within the remit of Planning Sub Committee (see 2.10 below).
7. Where the Planning Committee determines an item on an agenda:
- a) In the event of changes being made to an officer recommendation by the committee, the task of formalising the wording of those changes, in accordance with the substantive nature of the committee's decision, is delegated to the Director of Planning & Sustainable Regeneration;
  - b) The Director of Planning & Sustainable Regeneration has delegated authority to make changes to the wording of the committee's decision (such as to delete, vary or add conditions, informatives, planning

obligations or reasons for the decision) prior to the decision being actioned, provided that the Director of Planning & Sustainable Regeneration is satisfied that any such changes could not reasonably be regarded as deviating from the overall principle of the decision reached by the committee nor that such change(s) could reasonably have led to a different decision having been reached by the committee.

8. Meetings of the Planning Committee shall ordinarily conclude by 10pm. In the event that there is remaining business by 9.55pm the Chair shall interrupt the meeting and call for a vote of Members present on whether the meeting shall continue for a further 30 minutes. If Members decide that the meeting shall not continue, or if there is remaining business after the additional period of 30 minutes, any item on the agenda that has not started to be considered by the Committee is delegated to the Director of Planning & Sustainable Regeneration to determine along the lines set out in the Committee report unless the meeting has already voted (on a two thirds majority) to defer or adjourn the non-determined item earlier in the meeting.

#### **2.12 Planning Sub-Committee** (Membership: for each meeting, 5 drawn from the membership of the Planning Committee).

1. To determine the following application types where the recommendation is for approval:
  - a) Applications for Planning Permission made under the Town & Country Planning Act 1990 for the construction of or a development in relation to building(s) with an existing
  - b) floorspace of no greater than 500 square or building(s) or extension(s) within the curtilage of such qualifying building(s);
  - c) Applications for planning permission made under the Town & Country Planning Act 1990 for development providing up to 5 units of residential accommodation;
  - d) Applications for listed building consent made under the Planning and Conservation Areas Act 1990;
  - e) Variations of planning conditions (covering issues such as variations in hours of use or other related changes in how a use operates pursuant to previous grants of planning permission)

where the Committee Consideration Criteria (part 4K of this Constitution) are met.

2. All applications submitted pursuant to the Town and Country Planning (General Permitted Development) Order, applications for advertisement consent, minor material amendments and non-material amendments submitted under S.73 and 96A of the Town and Country Planning Act 1990, applications to discharge planning conditions and notwithstanding the above, minor extensions and alterations (including boundaries and rear outbuildings)

involving less than 20 square metres of additional internal accommodation (gross internal) will be determined by officers under delegated authority in all instances

3. Any other application or planning matter referred to the Planning Sub-Committee by the Director of Planning & Sustainable Regeneration acting in his or her discretion.
4. The Planning Sub-Committee may refer agenda items to Planning Committee for consideration and determination if they consider it necessary or appropriate to do so.
5. Where the Planning Sub-Committee determine an item on an agenda:
  - a) In the event of changes being made to an officer recommendation by the committee, the task of formalising the wording of those changes in accordance with the substantive nature of the committee's decision, is delegated to the Director of Planning & Sustainable Regeneration;
  - b) The Director of Planning & Sustainable Regeneration has delegated authority to make changes to the wording of the committee's decision (such as to delete, vary or add conditions, informatives, planning obligations or reasons for the decision) prior to the decision being actioned, provided that the Director of Planning & Sustainable Regeneration is satisfied that any such changes could not reasonably be regarded as deviating from the overall principle of the decision reached by the committee nor that such change(s) could reasonably have led to a different decision having been reached by the committee.
6. Meetings of the Planning Sub-Committee shall ordinarily conclude by 10pm. In the event that there is remaining business by 9.55pm the Chair shall interrupt the meeting and call for a vote of Members present on whether the meeting shall continue for a further 30 minutes. If Members decide that the meeting shall not continue, or if there is remaining business after the additional period of 30 minutes, any item of the agenda that has not started to be considered by the Committee is delegated to the Director of Planning & Sustainable Regeneration to determine along the lines set out in the Committee report.

### **3. RESPONSIBILITY FOR EXECUTIVE FUNCTIONS**

- 3.1 Other than those matters reserved to the Council or delegated to a non- executive Committee or to the Chief Executive as a non-executive function, all other remaining functions are allocated as executive functions.
- 3.2 The Mayor has power to create Cabinet Committees, agree protocols on matters relating to the operation of their remit and, between Annual Meetings of the Council, to make

nominations to Outside Bodies where Executive Members are required to be appointed.

3.3 The Mayor will provide the Monitoring Officer with a list ('the Executive Scheme of Delegation') setting out who of the following are responsible for particular Executive functions:

- Mayor
- the Mayor and Cabinet collectively; or
- an individual Cabinet Member; or
- a committee of the Cabinet; or
- an officer; or
- a ward councillor in accordance with Section 236 of the Local Government and Public Involvement in Health Act 2007; or □ through joint arrangements.

The Mayor may revoke any delegations at any time.

3.4 If the Mayor amends the Executive Scheme of Delegation the Mayor must provide the Monitoring Officer with an updated scheme within five working days.

3.5 In the event that the Mayor wishes to delegate executive decision-making powers to an individual Cabinet Member or Members; or to a ward councillor in accordance with Section 236 of the Local Government and Public Involvement in Health Act 2007, they will first need to take advice from the Monitoring Officer as to the appropriate rules that will need to be in place to govern the exercise of such powers before they are so exercised.

#### **4. CORPORATE DIRECTORS**

4.1. The Council may appoint such officers as it considers appropriate for the discharge of its functions. The following posts shall be Corporate Directors for the purposes of this Constitution and which form the Corporate Management Team together with the Chief Executive and Assistant Chief Executive:

Corporate Director /DCS Children, Young People & Education

Corporate Director/DASS Adult Social Care & Health

Corporate Director Sustainable Communities, Regeneration & Economic Recovery

Corporate Director Resources

Corporate Director Housing

The statutory officers are detailed in Article 12 of this Constitution.

#### **Delegations to the Chief Executive and Corporate Directors**

4.2. The Chief Executive has delegated to them all the powers of the Council other than those reserved to the Council or to a Non-Executive Committee or Sub-Committee or allocated to the Mayor by Statute or this Constitution.

May 2022 Responsibilities for Functions

Updated 05.22 †



4.3 The Chief Executive and the Corporate Directors may exercise any functions of the Council or the Executive which have been delegated to any other officer and may delegate decisions or functions to one or more officers in any of the Council's Directorates, except when prohibited to do so by this Constitution or by law.

4.4 Until the Council decides otherwise the Chief Executive is appointed the Proper Officer for the purpose of all statutory provisions, whether existing or future, in respect of which no express Proper Officer appointment has, for the time being, been made.

4.5 The Corporate and Officer Schemes of Delegation are made under Section 101 of the Local Government Act 1972 and all other powers enabling such delegation. They delegate all the powers and duties necessary for the discharge of the Council's functions and not specifically reserved to the Mayor or the Mayor and Cabinet, the Council or a Committee or Sub-Committee of Council to the Officers. The delegations include:

- All functions powers and duties of the Authority, whether under any specific legislation identified in the scheme or not.
- All powers incidental to Section 101 of the Local Government Act 1972 including the application of the incidental powers under Section 111 of the Local Government Act 1972 and including management of the human and material resources made available for the service areas unless specifically reserved to Council, a Committee or Sub-Committee of the Council or to the Mayor, the Mayor and Cabinet or a Cabinet Sub-Committee.

4.6 The Corporate and Officer Schemes of Delegations do not delegate:

- Any matter reserved to the Council by law or by Council's Constitution.
- Any matter which is a function which cannot by law be discharged by an officer.
- Any matter which is specifically excluded from delegation by this Scheme or by resolution of Council, a Committee or a Sub-Committee (in the case of a Council function), or the Mayor, Mayor in Cabinet or cabinet sub-Committee (in the case of an executive function)
- Any matter where an Officer has declined to exercise delegated powers and instead reports to the Mayor, Executive or appropriate Committee.

4.7 This delegation is subject to:

4.7.1 the relevant Procedure Rules set out in this Constitution and such protocols as may be approved by a Committee or Sub-Committee from time to time and deposited with the Monitoring Officer;

4.7.2 all Policies of the Authority;

4.7.3 any consequent expenditure being included in the Council's Revenue Budget or approved Capital Programme;

- 4.7.4 the requirements of the Tenders and Contracts and Financial Regulations;
  - 4.7.5 compliance with any legal requirements and the provisions of any statutory codes of conduct or statutory guidance;
  - 4.7.6 the approval of the Director of Legal Services to the instigation and conduct and settlement of legal proceedings and to the engagement of any lawyer to act for the Council;
  - 4.7.7 compliance with any legal requirements and the provisions of any statutory codes of conduct or statutory guidance;
  - 4.7.8 the approval of the Chief People Officer to the grading and conditions of service of staff (other than those based in schools or subject to the conditions of service of the Chief Officers and Chief Executives J.N.C.);
  - 4.7.9 the approval of the Appointments and Disciplinary Committee to the grading and conditions of service of staff employed subject to the conditions of service of the Chief Officers and Chief Executives J.N.C.
  - 4.7.10 any instructions given by the Chief Executive.
- 4.8 Officers exercising delegated powers should also have regard to:
- any legal advice given by the Director of Legal Services
  - any financial advice given by the Corporate Director Resources.
  - any appropriate technical or other advice given by a suitably qualified Council officer.
  - all other parts of this Constitution.
- 4.9 In exercising any delegated function, the following principles apply:
- Corporate Directors must ensure that this Scheme is fully implemented, monitored, maintained and regularly reviewed and any changes required to Directorate Schemes are reported to the Monitoring Officer.
  - Corporate Directors and Directors may further delegate their powers to officers within their Directorate or withdraw powers provided that
    - a) such action is in writing, is subsequently included in the Directorate's Officer Scheme of Delegation and the Monitoring Officer is notified in writing.
    - b) any such delegation, while being as near to the point of service delivery as possible, is only to officers within their Directorate that hold the appropriate level of responsibility.
- 4.10 The Corporate and Directorate Schemes of Delegations will be superseded in any case where a Council or Mayoral decision expressly delegates any of the powers in this Scheme to a specific officer or officers whether for a single event, decision or transaction or permanently.

- 4.11 Where it is considered that in exercising a delegated power or duty a departure in policy, procedure or a significant change in financial practice is likely to be involved, the decision maker shall consult with the Director of Legal Services and/or the Corporate Director, Resources as appropriate, who shall, if necessary, refer the matter to the Mayor, the Mayor in Cabinet or the appropriate Council Committee/SubCommittee.
- 4.12 Where any function is delegated to an officer, that officer may choose not to exercise that function and may instead refer a matter to Council, the Mayor, the Mayor in Cabinet, a Cabinet Sub-Committee or relevant Council Committee as appropriate with the agreement of the appropriate Corporate Director. The criteria that officers may have to consider when determining whether to exercise a function could include-
- Whether the decision may incur a significant social, economic reputational or environmental risk.
  - The likely extent of the impact of the decision both within and outside of the borough.
  - Whether the decision is likely to be a matter of political controversy.
  - The extent to which the decision is likely to generate substantial public interest.
- 4.13 If at any time, the Authority acquires a new duty, power or function, in the absence of any Member decision with regard to delegation, the Chief Executive and the Corporate Director with responsibility for the relevant service shall be deemed to have full delegated authority to discharge the duty, power or function on the authority's behalf unless it is expressly reserved to the Council, a Council Committee or SubCommittee or the Mayor/Mayor in Cabinet either by law or in this Constitution.
- 4.14 Any function or power which may be discharged by a Corporate Director, may also be discharged by any person(s) formally "acting-up" into that post or an "interim" post holder or who is deputising (whether on a full, part time or on an ad hoc basis) for that post or occupies a successor post following any reorganisation, restructure or similar process.
- 4.15 The Mayor, Mayor in Cabinet, a Cabinet Sub-Committee or a Council Committee/Sub-Committee may reserve to themselves decisions delegated to officers, by giving notice to the officer holding the delegated power or to the Chief Executive of their intention to do so.
- 4.16 References in the Corporate and/or Officer Schemes of Delegations to any statute, statutory instrument, regulation, rule, circular, agency or other agreement or any such matter in respect of which a power or duty is delegated shall be deemed to include any modification or re-enactment of the same as may be made from time to time.
- 4.17 The Mayor's delegation of Executive functions is contained in Part 6C of this Constitution. The Council's Scheme of Delegation to Officers is contained within this section of the Constitution (Responsibility for Functions) and the Mayor's Scheme of Delegation.

## **Functions of Statutory Officers and members of the Corporate Management Team**

### **Functions of the Chief Executive as Head of Paid Service**

4.18 The Chief Executive is appointed as Head of Paid Service under Section 4 of the Local Government and Housing Act 1989 to carry out the Council's statutory obligations to report to the Council as appropriate with regard to the way in which the overall discharge by the Council of its different functions is co-ordinated, the number and grades of staff required for the discharge of these functions, the way in which these people are organised and managed, and the way in which they are appointed under that Act.

4.19 This post is responsible for the corporate and overall strategic management of the Council as a whole and is responsible for establishing a framework for management direction, style, culture and standards and for monitoring the performance of the Council. Its overriding responsibility is to the Council and not to the Mayor, any partypolitical group, or other grouping of Members. It must report to and provide information for the Executive, the full Council, the Scrutiny and Overview Committee and other Committees. The political neutrality of the office holder must be respected at all times.

#### **4.20 Working with the Mayor.**

The Chief Executive works closely with the Mayor to assist in the development of the Mayor's strategic policy and to ensure that such is then put into practice and, in that regard, will:

- (i) Strategic direction. Ensure that the Mayor and Council's priorities and goals can be implemented in a timely, efficient and innovative way through focused strategies, projects and programmes.
- (ii) Policy advice. Act as the principal policy adviser to the Mayor and Members and will secure the best professional advice on all relevant matters in respect of the Council's functions and services. In consultation with the Monitoring Officer and Chief Finance Officer, the Chief Executive will take action if they consider that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission would give rise to unlawful action.
- (iii) Partnerships (internal). Develop a professional partnership with the Mayor and Members to ensure that the Council's vision, goals and core values are made reality and to provide a clear sense of direction, optimism and purpose and marshal the resources of the whole organisation to this end.
- (iv) Partnerships (external). Assist the Mayor in partnership working by taking the lead in developing effective partnerships at management level with other public

agencies, private companies and local community organisations to achieve better public services and improved results for local people.

#### 4.21 **Emergency or Extreme Urgency.**

- (i) The Chief Executive may exercise any executive function in cases of **emergency or extreme urgency** whether or not reserved to the Mayor, subject to complying with any statutory requirements and following the exercise of such power will provide a written report to the Mayor setting out the decision taken and the reason for it including the reasons for emergency or extreme urgency.
- (ii) The Chief Executive may exercise any non-executive function in cases of emergency or extreme urgency whether or not reserved to the Council, subject to complying with any statutory requirements and following the exercise of such power will provide a written report to the Council setting out the decision taken and the reasons for it, including the reasons for emergency or extreme urgency.

#### 4.22 **Ensuring overall correctness of decision making.**

- (i) The Chief Executive is also responsible for ensuring that all decisions made by the Mayor and the reasons for them are made public and will ensure that Council Members are aware of decisions made by the Mayor and of those made by officers who have delegated executive responsibility.
- (ii) If the Chief Executive considers that any proposal, decision or omission raises a significant concern it must be reported in writing by the Monitoring Officer to the Mayor in relation to an executive function or to the Council in relation to a non-executive function. Such a report will have the effect of immediately stopping the proposal or decision being implemented until the report has been considered. The report must be considered within 21 days at a meeting of either Council or the Mayor/Mayor in Cabinet as appropriate.
- (iii) As soon as practicable after either the Council or the Mayor/Mayor in Cabinet has considered this report, it shall prepare and publish a report that will include;
  - (a) what action it has taken in response to the report;
  - (b) what action it proposes to take in response to the report and when it proposes to take that action;
  - (c) the reasons for taking that action, or the reason for not taking any action.

The exercise of this function needs to be considered in conjunction with the Monitoring Officer ensuring lawfulness and fairness of decision making and the Chief Finance Officer to ensure lawfulness and financial prudence of decisionmaking.

#### 4.23 **Management Structure.**

The Chief Executive will determine and publicise a description of the overall structure of the Council showing the management structure and deployment of officers.

#### 4.24 **Restrictions on functions.**

The Chief Executive may not be the Monitoring Officer but may hold the post of Chief Finance Officer if a qualified accountant.

#### 4.25 **Consideration of applications for dispensation by Executive Members in relation to Conflicts of Interest relating to Executive Decisions in which they are involved.**

The Chief Executive, by virtue of the Access to Information Procedure Rules in Part 4B of the Constitution, is required to consider applications for a dispensation from Members of the Executive in relation to an Executive Decision where they are either:

- (i) a Member of the executive decision making body and have a conflict of interest; or
- (ii) are consulted by a Member taking an Executive Decision and the Executive Member consulted has a conflict of interest; or
- (iii) are consulted by an officer taking an Executive Decision and the Executive Member consulted has a conflict of interest

And grant a note of dispensation if satisfied that it is appropriate to do so.

### **Functions of the Monitoring Officer**

4.26 The Monitoring Officer is appointed under the provisions of s5 of the Local Government and Housing Act 1989 to be the Council's Monitoring Officer and to carry out the Council's statutory functions under that Act in respect of matters of legality, conduct, and probity. A Monitoring Officer Protocol is included at Part 5C of this Constitution.

#### **Maintaining and interpreting the Constitution.**

4.27 The Monitoring Officer shall maintain an up-to-date version of the Constitution including making such changes as envisaged by paragraph 15.02 of the Articles and shall ensure that it is widely available on the Council's website for Members, staff and the public to consult. The Monitoring Officer will monitor and review the operation of the Constitution and may make recommendations to ensure that the aims and principles of the Constitution are given full effect. The Monitoring Officer will advise as to the construction or application of the Constitution and will consult with the Chief Executive and Chief Finance Officer as required.

#### **Ensuring lawfulness and fairness of decision-making.**

4.28 After consulting with the Chief Executive and the Chief Finance Officer, the Monitoring Officer shall report to the Full Council, or the Mayor in relation to an executive function, if they consider that any proposal, decision or omission would give rise to unlawfulness or if any decision or omission would give rise to unlawful action. Such

a report shall have the effect of stopping the proposal or decision being implemented until the report has been considered. The report must be considered within 21 days at a meeting of either Council or by the Mayor/Mayor in Cabinet as appropriate.

4.29 As soon as practicable after Council or the Mayor/Mayor in Cabinet has considered the Monitoring Officer's report, it shall prepare and publish a report that will include:

- (i) what action it has taken in response to the report;
- (ii) what action it proposes to take in response to the report and when it proposes to take that action;
- (iii) the reasons for taking that action, or the reasons for not taking any action. (The exercise of this function needs to be considered in conjunction with the function of the Chief Executive to ensure lawfulness and fairness of decision making and the function of the Chief Finance Officer to ensure lawfulness and financial prudence of decision-making).

#### **Supporting the Ethics Committee.**

4.30 The Monitoring Officer shall contribute to the promotion and maintenance of high standards of conduct through provision of support to the Ethics Committee, in particular by:

**Receiving reports.** Receiving and having regard to recommendations from the Ethics Committee regarding Member conduct.

**Register of Interests.** Establishing and maintaining a Register of Interests of Members and Co-opted Members of the Council.

**Conducting investigations.** The Monitoring Officer shall conduct investigations into matters referred by the Ethics Committee including investigations required in accordance with the agreed arrangements for dealing with an alleged breach of the Code of Conduct by a Member, conducting or arranging for that investigation to be carried out and shall make reports and recommendations in respect of them to the Ethics Committee.

#### **Dispensations where Disclosable pecuniary interests exist.**

4.31 The Monitoring Officer shall consider applications for a grant of a dispensation for a Member with a Disclosable Pecuniary Interest (DPI), Other Registrable Interest (ORI) or Non-Registrable Interest (NRI) in the following circumstances:

- (i) That so many Members of the decision-making body have DPis, ORIs or NRIs in a matter that it would impede the transaction of the business; or

- (ii) That without the dispensation, the representation of different political groups on the body transacting the business would be so upset as to alter the outcome of any vote on the matter; or
- (iii) That the dispensation is in the interests of persons living in the Borough; or
- (iv) That, without a dispensation, no Member of the Cabinet would be able to participate in consideration of this matter; or
- (v) That it is otherwise appropriate to grant a dispensation.

And may refer the dispensation request in relation to grounds (i) and (iv) above to the Ethics Committee to advise on or express a view should the Monitoring Officer consider it appropriate to do so. In respect of grounds (ii), (iii) and (v) above granting dispensations is a matter reserved to the Ethics Committee after consultation with the Independent Person. The Monitoring Officer will report at least annually to Ethics Committee on any dispensations granted.

### **Proper Officer for Access to Information**

4.32 The Monitoring Officer shall ensure that Cabinet and other executive decisions, together with the reasons for those decisions and relevant officer reports and background papers are made publicly available as soon as possible.

### **Advising whether decisions are within the Budget and Policy Framework**

4.33 The Monitoring Officer shall advise whether decisions of the Council, a Committee, or Sub-Committee, the Mayor, the Cabinet, or Cabinet Committee or an Officer under their allocated or delegated powers are in accordance with the budget and policy framework.

### **Providing advice**

4.34 The Monitoring Officer shall provide advice on the scope of powers and authority to take decisions, maladministration, probity and Budget and Policy Framework issues to the Mayor and all Members.

### **Restrictions on functions**

4.35 The Monitoring Officer cannot be the Chief Finance Officer or the Chief Executive but will liaise as appropriate with the Head of Paid Service in the discharge of their functions as Monitoring Officer.

### **Functions of the Corporate Director of Resources as Chief Finance Officer**



4.36 The Corporate Director, Resources has the statutory responsibilities defined in section 151 of the Local Government Act 1972 and section 114 of the Local Government Finance Act 1988 as the Council's Chief Finance Officer to ensure the proper administration of the financial affairs of the Authority including:

- Leading development and implementation of the financial strategy necessary to deliver the Council's strategic objectives sustainably;
- Promoting and delivering good financial management;
- Leading the coordination and facilitation of a culture of efficiency and value for money
- Implementation and maintenance of a framework of financial controls and procedures for managing financial risks;
- Advising on the corporate financial position and on the key financial controls necessary to secure sound financial management;
- Providing financial information for decision makers (in conjunction with Senior Managers);
- Ensuring that the annual statement of accounts is prepared in accordance with appropriate financial standards and within the statutory deadlines.
- Preparing the revenue budget and capital programme relating to the General Fund and the Housing Revenue Account and Parking Places Reserve Account
- Providing information and advice to those who officially scrutinise and review the authority.

#### **Ensuring lawfulness and financial prudence of decision-making.**

4.37 After consulting with the Chief Executive and the Monitoring Officer, the Chief Finance Officer shall report to the Full Council, or to the Leader (and/or Cabinet as appropriate) in relation to an executive function, and the Council's external auditor if they consider that any proposal, decision or course of action shall involve incurring unlawful expenditure, or is unlawful and is likely to cause a loss or deficiency or if the Council is about to enter an item of account unlawfully.

4.38 Such a report will have the effect of immediately stopping the proposal or decision being implemented until such time as the report has been considered. Once Members have received the Monitoring Officer's report, the report must be considered within 21 days at a meeting of either Council or the Mayor as appropriate.

4.39 As soon as practicable after Council or the Mayor/Mayor in Cabinet has considered the report, it shall prepare and publish a report that will include:

- (i) what action it has taken in response to the report;
- (ii) what action it proposes to take in response to the report and when it proposes to take that action;

- (iii) the reasons for taking that action, or the reasons for not taking any action. The exercise of this function needs to be considered in conjunction with the function of the Monitoring Officer to ensure lawfulness and fairness of decision making and the function of the Chief Executive to ensure lawfulness and financial prudence of decision-making.

### **Administration of financial affairs**

4.40 The Chief Finance Officer shall have responsibility for the administration of the financial affairs of the Council, including:

- Determining the accounting procedures and records for the authority.
- Maintaining a regular review of the Financial Regulations and issuing updates as necessary.  
Setting and monitoring compliance with financial management standards
- Reporting breaches of the Financial Regulations to the Audit and Governance Committee and the external auditor.

### **Contributing to corporate management.**

4.41 The Chief Finance Officer shall contribute to the corporate management of the Council, in particular through the provision of professional financial advice.

### **Providing advice.**

4.42 The Chief Finance Officer shall provide advice on the scope of powers and authority to take financial decisions, financial impropriety, probity and budget and policy framework issues to the Mayor and all Members and shall support and advise the Mayor and all Members and staff in their respective roles.

### **Give financial information.**

4.43 The Chief Finance Officer shall provide requisite financial information to the media, members of the public and the community.

### **Assets and disposals.**

4.44 The Chief Finance Officer is:

- (i) required to issue guidelines on best practice for the disposal of land based assets and to approve the purchase or sale of land if it has been declared surplus by the Mayor/Mayor in Cabinet and if authority to do so has been delegated to him/her;
- (ii) authorised to recommend to the Mayor/Mayor in Cabinet for acceptance, disposals which are proposed to be less than the unrestricted market value as defined by the General Disposal Consent (England) 2003 and/or where State Aid issues may arise. The report shall make the level of undervalue explicit and

the report will need to set out the well-being benefits to be derived and provide a statement that the wellbeing “value” matches or exceeds the value foregone. Where a sale is pursuant to Section 123 Local Government Act 1972, Section 32 Housing Act 1985 or Section 25 Local Government Act 1988, consent of the Secretary of State may be sought as necessary, unless the sale falls within the General Housing Consents 2013 issued pursuant to powers contained in sections 32, 33 and 34 Housing Act 1985, 133 of the Housing Act 1988, which permit certain disposals to occur without the need to secure express consent.

- (iii) authorised to accept a late offer for land/property, with the prior agreement of the Director of Legal Services, if to do so, would ensure that the Council secures best consideration, provided other bids have not been opened.

### **Restrictions of Functions.**

4.45 The Chief Finance Officer cannot be the Monitoring Officer.

### **The Corporate Resources portfolio**

4.46 The Corporate Resources portfolio currently includes: Finance, Internal Audit, Insurance, Anti-Fraud and Risk, Treasury Management and Pensions, Commercial Investment and Property and Legal Services. These functions can be varied at any time by the Chief Executive, who may also allocate to the role additional functions and responsibilities.

### **The Director of Legal Services**

4.47 The Director of Legal Services is authorised to:

- (i) institute, defend, settle or participate in any legal proceedings in any case where such action is necessary to give effect to decisions of the Council or in any case where such action is considered to be necessary to protect the Council's interests and may designate nominated officers to carry out this function on their behalf.
- (ii) consult with and instruct counsel, solicitors and other experts for legal proceedings, public inquiries, and other matters involving the Council, and the negotiation and settlement of legal disputes on behalf of the Council, the Mayor, Mayor and Cabinet, Committees of the Council or officers and arrangements for their representation in any court, public inquiry or other forum where formal representation is considered to be proper, including the incurring of such fees in respect thereof as may be appropriate.
- (iii) sign any document that is necessary to any legal procedure or proceedings on behalf of the Council, or to authorise another to sign, unless any enactment otherwise authorises or requires, or the Council has given specific authority to some other person.

- (iv) sign contracts (and similar documents where intended to have legal binding effect) on behalf of the Council, where any required authority or approval of the Mayor/Mayor and Cabinet, a Committee or a Sub-Committee has been obtained, or where such authority has been delegated to another officer of the Council and that officer has requested the Director of Legal Services to do so.
- (v) keep the Common Seal of the Council in a safe place. A decision of the Council, or of any part of it, will be sufficient authority for sealing any document necessary to give effect to the decision. The Common Seal will be affixed to those documents which should be sealed. The affixing of the Common Seal will be attested by the Director of Legal Services or any other duly authorised person.
- (vi) authorise officers to appear on behalf of the Council in proceedings in the magistrate' courts, pursuant to section 223 of the Local Government Act 1972.
- (vii) authorise officers to appear on behalf of the Council in any proceedings in the county court in relation to the recovery of possession of a house belonging to the Council or the recovery of any rent, mesne profits, damages or other sum claimed in respect of the occupation by any person of such a house, pursuant to section 60 of the County Courts Act 1984.
- (viii) contribute to the corporate management of the Council, in particular through the provision of professional legal advice.

## **Functions of the Corporate Director, Adult Social Care and Health**

4.48 The Corporate Director, Adult Social Care and Health is the Statutory Director of Adult Social care under s 6 of the Local Authority Social Services Act 1970 as amended by s18 of the Children Act 2004 and is responsible for the delivery of those local authority social services functions listed in Schedule 1 of the Local Authority Social Services Act 1970 (as amended), other than those for which the Director of Children Young People and Education is responsible, and the public health functions contained in the Health and Social Care Act 2012. The function includes the role of Caldicott Guardian.

- 4.49 The Corporate Director, Adult Social Care and Health is responsible for implementing and ensuring compliance with any statutory guidance issued by the Department of Health or other Government department and is currently required to:-
- Assess local needs and ensure availability and delivery of a full range of local authority services;
  - Give professional leadership, including workforce planning;
  - Lead the implementation of standards;
  - Manage cultural change;
  - Promote local access and ownership and drive partnership working;

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Updated 05.22 †

- Deliver an integrated whole systems approach to supporting communities; and
- Promote social inclusion and wellbeing.

4.50 The Adult Social Care and Health portfolio currently includes Adult Social Care and Health and Integrated Commissioning. These functions can be varied at any time by the Chief Executive, who may also allocate to the role additional functions and responsibilities.

### **Functions of the Corporate Director, Children, Young People and Education**

4.51 The Corporate Director, Children, Young People and Education is the Council's Statutory Director of Children's services under s 18(7) of the Children Act 2004 with statutory duties to discharge the education and children's social care functions of the local authority including those detailed as follows:

- education functions conferred on or exercisable by the Council;
- functions conferred on or exercisable by the Council which are social care functions so far as those functions relate to children;
- the functions conferred on the authority under sections 23C to 24D of the Children Act 1989 (so far as not falling within paragraph (b));
- the functions conferred on the authority under sections 10 to 12, 12C, 12D and 17A of the Children Act 2004;
- any functions exercisable by the Council under section 75 of the National Health Service Act 2006 on behalf of an NHS body, so far as those functions relate to children;
- the functions conferred on the Council under Part 1 of the Childcare Act 2006;
- the role of Caldicott Guardian; and
- any function conferred on the authority under section 2 of the Childcare Act 2016.

4.52 The Children, Young People and Education portfolio currently includes Children's Social Care; Education and Partnership, and Youth and Children's Commissioning. These functions can be varied at any time by the Chief Executive, who may also allocate to the role additional functions and responsibilities.

### **Functions of the Corporate Director, Sustainable Communities, Regeneration and Economic Recovery**

4.53 The Sustainable Communities, Regeneration and Economic Recovery portfolio

currently includes responsibility for discharging all the Council's duties, powers and functions in the following areas:- Property and Major Programmes; Growth, Economic Development and Regeneration; Planning and Building Control; Public Realm (including Highways, Trading Standards and Environmental Health); Community Safety; Sports, Leisure, Libraries and Culture. These functions can be varied at any time by the Chief Executive, who may also allocate to the role additional functions and responsibilities.

4.54 The Corporate Director, Sustainable Communities, Regeneration and Economic Recovery is authorised to consider and determine any applications for licenses not specifically reserved to the Licensing Committee under the Constitution and all applications for licences where no objections have been received.

### **Functions of the Corporate Director, Housing**

4.55 The Housing portfolio currently includes responsibility for discharging all the Council's duties, powers and functions in relation to:

- i) properties held within the Council's Housing Revenue Account and properties held within the Council's General Fund and used as temporary accommodation;
- ii) homelessness

These functions can be varied at any time by the Chief Executive, who may also allocate to the role additional functions and responsibilities.

4.56 The Corporate Director Housing is authorised to approve any sale or lease of land pursuant to the Right to Buy or the Right of Enfranchisement under the Housing Act 1985, the Leasehold Reform Act 1967 or The Leasehold Reform Housing and Urban Development Act 1993 subject to compliance with the relevant statutory procedures.

### **Functions of the Assistant Chief Executive**

4.57 The Assistant Chief Executive portfolio currently includes responsibility for discharging all the Council's duties, powers and functions in the following areas: - HR and Organisational Development, IT, Customer Services, Public Health, Information Management, Freedom of Information and Subject Access Requests, Registrars, Elections, Mayoral Support, Coroner and Policy, Partnerships and Projects. These functions can be varied at any time by the Chief Executive, who may also allocate to the role additional functions and responsibilities.

### **The Director of Public Health**

4.58 The Director of Public Health is the statutory Director of Public Health under section 73 of the National Health Service Act 2006 as amended by s30 of the Health and Social Care Act 2012.

# CONSTITUTION OF THE LONDON BOROUGH OF CROYDON

## Part 4.F - Non-Executive Committee Procedure Rules

### 1 Application

- 1.1 Without prejudice to the Licensing, Licensing Sub-Committee, Planning Committee and Planning Sub-Committee Procedure Rules, these Rules shall apply to meetings of all Non-Executive Committees and Sub-Committees established by the Council and the Pension Board which is constituted under the Public Service Pensions Act 2013 and The Local Government Pension Scheme (Amendment (Governance) Regulations 2015 is neither a Committee or Sub-Committee of the Council, although it is appointed by the Pension Committee.

### 2 Appointments

- 2.1 Appointment as a member of a Committee or Sub-Committee shall be limited to the duration of the Council Year or the remainder of it, with the exception of the role of Independent Chair of Audit and Governance Committee, which is a four year term. Vacancies on Sub-Committees arising during the Council year shall be filled by decision of the parent Committee.
- 2.2 Membership of a Statutory Review Board shall be drawn from a Panel of Members appointed for that purpose by the Council. The Monitoring Officer shall have delegated power to constitute a Review Board. The Appointments Committee shall be constituted as and when a Committee is required to make an appointment. Membership of the Licensing Sub-Committee shall be drawn from the membership of the Licensing Committee. The Monitoring Officer shall have delegated power to constitute a Licensing Sub-Committee as and when a hearing under the Licensing Act 2003 or Gambling Act 2005 is required.
- 2.3 With the exception of the Licensing Sub-Committee and Audit and Governance Committee, every Committee and Sub-Committee and Panel, at their first meeting shall appoint a Chair and Vice-Chair for the duration of the Council Year. The Licensing Committee shall appoint a Chair and two Vice-Chairs. The Licensing Sub-Committee shall appoint a Chair for the duration of business for which that Sub-Committee is convened. Council will appoint an Independent Chair of Audit and Governance Committee for a four-year term. When meeting to recruit an Independent

Chair of Audit and Governance Committee, the role of Chair of Appointments and Disciplinary Committee shall not be held by the Cabinet Member with responsibility for finance.

2.4 With the exception of Audit and Governance Committee, in the event of a vacancy to either the Chair or Vice-Chair arising during the Council Year, this shall be filled by election at the first meeting of the relevant Committee or Sub-Committee following notification of the vacancy to the Monitoring Officer. In the event of the absence of a Chair and Vice-Chair from a Committee or Sub-Committee, the representative of the Monitoring Officer shall arrange for the election of a Chair for the purposes of the meeting.

2.5 Seats shall be allocated in accordance with the rules governing proportionality, by the Council at its Annual Meeting or at any Ordinary or Extraordinary Meeting as appropriate should a vacancy arise during the Council Year. Except in the case of the Licensing Sub-Committee it shall be in order for a Member to be appointed to a Sub-Committee although they are not a member of the parent Committee. The Monitoring Officer is empowered to make in year appointment to committees after consultation with party whips.

2.6 During the Council Year, changes in membership shall be notified either by way of a resignation from the Member concerned or notification from the relevant Group Secretary. The relevant Group Secretary shall also submit a notification of the Member nominated to fill a vacancy arising for a seat allocated to that particular Group. In all cases the notification shall be submitted to the Monitoring Officer.

2.7 The Monitoring Officer shall cause an item to be placed on the agenda of the next meeting of the relevant Committee, or in case of urgency the General Purposes Committee, and the Committee shall resolve that a named Member be appointed to the vacancy.

2.8 The Monitoring Officer shall arrange for any Member appointed to the Licensing Committee or its Sub-Committee to receive appropriate training before that Member shall serve as a Member of the Committee or Sub-Committee.

### **3 Powers of the Chair**

3.1 The Chair of the meeting shall decide on all matters of order, competence, relevance and interpretation of these Rules. The Chair shall have the power to vary the order of business to give precedence to any item of business. Matters of urgent business shall be taken at the discretion of the Chair if satisfied that the item cannot reasonably be deferred until the next meeting of the Committee. The reports concerning such matters shall explain the reason for urgency.



- 3.2 The Chair shall ensure that the split of business between Parts A and B (i.e. Part B shall constitute that part which is exempt or confidential business) is agreed, if necessary by a majority of the Members present. The Chair shall ensure that Members that wish to speak on any item of business have the opportunity to do so, within the scope of the meeting and within reasonable limits of time. The decision of the Chair as to the general conduct of the meeting shall be final.
- 3.3 The Chair may direct a Member to discontinue speaking if they consider the Member is being repetitive, tedious or irrelevant, uses unbecoming language, or is in some other way breaching the order of the meeting. When necessary, the Chair, having warned the Member shall move that the Member called by name, leaves the meeting. The motion, if seconded, shall be put to the vote without further debate and if carried the Member shall leave immediately.
- 3.4 In the case of a member of the public disrupting the meeting or if there is a general disturbance, the Chair may order the removal of a person or that the public areas be cleared. Re-admission shall be at the discretion of the Chair.
- 3.5 In the event that a meeting of a non-executive committee (not including Planning or Planning Sub Committee, Licensing or Licensing Sub Committee) has lasted for three hours the Chair shall interrupt the meeting and call for a vote of Members present on whether the meeting shall continue for a further 30 minutes.
- 3.6 If Members decide that the meeting shall not continue, or if there is remaining business after the additional period of 30 minutes, the Chair will decide if any of the remaining business is of sufficient importance to warrant an adjournment of the meeting and if so will declare the meeting adjourned to such date and time (prior to the next ordinary Committee meeting) as they may direct at the time or afterwards.
- 3.7 With the exception of business so specified, the Chair shall put to the vote without further debate all outstanding reports on the agenda.
- 3.8 The Guillotine procedure for Planning and Planning Sub Committee is set out at section 6.8 of Part 4K – Planning and Planning Sub Committee Procedure
- 3.9 The recording/reporting of meetings using any type of audio or visual equipment is permitted subject to the proviso that any such reporting/filming/photography does not become distracting, disruptive or contrary to the good order or conduct of the meeting. Should any such reporting/filming/photography become distracting, disruptive or contrary to the good order or conduct of a meeting, the person/s responsible may be asked by the Chair to terminate this, regardless of the format in which the reporting/filming/photography is taking place.

## **4 Recommendation to Council**

4.1 Any recommendation referred to the Council for approval shall be made by way of a report summarising the matter and setting out the recommendation for the Council to consider. The Report shall be presented to the next convenient Ordinary Council Meeting following the meeting or meetings of the relevant Committee at which the recommendations are made.

## **5 Agendas and Minutes**

5.1 The Monitoring Officer shall ensure that an Agenda and Summons for each meeting are dispatched to Members and available to the public in advance of the meeting.

5.2 The Monitoring Officer shall ensure that a record is made of the decisions taken at every meeting of a Committee or Sub-Committee. The minutes shall also include a record of the Members in attendance, those absent and any apologies received.

5.3 The disclosure of any disclosable pecuniary interests not already on a Members' Register of Interest or subject to a pending notification to the Monitoring Officer shall be recorded in the minutes of the meeting and notified by the Member to the Monitoring Officer in accordance with the Members' Code of Conduct.

5.4 All minutes, except those prepared following a meeting of an Appointments and Disciplinary Committee or Licensing Sub-Committee shall be considered for approval at the next meeting of the Committee or Sub-Committee to which they relate and shall be open to question as to their accuracy before being signed. The accuracy of the minutes of a meeting shall not be open to question or amendment other than at a meeting of the Committee or Sub-Committee concerned.

5.5 Minutes shall be made available to Members, the public and press in accordance with the Access to Information Procedure Rules at Part 4B of this Constitution.

## **6 Dates and Frequency of Meetings**

6.1 The dates of scheduled meetings with the exception of those for the Appointments and Disciplinary Committee and Licensing Sub-Committees shall be as printed in the Council diary. Each Committee or Sub-Committee or the Monitoring Officer in consultation with the relevant Chair may convene meetings on such other dates as they may agree in the light of business to be transacted.

6.2 The Planning Committee shall generally meet at three-weekly intervals and the Planning Sub-Committee at six-weekly intervals. The Licensing Committee and its Sub-Committee shall meet as frequently as business requires.

6.3 The Chair shall have power to cancel a meeting for lack of business or reschedule a meeting, having observed the courtesy of consulting any member of the Committee or Sub-Committee designated as the Opposition Spokesperson for the Committee or Sub-Committee in question.

## **7 Attendance by Members not appointed to a Committee or Sub-Committee**

7.1 The Chair of a Committee or Sub-Committee may agree that a Member not appointed to the Committee or Sub-Committee may attend and participate in the debate of an item of business on the grounds that the presence of the Member concerned can be justified. Such a Member shall not have any right to vote in deciding the outcome of the matter under consideration. This provision shall not apply in respect of the Licensing Sub-Committee.

## **8 Quorum**

8.1 No business shall be considered at a meeting of a Committee or Sub-Committee unless there are present either one third of the membership of the Committee or Sub-Committee or 3 members, whichever figure is the greater. If the meeting is inquorate, it shall be deferred for 15 minutes. If after 15 minutes there is still no quorum, the consideration of any business not transacted shall be held over until the next scheduled meeting or another date fixed by the Chair.

8.2 Where the Licensing Sub-Committee is inquorate and it is not possible to appoint a Chair for the duration of the business as provided for in Rule 2.03 above, the Chair of the Licensing Committee or in the absence of the Chair, one of the Vice Chairs, shall be deemed to be appointed as Chair for the purpose of deferring the business to the next scheduled meeting if appropriate, to another date fixed for hearing of the business or to a later time on the date of the scheduled meeting for hearing of the business.

## **9 Rules of Debate**

9.1 A Member may indicate their desire to speak by raising their hand, but shall only speak when called by name by the Chair.

9.2 Members shall, when speaking, address the Chair and:

1 refer to each other as Chair or Member, as the case may be;

2 refrain from using unbecoming language;

- 3 refrain from comments of a personal nature about another Member;
  - 4 not attribute improper motives to another Member.
- 9.3 Only one motion or amendment may be considered at a time. A motion or amendment once moved and seconded may be withdrawn, only by the mover. No further debate shall take place on a motion or amendment once it has been withdrawn.
- 9.4 Every motion or amendment must be moved and seconded.
- 9.5 An amendment to a motion may be proposed, provided it is seconded and:
- 1 is not moved whilst another amendment is under discussion;
  - 2 does not have the same meaning as one already defeated at the meeting;
  - 3 refers to the subject matter under discussion and does not introduce a new subject.
- 9.6 A Member may raise a point of order by declaring “point of order” identifying the appropriate Procedure Rule number, in which case the Chair shall ask the Member speaking to give way. A point of order may only relate to an alleged breach of these Non-Executive Committee Procedure Rules or the law. The Member must indicate the rule or law and the way in which they consider it has been broken. The ruling on the Chair on the matter will be final.
- 9.7 A Member may seek to make a personal explanation at any time during the course of another Member’s speech if they have been referred to by name or position, by declaring “point of personal explanation”, in which case the Chair shall ask the Member speaking to give way. A personal explanation may only relate to some material part of an earlier speech by the Member which may appear to have been misunderstood. The ruling of the Chair on the admissibility of a personal explanation and the time allowed for any personal explanation will be final.
- 9.8 A Member may seek leave from the Chair to clarify a point made in an earlier speech by that Member if it appears from comments made in a subsequent speech that the earlier speech by the Member had been misunderstood. The ruling of the Chair on the admissibility of, and the time allowed for, any clarification will be final.

## **10 Voting**

- 10.1 Unless required otherwise by law, all matters shall be decided by a simple majority.

10.2 Where immediately after a vote is taken at a meeting of a Committee or Sub-Committee, if any Member so requires there shall be recorded in the minutes of that meeting whether the person cast their vote for or against the question or whether they abstained from voting.

10.3 If a demand is made at a meeting by the required number of Members, the names for and against the motion or amendment or abstaining from voting will be taken down in writing and entered into the minutes. The required number of Members is:

- (a) one third of the Members entitled to vote at the meeting; or
- (b) where the authority is divided into Political Groups, in accordance with the Local Government and Housing Act 1989, the number of seats on the Committee or Sub-Committee allocated to the second largest Political Group among the Members of the Council, whichever is the less.

10.4 In the event of an equality of votes on either side, the Chair shall have a second or casting vote.

## **11 Disclosure of Interests**

11.1 Every agenda shall include as an item of business "Disclosures of Interest". Members shall abide by the Members Code of Conduct set out at Part 5I of this Constitution. It is the responsibility of every Member to declare any disclosable pecuniary interest and other registrable interest during the course of a meeting that is not already on their register of interests or subject to a pending notification to the Monitoring Officer and to declare any non-registrable interest. Each disclosure shall be minuted but Members are required to notify the Monitoring Officer of any disclosure so minuted in accordance with the Members' Code of Conduct.

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# CONSTITUTION OF THE LONDON BOROUGH OF CROYDON

## PART 4.M – Local Pension Board Procedure Rules

### 1. Definitions

**“Advisers”** means those provided for in paragraph 11 of these Terms of Reference;

**“Administering Authority”** means a body listed in Part 1 of Schedule 3 of the Regulations who maintains a fund within the LGPS

**“Board”** means the members of the **Local Pension Board**;

**“Chair”** means the suitably qualified individual who is selected and appointed by the Scheme Manager who has responsibility of ensuring the Board acts appropriately in accordance with these Terms of Reference;

**“Employer Representative”** means persons appointed to the Board for the purpose of representing employers of the Scheme and any connected Scheme;

**“Fund”** means the Croydon Council Pension Fund that is run by Croydon Council and is part of the **National Local Government Pension Scheme for England and Wales**;

**“Internal Dispute Resolution Procedure”** means the Local Pension Board’s internal dispute resolution procedure as set out in a separate document titled **“Internal Dispute Resolution Procedure”**.

**“LGPS”** means the Local Government Pension

	Scheme;
<b>“Local Pension Board”</b>	means the <b>Local Pension Board (LPB)</b> for Croydon Council as administering authority for the Fund as required under the Public Service Pension Act 2013 <b>and the Local Government Pension Scheme Regulations 2013</b> ;
<b>“Member Representative”</b>	means persons appointed to the Board for the purpose of representing members of the Scheme and any connected Scheme;
<b>“Members”</b>	means the Employer and Member Representatives collectively;
<b>“Pensions Regulator”</b>	means the UK regulator of work-based pensions whose powers derive from the Pensions Act 2004 <b>(as amended)</b> <b>and its powers inherited from the Occupational Pensions Regulatory Authority (OPRA) from 6 April 2005</b>
<b>“Scheme”</b>	means the Local Government Pension Scheme in England and Wales;
<b>“Scheme Manager”</b>	means <b>the Croydon Council in its capacity as Administering Authority of the Fund exercised through the Corporate Director of Resources and section 151 Officer Pension Committee</b> ;



## “Scheme Regulations”

means the Local Government Pension Scheme as constituted by the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014, The Local Government Pension Scheme (Amendment (Governance) Regulations 2015 and the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009 and any subsequent legislation made in relation to the LGPS;

## 2. Introduction

2.1 The purpose of this document is to set out the terms of reference for the Local Pension Board (“LPB”) of the Fund, and to set out the rules of the Procedure of the Board. .

## 3. Role of the Local Pension Board

3.1. The role of the LPB Pension Board, as defined by section 5(1) and (2) of the Public Services Pensions Act 2013 and regulations 106-108 of the Local Government Pension Scheme Regulations 2013, is to –

- a. Assist the Administering Authority (Croydon Council) in its role as a Scheme Manager of the Scheme Fund;-
- b. To secure compliance with the Scheme Regulations and any other legislation relating to the governance and administration of the LGPS;
- c. To secure compliance with requirements imposed in relation to the LGPS by the Pensions Regulator;
- d. In such other matters as the LGPS regulations may specify;

Secure effective and efficient governance and administration of the LGPS for the Fund;

Provide the Scheme Manager with such information as is required to ensure any member of the LBP Pension Board or person to be appointed to the LPB Pension Board does not have a conflict of interest.

3.2. The **LPB Pension Board** will ensure it effectively and efficiently complies with any code of practice on the governance and administration of public service schemes issued by the Pensions Regulator.

3.3. The **LPB Pension Board** shall meet sufficiently regularly to discharge its duties and responsibilities effectively.

#### **4. Status of the Board**

4.1. The Pension Board is constituted under the Public Service Pensions Act 2013, the Local Government Pension Scheme Regulations 2013 and The Local Government Pension Scheme (Amendment (Governance) Regulations 2015 and is neither a Committee or Sub-Committee of the Council, although it is appointed by the Pension Committee.

#### **5. Establishment**

5.1. The **LPB Pension Board** is established on 1 April 2015 subsequent to recommendation by the Croydon Council Pension Committee to the General Purposes and Audit Committee on 24/03/2015 of the recommendation to establish the **LPB Pension Board** [report reference GPAC20150325AR9].

#### **6. Appointment of members of the Local Pension Board**

6.1. The process for the selection and appointment of members of the **LPB Pension Board** is set out below, with all appointments being made by the Scheme Manager.

6.2. The **LPB Pension Board** shall consist of 6 voting members constituted as follows:

- a. 3 Employer Representatives;
- b. 3 Member Representatives;

6.3. The **LPB Pension Board** shall be an equal number of voting Employer representatives and voting Member Representatives. No person shall be a representative on both the London Borough of Croydon Pension Committee and Croydon Council's **LPB Pension Board**.

##### Employer Representatives

6.4. Employer Representatives shall be office holders or senior employees of employers of the Fund or have experience of representing scheme employers in a similar capacity. No officer or elected member of Croydon Council who is responsible for the discharge of any function of Croydon Council under the Scheme Regulations may serve as a member of the **LPB Pension Board**.

6.5. Employer Representatives should be able to demonstrate their capacity to represent the employers. This will be in relation to attending and completing the

necessary preparation for meetings and participating in training as and when required.

6.6. Substitutes for Employer Representatives shall be appointed by the same process as Member and Employer Representatives. This will be limited to one (1) substitute per Employer Representative. Where appointed, substitutes should be named and must undertake the same training as full members.

6.7. Each Employer Representative shall serve for a fixed 2 year term which may be extended by the Scheme Manager for further periods subject to their re-nomination. Such appointments will be determined following an expression of interest and then a shortlist and interview process.

6.8. Employer Representatives shall endeavour to attend all Board meetings during each year.

#### Member Representatives

6.9. Member Representatives shall either be Scheme members or have capacity to represent Scheme members of the Fund.

6.10. Member Representatives should be able to demonstrate their capacity to attend and completed the necessary preparation for meetings and participate in training as and when required.

6.11. Substitutes shall be appointed by the same process as Member and Employer Representatives. This will be limited to one (1) substitute per Member Representative. Where appointed substitutes should be named and must undertake the same training as full members

6.12. Each Member Representative shall serve for a fixed 2 year term which may be extended by the Scheme Manager for further periods subject to their re-nomination.

6.13. Member Representatives shall endeavour to attend all Board meetings during each year.

### **7. Suspension/Termination/Removal of Employer Representatives, Member Representatives and Substitutes**

7.1. A Representative's (including substitute's) term of office may be suspended or come to an end in any of the following circumstances:

- a. Expiry of a fixed term of office without any extension being granted/authorised by the Scheme Manager;
- b. A Representative's death;
- c. Unable to act appropriately in his/her role because of illness or injury;
- d. Failure to attend two consecutive meetings (this would be **to at** the Scheme Manager's discretion);

- e. Representative wishes to resign – a notice period of 4 weeks is required to be given to the Scheme Manager;
- f. Representative ceases to represent their constituency, for example if an employer representative leaves the employment of their employer and therefore ceases to have the capacity to represent the Fund's employers;
- g. Representative has a conflict of interest which cannot be managed in accordance with the LPB's Fund's conflicts policy;
- h. Representative has breached the Members' code of conduct.

7.2. The Scheme Manager may suspend a Member Representative whilst investigations into (but not limited to) the above are conducted. Upon the conclusion of any investigation the Scheme Manager may either approve the Member to return to his/her role or can terminate their appointment and secure a replacement.

## 8. The Chair

8.1. The Chair of the LPB Pension Board will be a suitably qualified person who is selected and appointed by the Scheme Manager for a fixed term of office to be determined by the Scheme Manager. It will be the role of the Chair to ensure that all Members of the Board show due respect for process, that all views are fully heard and considered and to determine when consensus has been met.

8.2. The Chair shall:

- a. Ensure the LPB Pension Board delivers its purpose as set out in these Terms of Reference;
- b. Ensure that meetings are productive and effective and that opportunity is provided for the views of all members to be expressed and considered; and
- c. Seek to reach consensus and ensure that decisions are properly put to a vote when it cannot be reached. Instances of a failure to reach a consensus position will be recorded and published;
- d. Be non-voting.

## 9. Quorum

9.1. The Board shall have a quorum of three (3) Members not including the Chair. If a meeting is inquorate it will be re-scheduled for as soon as is reasonably practicable.

9.2. Advisers do not count towards the quorum.

## 10. Conflicts of Interest

10.1. The policy applicable to Members and for identifying conflicts of interest is set out in a separate policy document titled "Local Pension Board Conflicts of Interest Policy". A Fund Conflicts of Interest Policy which is applicable to all Pension Board and Pension Committee members is being developed.

## 11. Board Review Process

11.1. The Board will undertake a formal review process during June of each year to assess how well it and the voting and non-voting members are performing with a view to seeking continuous improvement in the Board's performance.

## 12. Advisers to the Board

12.1. The Board may be supported in its role and responsibilities by Council officers and by External Advisers appointed by the Pension Committee, to support the London Borough of Croydon Pension Committee. Subject to any applicable regulation and legislation from time to time in force, the Board may consult with Advisers including but not limited to:

- a. Governance Adviser
- b. The Fund's Actuary;
- c. The Fund's Legal Adviser
- d. The Fund's Investment Managers(s)
- e. The Fund's Investment Advisers(s)
- f. The Fund's Employer Covenant Adviser(s)
- g. The Scheme Manager.

12.2. The Board shall ensure that the performance of all Advisers who are appointed ~~are~~ **is** reviewed on a regular basis as part of the Board Review Process.

## 13. Knowledge and Skills

13.1. Employer and Member Representatives (including substitutes) of the **LPB Pension Board** must be conversant with –

- a. The legislation, Scheme Regulations and associated guidance of the LGPS;
- b. Any document recording policy about the administration of the LGPS (which is for the time being adopted by the Fund).

13.2. All members of the **LPB Pension Board** must have a working knowledge and understanding of –

- a. The law relating to pensions, and
- b. Any other matters which are prescribed in Scheme Regulations.

13.3. It is for the Scheme Manager to be satisfied that those seeking to be appointed have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the **LPB Pension Board**.

13.4. In line with the duties under their role, the **LPB Pension Board** members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date on anything that would fall within

the remit of their role. LPB Pension Board members are therefore required to maintain a written record of all relevant training and development (whether internal or external) they have undertaken. In the event that LPB Pension Board members wish to attend an external course/training event prior approval must be sought from the Scheme Manager. All information in relation to training and development of all LPB Pension Board members shall be made available to the Board as part of the Board Review Process. In addition, the Scheme Manager may, at any time request to inspect such records upon providing the relevant member with a written request which must be adhered to within 7 days of receipt of such a request.

13.5. All LPB Pension Board members will undertake an annual personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses as well as mandatory training that the Board or Scheme Manager considers is required to ensure the Board operates as effectively as possible. LPB Pension Board members will comply with the Scheme Manager's training Knowledge and Skills Policy, details of which are found in the separate document titled "Local Pension Board Training Policy".

#### **14. Board Meetings – Notice, Agendas, Minutes, Timings and Location**

14.1. The Scheme Manager shall give 5 days' written notice, by email, to the Chair and to all Employer and Member Representatives of every meeting of the LPB Pension Board. The Scheme Manager shall ensure that formal minutes of all LPB Pension Board meetings are maintained. Following the approval of the minutes by the Chair they shall be circulated by email to all members within 14 days of the meeting date and then published in accordance with paragraph 17.

14.2. There will be a minimum of 4 LPB Pension Board meetings each year. The dates of such meetings are to be agreed in June of each year by the Board, taking into account the dates of scheduled Pensions Committees which will then provide the Board with the opportunity to effectively review the work of the Pensions Committee.

14.3. All LPB Pension Board meetings will be held in the Croydon Town Hall, Katharine Street, Croydon, CR0 1NX at 2pm, unless stated otherwise in the notice for the meetings.

#### **15. Remit of the Board**

15.1. The role of the LPB Pension Board will be determined by the relevant Scheme Regulations. The LPB Pension Board will assist the Scheme Manager with such other matters as any relevant Scheme Regulations may specify.

#### **16. Standards of Conduct of Members**

16.1. The role of LPB Pension Board members requires the highest standards of conduct and therefore the "seven principles of public life" embodied in the

Council's Code of Conduct will be applied to all **LPB Pension Board** members. These are –

- a. Selflessness
- b. Integrity
- c. Objectivity
- d. Accountability
- e. Openness
- f. Honesty
- g. Leadership

16.2. **LPB Pension Board** members will be required to sign the Council's Code of Conduct as soon as reasonably practicable on being appointed, but in any case before attending their first meeting of the **LPB Pension Board**. The Council Code of Conduct for Members which will apply to Members of the **LPB Pension Board** is set out in a separate document.

## 17. Decision making

17.1. All Employer Representatives and Member Representatives of the **LPB Pension Board** will have an individual voting right but it is expected the **LPB's Pension Board's** decisions (in so far as is possible) will be reached by consensus.

## 18. Publication of Local Pension Board Information

18.1. Scheme members and other interested parties will want to know that the Croydon Council Pension Fund is being efficiently and effectively managed. They will also want to be confident that the **LPB Pension Board** is properly constituted, trained and competent in order to comply with Scheme Regulations, the governance and administration of the Scheme and requirements of the Pension Regulator.

18.2. To this end information will be posted on the Fund website showing:

- a. The names and biographies about the LPB members
- b. How the Scheme and employer members are represented on the **LPB Pension Board**
- c. The responsibilities of the LPB as a whole
- d. The full terms of reference and policies of the **LPB Pension Board** and how they operate
- e. The **LPB Pension Board** appointment process
- f. Who each individual **LPB Pension Board** members represents
- g. Any specific roles and responsibilities of individual **LPB Pension Board** members.

18.3. **LPB Pension Board** papers, agendas and minutes of meetings will be published on the Council's website. These may be published in redacted form

at the discretion of the Council Monitoring Officer in consultation with the Scheme Manager and having consideration to s100A Local Government Act 1972 or exempt information as specified in Part 1 Schedule 12A of the Local Government Act 1972, which provides that information should not be disclosed due to its confidential nature. The Scheme Manager will also consider requests for additional information to be published or made available to individual scheme members to encourage scheme member engagement and promote a culture of openness and transparency. However, the final decision as regards the release of exempt information rests with the Council Monitoring Officer.

## **19. Accountability**

19.1. The **LPB Pension Board** will be collectively and individually accountable to the Scheme Manager and must also report annually to the Secretary of State, as provided in the Regulations.

## **20. Expense Reimbursement**

20.1. The Administering Authority shall meet the expenses of Member Representatives for Out-of-Borough travel in line with the relevant travel allowances/rates, as agreed from time to time by (Croydon Council) Members' Allowances Scheme.

20.2. The Administering Authority shall reimburse the Employer of the relevant Employer Representative in respect of any time off work that has been taken that is both necessary and reasonable in the opinion of the Scheme Manager to fulfil their role as a member of the LPB.

## **21. Pension Board Member Allowances**

21.1 An annual allowance will be paid to certain Pension Board Members in recognition of the time commitment and the knowledge and skills and training required of the role.

## **22. Reporting Breaches**

22.1. Any reported breach in connection with the administration of the LGPS, whether potential, or actual, brought to the attention of the **LPB Pension Board** shall be dealt with in accordance with the procedure set out in **the 'Reporting Breaches of the Law' policy**. a separate policy document titled "Local Pension Board Reporting Breaches Policy". For the purposes of this policy a breach is considered to include any statutory responsibilities/obligations that have not been performed as and when required.

## **23. Internal Dispute Resolution Procedure**

The LPB's Internal Dispute Resolution is set out in a separate policy document titled "Internal Dispute Resolution Procedure (IDRP) System Employees' Guide."



## **24. Complaints**

**24.1.** Any complaint received in relation to the **LPB Pension Board** will be dealt with in accordance with the Complaints Policy, which is set out in a separate document titled "Local Pension Board Complaints Procedure".

## **25. Budget**

**25.1.** The **LPB Pension Board** must seek approval from the Administering Authority's s151 Officer or Deputy s151 Officer for any expenditure it wishes to incur in line with its responsibilities. Until a written decision has been communicated to the **LPB Pension Board** by the relevant officer, the **LPB Pension Board** is not authorised to make any financial commitment to a third party.

## **26. Review of Terms of Reference**

**26.1.** These Terms of Reference shall be reviewed:-

- a. on the making of any material change to those part of the Scheme Regulations; and
- b. annually.

## **27. Interpretation**

**27.1.** Any uncertainty or ambiguity or interpretation required relating to any matters contained in this document shall be resolved by reference to the Scheme Manager.

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# CONSTITUTION OF THE LONDON BOROUGH OF CROYDON

## PART 4.N – Pension Committee Terms of Reference

### 1. Introduction

- 1.1 Without prejudice to the Non-Executive Committee Procedure Rules, Part 4.F of the Constitution, the purpose of this document is to set out the terms of reference for the Pension Committee (“the Committee”), to discharge the responsibilities for Croydon Council in its role as **lead authority for the administration** **administering authority** of the Croydon Pension Fund (“the Fund”).

### 2. Role of the Committee

- 2.1 To ensure that the Fund is properly operated in accordance with the Local Government Pensions Scheme Regulations 2013 (“the Regulations”) all other relevant legislation and best practice as advised by the Pensions Regulator, including financial, governance and administrative matters.
- 2.2 To adopt Fund specific policies concerning the administration of the Fund, investing of Fund monies and the management of the Fund’s solvency level. In addition, the Committee is responsible for compliance with all financial and regulatory requirements of the Fund.
- 2.3 To discharge its fiduciary responsibility in the best interest of the Fund, in particular:
  - a. To set the investment policy and review the performance of the Fund’s investment managers, pooling arrangements, scheme administration, and external advisors;
  - b. To make arrangements for the triennial actuarial valuation;
  - c. To determine the Pension Administration Strategy;
  - d. To approve and monitor compliance of statutory statements and policies required under the Regulations;
  - e. To approve the Fund’s Statements of Accounts and annual report;

- f. To ensure that the Council discharges its obligation, as administrating authority for the local government pension scheme, to other scheme employers;
- g. To make representations to government as appropriate concerning any proposed changes to the Local Government Pension Scheme; and
- h. To keep these terms of reference under review.

### 3. Delegations

- 3.1 Unless otherwise reserved for this Committee or Full Council by law or the Constitution, this Committee hereby delegates all Fund matters to the Corporate Director of Resources and Section 151 Officer. As appropriate the Corporate Director of Resources and Section 151 Officer will delegate aspects of the role to other officers of the Council including the Head of Pensions and Treasury, and to professional advisors within the scope of the Regulations.

### 4. Structure

- 4.1 In accordance with those recommendations made by Chartered Institute of Public Finance and Accountancy (CIPFA) and the Myners Principles and notwithstanding resignations etc. the Committee will comprise the following members:
  - a. 8 elected voting Members (plus 6 substitutes) at a ratio of 5 majority Members to three minority Members;
  - b. Two representatives of Pensioners of the Fund elected by ballot of Pensioners of the Fund, one of whom shall be a voting member and one of whom shall be a non-voting member. The representative with the most votes following the ballot of Pensioners of the Fund shall be the voting member. The other representative of the Pensioners of the Fund shall be non-voting however is permitted to exercise a vote only in the absence of, and on behalf of, the voting representative and
  - c. One **staff side** voting member representative nominated by the three Trade Unions.
  - d. **One voting employer representative**

**This is representative of Fund stakeholders.**

- 4.2 There will be a minimum of three meetings in public a year of the Committee. Informal meetings will be arranged as required. The

outcomes of informal meetings will be reported at formal Committee meetings.

- 4.3 The Pension Fund makes some investments through the London CIV. Their governance structure is a Corporate Governance and Controls framework of a Shareholder Committee, comprising Leaders and Treasurers of twelve of the London boroughs, and a Board made up of executive and non-executive directors all of whom must meet FCA fitness to serve requirements.

Major decisions, including approval of the budget, strategic objectives and business plan are reserved to shareholders in General Meeting as set out in a Shareholder Agreement.

Certain decisions require approval from all (or a majority of) shareholders. There are two meetings each year of all shareholders and quarterly meetings of a Shareholder Committee representative of shareholders. The Committee considers all reserved matters, emerging issues and corporate and financial performance. In addition, there are two shareholder nominated directors who are Leaders of London Local Authorities and a Treasurer Observer (s151 officer) on the Board.

The overall strategic direction, management and general policy of London CIV is vested in the Board, which is responsible for major decisions unless reserved to shareholders. The Executive Directors, led by the Chief Executive, are responsible for the day to-day management of the company and there is an Executive Committee which is attended by other senior managers in the firm. The Board Committees are an Investment Oversight Committee (IOC); a Compliance, Audit, and Risk Committee (CARCO); and a Remuneration and Nomination Committee (RemNomCo) which includes the Chair of the Shareholder Committee amongst its membership. The Shareholder Committee is a consultative committee to the Board.

## **5. Quorum**

- 5.1 Three voting members.

## **6. Local Pensions Board**

- 6.1 As part of good governance of the scheme, the Committee will work with, receive and consider reports from the Pensions Board. The Board is not a decision making body and it will be for the Committee to ensure that the appropriate actions are undertaken as required.

## **7. Knowledge and Understanding**

- 7.1 Members of the Committee are expected to continually demonstrate their own personal commitment to training and to ensure that governance objectives are met. To assist in achieving these objectives training sessions will be organised to ensure Committee members are familiar with the rules of the Fund with relevant legislation.

## **8. Review of Terms of Reference Policy**

- 8.1 The Terms of Reference will be reviewed annually and updated as required.

# CONSTITUTION OF THE LONDON BOROUGH OF CROYDON

## Part 5.I

### MEMBERS' CODE OF CONDUCT

#### Definitions

For the purposes of this Code of Conduct, a “councillor” means a member or co-opted member of a local authority or a directly elected mayor. A “co-opted member” is defined in the Localism Act 2011 Section 27(4) as “a person who is not a member of the authority but who

- a) is a member of any committee or sub-committee of the authority, or;
- b) is a member of, and represents the authority on, any joint committee or joint subcommittee of the authority; and who is entitled to vote on any question that falls to be decided at any meeting of that committee or sub-committee”.

The Pension Board which is constituted under the Public Service Pensions Act 2013 and The Local Government Pension Scheme (Amendment (Governance) Regulations 2015 is neither a Committee or Sub-Committee of the Council, although it is appointed by the Pension Committee.

#### Purpose of the Code of Conduct

The purpose of this Code of Conduct is to assist members as detailed above , in modelling the behaviour that is expected of you, to provide a personal check and balance, and to set out the type of conduct that could lead to action being taken against you.

It is also to protect you, the public, fellow councillors, local authority officers and the reputation of local government. It sets out general principles of conduct expected of all councillors and your specific obligations in relation to standards of conduct. The fundamental aim of the Code is to create and maintain public confidence in the role of councillor and local government.

#### General principles of member conduct

Everyone in public office at all levels; all who serve the public or deliver public services, including ministers, civil servants, councillors and local authority officers; should uphold the Seven Principles of Public Life, also known as the Nolan Principles (Appendix A).

Building on these principles, the following general principles have been developed specifically for the role of councillor.

In accordance with the public trust placed in me, on all occasions:

- I act with integrity and honesty
- I act lawfully
- I treat all persons fairly and with respect; and
- I lead by example and act in a way that secures public confidence in the role of councillor.

In undertaking my role:

- I impartially exercise my responsibilities in the interests of the local community
- I do not improperly seek to confer an advantage, or disadvantage, on any person
- I avoid conflicts of interest
- I exercise reasonable care and diligence; and
- I ensure that public resources are used prudently in accordance with my local authority's requirements and in the public interest.

### **Application of the Code of Conduct**

This Code of Conduct applies to you as soon as you sign your declaration of acceptance of the office of councillor or attend your first meeting as a co-opted member **or Pension Board member** and continues to apply to you until you cease to be a councillor or **Pension Board member**.

This Code of Conduct applies to you when you are acting in your capacity as a councillor or Pension Board member which may include when:

- you misuse your position as a councillor **or Pension Board member**
- your actions would give the impression to a reasonable member of the public with knowledge of all the facts that you are acting as a councillor **or Pension Board member**;

The Code applies to all forms of communication and interaction, including:

- at face-to-face meetings
- at online or telephone meetings
- in written communication
- in verbal communication
- in non-verbal communication
- in electronic and social media communication, posts, statements and comments.

You are also expected to uphold high standards of conduct and show leadership at all times when acting as a councillor.

Your Monitoring Officer has statutory responsibility for the implementation of the Code of Conduct, and you are encouraged to seek advice from your Monitoring Officer on any matters that may relate to the Code of Conduct.



## **Standards of councillor and Pension Board member conduct**

This section sets out your obligations, which are the minimum standards of conduct required of you. Should your conduct fall short of these standards, a complaint may be made against you, which may result in action being taken. This may include a hearing by a sub-committee of the Ethics Committee which has powers to take action in respect of individual Members in order to promote and maintain high standards of conduct. A list of the possible sanctions which the Hearings Panel may apply appears in the Hearings Panel: Rules of Procedure.

Guidance is given at Appendix C to help explain the reasons for the obligations and how they should be followed.

### **General Conduct**

#### **1. Respect**

**As a councillor or Pension Board member:**

- 1.1 I treat other councillors and members of the public with respect.**
- 1.2 I treat local authority employees, employees and representatives of partner organisations and those volunteering for the local authority with respect and respect the role they play.**

#### **2. Bullying, harassment and discrimination**

**As a councillor or Pension Board member:**

- 2.1 I do not bully any person.**
- 2.2 I do not harass any person.**
- 2.3 I promote and value equality and diversity and do not discriminate unlawfully against any person.**

#### **3. Impartiality of officers of the council**

**As a councillor or Pension Board member:**

- 3.1 I do not compromise, or attempt to compromise, the impartiality of anyone who works for, or on behalf of, the local authority.**

#### **4. Confidentiality and access to information**

**As a councillor or Pension Board member:**

**4.1 I do not disclose information:**

- a. given to me in confidence by anyone
- b. acquired by me which I believe, or ought reasonably to be aware, is of a confidential nature, unless
  - i. I have received the consent of a person authorised to give it;
  - ii. I am required by law to do so;
  - iii. the disclosure is made to a third party for the purpose of obtaining professional legal advice provided that the third party agrees not to disclose the information to any other person; or
  - iv. the disclosure is:
    1. reasonable and in the public interest; and
    2. made in good faith and in compliance with the reasonable requirements of the local authority; and
    3. I have consulted the Monitoring Officer prior to its release.

**4.2 I do not improperly use knowledge gained solely as a result of my role as a councillor or Pension Board member for the advancement of myself, my friends, my family members, my employer or my business interests.**

**4.3 I do not prevent anyone from getting information that they are entitled to by law.**

**5. Disrepute**

**As a councillor or Pension Board member:**

**5.1 I do not bring my role or local authority into disrepute.**

**6. Use of position**

**As a councillor or Pension Board member:**

**6.1 I do not use, or attempt to use, my position improperly to the advantage or disadvantage of myself or anyone else.**

**7. Use of local authority resources and facilities**

**As a councillor or Pension Board member:**

**7.1 I do not misuse council resources.**

**7.2 I will, when using the resources of the local authority or authorising their use by others:**

- a. act in accordance with the local authority's requirements; and
- b. ensure that such resources are not used for political purposes unless that use could reasonably be regarded as likely to facilitate, or be

conducive to, the discharge of the functions of the local authority or of the office to which I have been elected or appointed.

## 8. Complying with the Code of Conduct

As a Councillor **or Pension Board member**:

- 8.1 I undertake Code of Conduct training provided by my local authority.
- 8.2 I cooperate with any Code of Conduct investigation and/or determination.
- 8.3 I do not intimidate or attempt to intimidate any person who is likely to be involved with the administration of any investigation or proceedings.
- 8.4 I comply with any sanction imposed on me following a finding that I have breached the Code of Conduct.
- 8.5 I comply with the Council's Constitution, all relevant Protocols contained within it and any such reasonable guidance issued from time to time by the Chief Executive, Chief Finance Officer and/or Monitoring Officer. [In the event that one of the Council's Statutory Chief Officers issues such guidance, it will be reported to the next meeting of the Ethics Committee.]
- 8.6 I undertake essential Councillor training provided or commissioned by the Council.

Protecting your reputation and the reputation of the local authority

## 9. Interests

As a councillor **or Pension Board member**:

- 9.1 I register and disclose my interests in accordance with detailed provisions set out at Appendix B.
- 9.2 I make all decisions on merit, without discrimination or bias.

## 10. Gifts and hospitality

As a councillor **or Pension Board member**:

- 10.1 I do not accept gifts or hospitality, irrespective of estimated value, which could give rise to real or substantive personal gain or a reasonable suspicion of influence on my part to show favour from persons seeking to acquire, develop or do business with the local authority or from persons who may apply to the local authority for any permission, licence or other significant advantage.

**10.2 I register with the Monitoring Officer any gift or hospitality with an estimated value of at least £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 within 28 days of its receipt.**

**10.3 I register with the Monitoring Officer any significant gift or hospitality that I have been offered but have refused to accept.**

## **Appendix A – The Seven Principles of Public Life**

The principles are:

### **Selflessness**

Holders of public office should act solely in terms of the public interest.

### **Integrity**

Holders of public office must avoid placing themselves under any obligation to people or organisations that might try inappropriately to influence them in their work. They should not act or take decisions in order to gain financial or other material benefits for themselves, their family, or their friends. They must disclose and resolve any interests and relationships.

### **Objectivity**

Holders of public office must act and take decisions impartially, fairly and on merit, using the best evidence and without discrimination or bias.

### **Accountability**

Holders of public office are accountable to the public for their decisions and actions and must submit themselves to the scrutiny necessary to ensure this.

### **Openness**

Holders of public office should act and take decisions in an open and transparent manner. Information should not be withheld from the public unless there are clear and lawful reasons for so doing.

### **Honesty**

Holders of public office should be truthful.

## Leadership

Holders of public office should exhibit these principles in their own behaviour. They should actively promote and robustly support the principles and be willing to challenge poor behaviour wherever it occurs.

## Appendix B – REGISTERING INTERESTS

Within 28 days of becoming a member or your re-election or re-appointment to office you must register with the Monitoring Officer the interests which fall within the categories set out in **Table 1 (Disclosable Pecuniary Interests)** which are as described in “The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012”. You should also register details of your other personal interests which fall within the categories set out in **Table 2 (Other Registrable Interests)**.

**“Disclosable Pecuniary Interest”** means an interest of yourself, or of your partner if you are aware of your partner’s interest, within the descriptions set out in Table 1 below.

**“Partner”** means a spouse or civil partner, or a person with whom you are living as husband or wife, or a person with whom you are living as if you are civil partners.

1. You must ensure that your register of interests is kept up-to-date and within 28 days of becoming aware of any new interest, or of any change to a registered interest, notify the Monitoring Officer.
2. A ‘sensitive interest’ is as an interest which, if disclosed, could lead to the councillor, or a person connected with the councillor, being subject to violence or intimidation.
3. Where you have a ‘sensitive interest’ you must notify the Monitoring Officer with the reasons why you believe it is a sensitive interest. If the Monitoring Officer agrees they will withhold the interest from the public register.

### Non participation in case of disclosable pecuniary interest

4. Where a matter arises at a meeting which directly relates to one of your Disclosable Pecuniary Interests as set out in **Table 1**, you must disclose the interest, not participate in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a ‘sensitive interest’, you do not have to disclose the nature of the interest, just that you have an interest. Dispensation may be granted in limited circumstances, to enable you to participate and vote on a matter in which you have a disclosable pecuniary interest.
5. Where you have a disclosable pecuniary interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

## Disclosure of Other Registrable Interests

6. Where a matter arises at a meeting which **directly relates** to the financial interest or wellbeing of one of your Other Registrable Interests (as set out in **Table 2**), you must disclose the interest and not vote on the matter unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

## Disclosure of Non-Registrable Interests

7. Where a matter arises at a meeting which **directly relates** to your financial interest or well-being (and is not a Disclosable Pecuniary Interest set out in Table 1) or a financial interest or well-being of a relative or close associate, you must disclose the interest. You may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation. If it is a 'sensitive interest', you do not have to disclose the nature of the interest.
8. Where a matter arises at a meeting which **affects** –
  - a. your own financial interest or well-being;
  - b. a financial interest or well-being of a relative or close associate; or
  - c. a financial interest or wellbeing of a body included under Other Registrable Interests as set out in **Table 2**

you must disclose the interest. In order to determine whether you can remain in the meeting after disclosing your interest the following test should be applied

9. Where a matter (referred to in paragraph 8 above) **affects** the financial interest or wellbeing:
  - a. to a greater extent than it affects the financial interests of the majority of inhabitants of the ward affected by the decision and;
  - b. a reasonable member of the public knowing all the facts would believe that it would affect your view of the wider public interest

you may speak on the matter only if members of the public are also allowed to speak at the meeting. Otherwise you must not take part in any discussion or vote on the matter and must not remain in the room unless you have been granted a dispensation.

If it is a 'sensitive interest', you do not have to disclose the nature of the interest.

10. Where you have an Other Registrable Interest or Non-Registrable Interest on a matter to be considered or is being considered by you as a Cabinet member in exercise of your executive function, you must notify the Monitoring Officer of the interest and must not take any steps or further steps in the matter apart from arranging for someone else to deal with it.

**Table 1: Disclosable Pecuniary Interests**

This table sets out the explanation of Disclosable Pecuniary Interests as set out in the [Relevant Authorities \(Disclosable Pecuniary Interests\) Regulations 2012](#).

<b>Subject</b>	<b>Description</b>
<b>Employment, office, trade, profession or vocation</b>	Any employment, office, trade, profession or vocation carried on for profit or gain.
<b>Subject</b>	<b>Description</b>
<b>Sponsorship</b>	<p>Any payment or provision of any other financial benefit (other than from the council) made to the councillor during the previous 12-month period for expenses incurred by him/her in carrying out his/her duties as a councillor, or towards his/her election expenses.</p> <p>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</p>
<b>Contracts</b>	<p>Any contract made between the councillor or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (or a firm in which such person is a partner, or an incorporated body of which such person is a director* or a body that such person has a beneficial interest in the securities of*) and the council</p> <p>(a) under which goods or services are to be provided or works are to be executed; and</p> <p>(b) which has not been fully discharged.</p>
<b>Land and Property</b>	<p>Any beneficial interest in land which is within the area of the council.</p> <p>'Land' excludes an easement, servitude, interest or right in or over land which does not give the councillor or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners (alone or jointly with another) a right to occupy or to receive income.</p>
<b>Licenses</b>	Any licence (alone or jointly with others) to occupy land in the area of the council for a month or longer.

<b>Corporate tenancies</b>	Any tenancy where (to the councillor's knowledge)—  (a) the landlord is the council; and  (b) the tenant is a body that the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners is a partner of or a director* of or has a beneficial interest in the securities* of.
<b>Securities</b>	Any beneficial interest in securities* of a body where—  (a) that body (to the councillor's knowledge) has a place of business or land in the area of the council; and
<b>Subject</b>	<b>Description</b>
	(b) either—  (i) the total nominal value of the securities* exceeds £25,000 or one hundredth of the total issued share capital of that body; or  (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the councillor, or his/ her spouse or civil partner or the person with whom the councillor is living as if they were spouses/ civil partners have a beneficial interest exceeds one hundredth of the total issued share capital of that class.

\* 'director' includes a member of the committee of management of an industrial and provident society.

\* 'securities' means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

**Table 2: Other Registrable Interests**



You must register as an Other Registrable Interest:

- a) any unpaid directorships
- b) any body of which you are a member or are in a position of general control or management and to which you are nominated or appointed by your authority
- c) any body
  - (i) exercising functions of a public nature
  - (ii) directed to charitable purposes or
  - (iii) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union)of which you are a member or in a position of general control or management.

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# CONSTITUTION OF THE LONDON BOROUGH OF CROYDON

## PART 6D

### SCHEME OF CO-OPTION

- 1.1 This scheme applies to all Co-opted Members whether they are voting or non-voting. The scheme covers the co-option of voting and non-voting co-opted Members onto current Committees as detailed in sections 2 - 10 below.
- 1.2 The purpose of this scheme of co-option is to:
- Bring together in one document the various provisions in place for cooption across the Committees and statutory Boards of the Council. Outline the role and expected contribution of co-opted Members
  - Clarify the induction to be provided to co-opted Members and the support and training to be made available
- 1.3 Co-opted Members can provide committees with outside knowledge, experience and skills that can inform the work of the Committee and supplement the role of councillors.
- 1.4 All Co-opted Members (voting and non-voting) and any appointees to Task and Finish Groups are subject to the Members' Code of Conduct, Part 5I of the Constitution.
- 2. Co-opted Members on Scrutiny and Overview Sub-Committees required by Statute**
- 2.1 The Parent Governor representatives and the arch/diocesan representatives on the Scrutiny Sub-Committees exercising education function are required by law (*The School Standards and Framework Act 1998 for Parent Governors and the Education Act 1996 for Diocesan representatives*). The legislation explains that these co-opted Members will have full speaking and voting rights for any decisions relating to education and school matters. Parent Governor representatives are elected by the Borough's parent governors, but once coopted their role is to be an apolitical voice for *all* parents in the area. The Church of England and Roman Catholic representatives are nominated by the Bishop and Archbishop of Southwark respectively. Voting Co-opted Members on Scrutiny and Overview have the same rights of access to information as councillors in relation to their role on Scrutiny and Overview.
- 3. Co-opted Members on Scrutiny and Overview Sub-Committees appointed at the Committee's discretion**

- 3.1 Currently in Croydon there are two non-statutory co-opted Members: a teacher representative and the Healthwatch (Croydon) representative. These “nonstatutory” co-opted Members do not have voting rights and are co-opted at the discretion of the Scrutiny & Overview Committee, which can also rescind the appointment if it feels it is necessary.
- 3.2 The Scrutiny and Overview Committee has the power to appoint these additional co-opted Members if it is judged that they will be beneficial to the committee as it carries out its work. Before recommending any additional co-opted Members to full Council for appointment, the committee should demonstrate that it has considered the composition of the local community to ensure it is as representative as possible. An over-representation of any particular specialist area should also be avoided and the elected Members of the committee should always have a majority over co-opted Members.
- 3.3 These co-opted Members will usually (but not exclusively) be representatives of specific organisations relevant to the work of the committee. The recommending committee should invite the organisation to make an appropriate nomination, although a vacancy can be advertised more widely if the committee agrees it would be beneficial. Anyone who lives, works (including voluntary work) and/or studies in Croydon is eligible to be a co-opted Member, except if they are a Croydon Council Member or Croydon Council Officer. In approving an appointment, the committee will be mindful of the potential for any ongoing prejudicial interests between, for example, the co-opted Member’s paid employment and the work of the committee and there are declaration requirements placed on any such appointees.

#### **4. Appointments and Disciplinary Committee Co-opted Members**

- 4.1 The independent voting Co-optees on the Appointments and Disciplinary Committee are appointed to consider specified disciplinary matters.
- 4.2 Where the Appointments and Disciplinary Committee is giving consideration to dismissal of the Head of Paid Service, the Chief Finance Officer or the Monitoring Officer, the Appointments and Disciplinary Committee shall include at least two voting co-opted Independent Persons.

#### **5. Ethics Committee Co-opted Members**

- 5.1 The Independent non-voting Co-optees are required to be appointed by statute and are invited to attend all meetings of the Ethics Committee and their views are sought and taken into consideration before the Ethics Committee takes any decision on whether the Member’s conduct constitutes a failure to comply with the Code of Conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.

## **6. Audit and Governance Committee Co-opted Members**

- 6.1 Appointments and Disciplinary Committee recommends to Council the appointment of the independent (non-voting) Chair of Audit and Governance Committee. The Audit and Governance Committee appoints one further independent non-voting co-opted committee member.

## **7. Pensions Board Members**

- 7.1 The Pension Board, with an independent non-voting Chair, is formed of three voting employer representatives and three voting representatives of the Pension Fund. The Board secures the effective and efficient governance and administration of the Croydon Council Pension Fund.

## **8. Pensions Committee Co-opted Members**

- 8.1 The Pensions committee includes 1 voting co-opted Fund member representative nominated by the trade unions Staff Side non-, 1 Employer voting representative and 2 Pensioner Side co-opted Members (1 of whom is a voting co-opted member and one of whom is a non- voting co-opted member). This is representative of Fund stakeholders.
- 8.2 Staff Fund member side and Employers' side members are appointed on an annual basis following consultation with the Staff side and Pensioners of the Pension Fund.
- 8.3 Two representatives of Pensioners of the Fund are elected by ballot of Pensioners of the Fund, one of whom shall be a voting member and one of whom shall be a non- voting member. The representative with the most votes following the ballot of Pensioners of the Fund shall be the voting member. The other representative of the Pensioners of the Fund shall be non-voting however is permitted to exercise a vote only in the absence of, and on behalf of, the voting representative. The ballot is normally undertaken every 3-4 years.

## **9. Appointees to Panels/Forums**

- 9.1 Panels and forums are not regarded as Committees of the Council, nor are appointees to such forums regarded as co-optees. As such they are not subject to the Code of Conduct requirements placed either on voting or non-voting cooptees of the Council.

## **10. Terms of Office**

- 10.1 Subject to the requirements of the Committee in question, Co-opted Members will usually be invited to serve for a term of office of four years but be appointed annually at Full Council. Towards the end of a term of office, the relevant committee will consider whether any non-statutory co-opted post is still required. If it is, the committee shall advertise the vacancy by

means appropriate to the nature of the vacancy, which will usually include via the Council's website.

- 10.2 Non-statutory co-opted Members can be disqualified during their term of office if they do not attend four consecutive meetings of the committee to which they have been co-opted without giving an apology; if they fail to adhere to the Code of Conduct which applies to them or if they are subsequently elected as a Member of Croydon Council.
- 10.3 Where Co-optees are appointed on the basis of representing a particular organisation or group, then their term of office will also end if they resign from or are disqualified from being a Member of that organisation or representative of that group, or if that organisation/group ceases to exist.
- 10.4 It is the responsibility of the co-opted Member to inform the Council if a circumstance arises that they believe disqualifies them from continuing in their term of office.
- 10.5 Co-opted Members can also resign during their term of office if they feel that they can no longer fulfil the requirements of the role.
- 10.6 Non-statutory co-opted Members can also be appointed for a shorter period, for example, to be involved with a specific piece of work.

## **11. Powers and responsibilities**

### **11.1 Co-opted Members will:**

- Be required to comply with the Members' Code of Conduct and register and declare/ register and notify interests as required by the Code.
- Be expected to agree, in writing, to abide by the Code.
- Be entitled to speak on any matter that is discussed by the committee to which they have been appointed provided that it falls within their remit (for example on Appointments and Disciplinary Committee and Audit and Governance Committee, the co-optees are only appointed for specific purposes)
- Be encouraged to contribute to the development of the committee work programme and propose agenda items for future meetings
- Be expected to attend all meetings of the committee to which they have been appointed having read the agenda papers
- Bring an external perspective to the work of the Committee by utilising their specialist knowledge and experience
- Be expected to represent the whole community and not just one sector or viewpoint
- Act independently of party politics and lobbying interests
- Be responsible for keeping the organisation or interest they were appointed to represent informed and engaged in the work of the Committee

- Be expected to treat other committee Members, officers and external parties with respect
- Be required to recognise that they may encounter sensitive information and to act with discretion
- Not to disclose or - other than in the performance of their role on the Committee - use exempt or confidential information
- To raise issues with the Monitoring Officer or Head of Democratic Services at the earliest possible opportunity if there are any concerns

## 12. Support for Co-opted Members

- 12.1 All co-opted Members will be provided with a comparable level of support to the elected Members. This will include:
- All summons, agendas and committee reports will be sent to coopted Members at the same time as elected Members and will comply with the public access to information regulations
  - An induction will be provided for new co-opted Members that will outline their expected contribution and familiarise them with the Code of Conduct.
  - Co-opted Members will be invited to attend Member training sessions that relate to their role.
- 12.2 With the exception of the Chair of General Purposes and Audit Committee, co-opted Members will not receive an allowance or salary.

## 13. Why co-opt

- 13.1 Co-option is a way of ensuring that under represented voices are represented on Council committees. The Equality Act 2010(section 149) places a public sector equality duty on the council. The duty requires the Council to have due regard to *the need to advance equality of opportunity* between persons who share a relevant protected characteristic and persons who do not share it.
- 13.2 Having “due regard” to the need to advance equality of opportunity involves having due regard, in particular, to the need to *encourage persons* who share a relevant protected characteristic *to participate in public life* or in any other activity in which participation by such persons is disproportionately low.

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<b>REPORT TO:</b>	<b>Pension Committee</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>Training Plan and Review of Committee and Board Training</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett, Acting Head of Pensions and Treasury</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
Sound Financial Management: This report forms an important component of the governance arrangements for the stewardship of the Pension Fund (“the Fund”).	
<b>FINANCIAL SUMMARY:</b>	
Financial risks relating to the Pension Fund are substantial and can impact on the General Fund of the Council.	
<b>1. RECOMMENDATION</b>	
1.1 The Committee is asked to note the contents of the joint Pension Committee and Pension Board Training Log and Training Plan.	

## **2. EXECUTIVE SUMMARY**

- 2.1 This report advises the Committee of training undertaken by the Pension Board and Pension Committee members since January 2021 and asks them note the proposed joint Pension Committee and Pension Board training plan for 2022/23.

## **3 DETAIL**

- 3.1 In their 2019 governance review Aon recommended that the scope of the Knowledge and Skills Policy be extended to the Pensions Committee and Officers, as well as the Pensions Board. They further recommended that the policy should incorporate knowledge of the work of the London Collective Investment Vehicle (London CIV) and have regard to CIPFA guidance. The policy was agreed on 17 March 2020 (Minute 26/20). This policy has since been reviewed and the revised version was agreed by the Committee in their meeting of 14 June 2022.
- 3.2 Following the introduction of Markets in Financial Instruments Directive (MiFID II) in January 2018, in order to be treated as a professional client (rather than a retail investor) 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 by ensuring that levels of expertise, experience and knowledge are maintained to satisfy the MiFID II requirements.

- 3.3 All officers and Pension Committee Members charged with management. Operations and decision-making with regard to the Fund must be fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. All members and officers are expected continually to demonstrate their personal commitment to training and to ensuring that the knowledge and skills objective is met.
- 3.4 The CIPFA Knowledge and Skills Framework was updated in 2021 eight areas of knowledge and skills identified as the core requirements:
- pensions legislation;
  - pensions governance;
  - pension accounting and auditing standards;
  - pensions administration;
  - pension services procurement and relationship management;
  - investment performance and risk management;
  - financial markets and products knowledge; and
  - actuarial methods, standards and practice.

The CIPFA requirements for Pension Board members, Committee members and Officers are attached as appendices to the Knowledge and Skills Policy as approved at the Pension Committee meeting of 14 June 2022.

- 3.5 Members of the Committee had previously asked for a job description of their role to be provided. There is no standard document available as the role of the Committee is as defined in the Constitution and will be different for every Local Authority to reflect their individual structures. However, officers have created a document giving an overview of the role based on Croydon's constitution, as well as statutory, regulatory, CIPFA and SAB requirements, along with details of the Pension Board responsibilities (attached as Appendix D)
- 3.6 This report provides the Committee with a summary of the training undertaken by the Pension Board and Pension Committee since January 2021 (attached as Appendix A). Update reports on uptake of training opportunities by members of the Pension Board and Pension Committee will be presented at every Pension Board and Pension Committee Meeting.
- 3.7 This report provides the Committee with the proposed joint training plan for the Pension Board and Pension Committee for 2022/23 (attached as Appendix B) and an information document explaining the requirements (attached as appendix C)
- 3.8 This report provides the Committee with a standard feedback form for members of the Pension Board and Pension Committee to complete and forward to officers on completion of every training event attended by Pension Board and Committee members (attached as appendix E). This will confirm that the event was attended and will be recorded on the training log. If members do not inform officers of attendance at training events then details cannot be recorded on the log.

- 3.9 Members of the Pension Board and Pension Committee will be asked to take part in the National Knowledge Assessment run by Hymans which will take place in September and October 2022. This will involve the completion of a multiple choice questionnaire which assess knowledge across all areas of Fund management. The results will inform provision of further training opportunities.

#### 4. CONSULTATION

- 4.1 The Knowledge and Skills Training Policy has been agreed by Committee. This is reviewed every 3 years by the Pension Committee. The Aon governance review recommendations and CIPFA knowledge and skills requirements as well as action points from Board and Committee minutes have been incorporated into the plan.

#### 5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 5.1 There are no financial considerations arising from this report.

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

#### 6. LEGAL CONSIDERATIONS

- 6.1 The Head of Litigation and Corporate Law comments on behalf of the Director of Law and Governance that the Pension Committee's Terms of Reference (London Borough of Croydon's Constitution Part 4.N) Paragraph 7. **Knowledge and Understanding** provides that: *Members of the Committee are expected to continually demonstrate their own personal commitment to training and to ensure that governance objectives are met. To assist in achieving these objectives training sessions will be organised to ensure Committee members are familiar with the rules of the Fund with relevant legislation.*

- 6.2 In addition, similar training and knowledge obligations are placed on the Local Pension Board members ("LPB Members") both under the Public Service Pensions Act Schedule 4 Clause 19 amendment of the Pensions Schemes Act 1993 and as detailed in Part 4 M of the Constitution which provides, among other matters, that both Employer and Employee representatives participate in training as and when required. In addition, section 12 of Part 4M specifically deals with training requirements and provides as follows:

"12.1. Employer and Member Representatives (including substitutes) of the LPB must be conversant with – a. The legislation, Scheme Regulations and associated guidance of the LGPS; b. Any document recording policy about the administration of the LGPS (which is for the time being adopted by the Fund).

12.2. All members of the LPB must have a working knowledge and understanding of:

- a. The law relating to pensions, and

b. Any other matters which are prescribed in Scheme Regulations.

12.3. It is for the Scheme Manager (this is the Administering Authority) to be satisfied that those appointed have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the LPB or Committee.

12.4. In line with the duties under their role, the LPB and Committee members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date on anything that would fall within the remit of their role. Members are therefore required to maintain a written record of all relevant training and development (whether internal or external) they have undertaken. In the event that members wish to attend an external course/training event prior approval must be sought from the Scheme Manager. All information in relation to training and development of all members shall be made available to the Board and Committee as part of the Review Process. In addition, the Scheme Manager may, at any time request to inspect such records upon providing the relevant member with a written request which must be adhered to within 7 days of receipt of such a request. 1

2.5. All members will undertake an annual personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses as well as mandatory training that the Board or Scheme Manager considers is required to ensure the Board and Committee operates as effectively as possible. Members will comply with the Scheme Manager's training policy, details of which are found in the separate document titled "London Borough of Croydon Pension Fund Knowledge and Skills / Training Policy

Burges Salmon LLP (a law firm appointed by the Fund) note that there are no other legal implications arising from this report

## **7. HUMAN RESOURCES IMPACT**

7.1 There are no direct workforce implications arising from the recommendations within this report.

**Approved by:** Gillian Bevan, Head of Hr, Resources and Assistant Chief Executives on behalf of Dean Shoemith, Chief People Officer

## **8. EQUALITIES IMPACT**

8.1 The council has an obligation under the Public sector equality duty, which is to eliminate unlawful discrimination, to advance equality of opportunity and to build better relationships between groups with protected characteristics. No negative impacts have been identified amongst groups with protected characteristics because the training is mandatory. In cases where a person may

have a disability reasonable adjustment will be made for access to the training where necessary.

**Approved by:** Gavin Hanford, Director of Policy, Programmes & Performance

## **9. ENVIRONMENTAL IMPACT**

9.1 There are no environmental impacts arising from this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 There are no crime and disorder impacts arising from this report.

## **11. DATA PROTECTION IMPLICATIONS**

11.1 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:** Alan Layton 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: Summary of Training Undertaken

Appendix B: Proposed Training Plan

Appendix C: Training Plan Information Document

Appendix D: Committee and Board Roles Document

Appendix E: Feedback Form

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Training undertaken by Pension Board and Pension Committee April 2022 to August 2022

Date	Board/ Committee / Reserve Committee	Member	Event
07/06/2022	C	Cllr Simon Brew	Induction Training
07/06/2022	C	Cllr Nina Degrads	Induction Training
07/06/2022	C	Cllr Clive Fraser	Induction Training
07/06/2022	C	Cllr Patricia Hay-Justice	Induction Training
07/06/2022	C	Cllr Yvette Hopley	Induction Training
07/06/2022	C	Cllr Alasdair Stewart	Induction Training
07/06/2022	C	Cllr Callton Young	Induction Training
07/06/2022	R	Cllr Louis Carserides	Induction Training
07/06/2022	R	Cllr Richard Chatterjee	Induction Training
07/06/2022	R	Cllr Enid Mollyneaux	Induction Training
07/06/2022	R	Cllr Rober Ward	Induction Training
07/07/2022	B	Cllr Margaret Bird	Governance Review Update
07/07/2022	B	Mike Ellsmore	Governance Review Update
07/07/2022	B	Richard Elliott	Governance Review Update
07/07/2022	B	Teresa Fritz	Governance Review Update
07/07/2022	B	Ava Payne	Governance Review Update
07/07/2022	B	David Wickman	Governance Review Update

Training undertaken by Pension Board and Pension Committee January 2021 to March 2022

Date	Board/ Committee / Reserve Committee	Member	Event
26/01/2021	B	Richard Elliott	LGA Governance and Investment webinar
26/01/2021	C	Cllr Humayun Kabir	LGA Governance and Investment webinar
26/01/2021	B	Mike Ellsmore	LGA Governance and Investment webinar
25/03/2021	B	Teresa Fritz	AON webinar on TPR Code of Practice
25/03/2021	B	Mike Ellsmore	AON webinar on TPR Code of Practice
25/03/2021	C	Cllr Yvette Hopley	AON webinar on TPR Code of Practice
25/03/2021	C	Peter Howard	AON webinar on TPR Code of Practice
03/06/2021	B	Mike Ellsmore	Competancy self assessment matrix
03/06/2021	B	Richard Elliott	Competancy self assessment matrix
03/06/2021	B	David Whickman	Competancy self assessment matrix
03/06/2021	B	Teresa Fritz	Competancy self assessment matrix
23/06/2021	B	David Whickman	Barnett Waddingham Pension Board Annual Event
23/06/2021	B	Ava Payne	Barnett Waddingham Pension Board Annual Event
23/06/2021	B	Mike Ellsmore	Barnett Waddingham Pension Board Annual Event
23/06/2021	B	Richard Elliott	Barnett Waddingham Pension Board Annual Event
24/06/2021	B	David Whickman	CIPFA Board Members Annual Event
24/06/2021	B	Mike Ellsmore	CIPFA Board Members Annual Event
19/10/2021	B	Mike Ellsmore	AON webinar Refreshing and redesigning a 'one pension team'
19/10/2021	C	Peter Howard	AON webinar Refreshing and redesigning a 'one pension team'



Hymans On-line Training Modules Progress for Pension Board and Pension Committee

Fullname	LGPS Role	Course Name	Course Progress (%)
Appu Srinivasan	Pension Committee	Module 1 - An introduction to the LGPS	100
Appu Srinivasan	Pension Committee	Module 2 - LGPS Governance & Oversight Bodies	100
Appu Srinivasan	Pension Committee	Module 3 - Administration & Fund Management	100
Appu Srinivasan	Pension Committee	Module 4 - Funding and Actuarial Matters	100
Appu Srinivasan	Pension Committee	Module 5 - Investments	100
Appu Srinivasan	Pension Committee	Module 6 - Current Issues	100
Ava Payne	Pension Board	Module 1 - An introduction to the LGPS	100
Charles Quaye	Pension Committee	Module 1 - An introduction to the LGPS	16
Endri Llabuti	Pension Committee	Module 1 - An introduction to the LGPS	100
Endri Llabuti	Pension Committee	Module 2 - LGPS Governance & Oversight Bodies	14
Mike Ellsmore	Pension Board	Module 1 - An introduction to the LGPS	33
Mike Ellsmore	Pension Board	Module 2 - LGPS Governance & Oversight Bodies	35
Mike Ellsmore	Pension Board	Module 3 - Administration & Fund Management	41
Mike Ellsmore	Pension Board	Module 4 - Funding and Actuarial Matters	57
Mike Ellsmore	Pension Board	Module 5 - Investments	52
Mike Ellsmore	Pension Board	Module 6 - Current Issues	26
Peter Howard	Pension Committee	Module 1 - An introduction to the LGPS	33
Peter Howard	Pension Committee	Module 2 - LGPS Governance & Oversight Bodies	14
Peter Howard	Pension Committee	Module 3 - Administration & Fund Management	5
Peter Howard	Pension Committee	Module 4 - Funding and Actuarial Matters	21
Peter Howard	Pension Committee	Module 5 - Investments	5

Fullname	LGPS Role	Course Name	Course Progress (%)
Richard Elliott	Pension Board	Module 1 - An introduction to the LGPS	83
Richard Elliott	Pension Board	Module 2 - LGPS Governance & Oversight Bodies	71
Richard Elliott	Pension Board	Module 3 - Administration & Fund Management	70
Richard Elliott	Pension Board	Module 4 - Funding and Actuarial Matters	71
Richard Elliott	Pension Board	Module 5 - Investments	70
Richard Elliott	Pension Board	Module 6 - Current Issues	36
Robert Ward	Pension Committee	Module 1 - An introduction to the LGPS	100
Robert Ward	Pension Committee	Module 2 - LGPS Governance & Oversight Bodies	78
Robert Ward	Pension Committee	Module 3 - Administration & Fund Management	70
Robert Ward	Pension Committee	Module 4 - Funding and Actuarial Matters	92
Robert Ward	Pension Committee	Module 5 - Investments	76
Robert Ward	Pension Committee	Module 6 - Current Issues	31
Teresa Fritz	Pension Board	Module 1 - An introduction to the LGPS	100
Teresa Fritz	Pension Board	Module 2 - LGPS Governance & Oversight Bodies	100
Teresa Fritz	Pension Board	Module 3 - Administration & Fund Management	100
Yvette Hopley	Pension Committee	Module 1 - An introduction to the LGPS	50
Yvette Hopley	Pension Committee	Module 2 - LGPS Governance & Oversight Bodies	7

## Pension Board and Committee Training Plan 2022/ 23

### Mandatory Training

*Either*

Event	Details	Date	Offered To	Form
Hymans Module 1	Introduction	As required	All Board, Committee and Reserves	On line
Hymans Module 2	Governance & Regulators	As required	All Board, Committee and Reserves	On line
Hymans Module 3	Administration & Management	As required	All Board, Committee and Reserves	On line
Hymans Module 4	Funding & Actuarial Matters	As required	All Board, Committee and Reserves	On line
Hymans Module 5	Investments	As required	All Board, Committee and Reserves	On line

*Or*

LGE Fundamentals Course	Legal structure of LGPS	18/10/2022	All Board, Committee and Reserves	On line	20/10/2022	In Person
LGE Fundamentals Course	Investment framework of the LGPS	22/11/2022	All Board, Committee and Reserves	On line	10/11/2022	In Person
LGE Fundamentals Course	Duties and Responsibilities	20/12/2022	All Board, Committee and Reserves	On line	06/12/2022	In Person

**Plus**

<b>Induction Presentation</b>	In house Induction Event delivered by Hymans	07/06/2022	Committee and Reserves	Council Chamber
	In house Induction Event delivered by Hymans	TBA	Board	
	Also as required on an individual basis			
<b>National Knowledge Assessment</b>	Form to be completed	Start Financial Yr	All Board, Committee and Reserves	Email

**Plus**

Aon pre-meeting session	Cyber Security	TBA				AON	All Board
Aon pre-meeting session	Data Dashboard	TBA				AON	All Board
AON in meeting advice	Governance Review Update	07/07/2022			During Board Meeting	AON	All Board
Aon pre-meeting session	McCloud Update	TBA				AON	All Board
Hymans pre-meeting session	Trienniel Valuation	11/10/2022				Hymans	All Board, Committee and Reserves
Mercers pre-meeting session	Investment Advisors Presentations	06/12/2022				Mercers	All Board, Committee and Reserves

		07/07/2022	13/10/2022	Jan-23
Governance Review	AON			
Cyber Security	AON			
Data Dashboard	AON			
McCloud Update	AON			

## Additional Training Opportunities

Events	es			Details	Details	Offered To
PLSA Annual Conference	12/10/2022	13/10/2022		2 Days	ACC Liverpool	All Board, Committee and Reserves
Barnett waddingham DB trustee online training sessions	04/10/2022	05/10/2022	06/10/2022	3 Days	On line	All Board, Committee and Reserves
LGPS Conference	19/01/2023	20/01/2023		2 Days	Marriott Hotel Cardiff	2 Members of Board and 2 Members of Committee
<b>Webinars</b>						
Barnett Waddingham on-demand webinars	Any Time				On line	All Board, Committee and Reserves
Aon webinars					TBA	All Board, Committee and Reserves
<b>Fund Manager Visits</b>						
Investment Managers Presentations	Rota			1 Hour	See rota	All Board, Committee and Reserves

				10.00 AM	10.00 AM	10.00 AM			
				11/10/2022	09/11/2022	06/12/2022	Jan-23	Feb-23	Mar-23
1	Fund Manager Presentation	RBC with CIV							
2	Fund Manager Presentation	Wellington							
3	Fund Manager Presentation	Schroders							
4	Pre-meeting Training	Hymans (valuation)							
5	Pre-meeting Training	Mercers (investment)							
6	Fund Manager Presentation	Access	TBA						

<b>Induction</b>						
Induction Training Committee	As required				Delivered 7/6/2022	All Committee and Reserves
Induction Training Board	As required				To be delivered by Board Chair	All Board

**Useful Reference Site**

SAB Website	As required			Reference Information		All Board, Committee and Reserves
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<https://lgpsboard.org/index.php/welcome>

<b>Hymans on-line training Module 6 - Current Issues</b>						
<b>Topics currently available</b>						
Understanding McCloud	As required			Videos	On line	All Board, Committee and Reserves
Understanding Goodwin	As required			Videos	On line	All Board, Committee and Reserves
Cost Sharing	As required			Videos	On line	All Board, Committee and Reserves
Introduction to Cyber Risk	As required			Videos	On line	All Board, Committee and Reserves
GAD Section 13	As required			Videos	On line	All Board, Committee and Reserves
Climate Change and TCFD (Taskforce for Climate-related Financial Disclosures)	As required			Videos	On line	All Board, Committee and Reserves

**Planned Hymans Additions to Module 6**

TPR Single Code

Good Governance

Responsible Investment

## Mandatory Training

### CIPFA Knowledge and Skills Framework

To enable you to meet the CIPFA knowledge and Skills requirements you will need to complete **either** of the two following resources (both Hymans and the organisers of the LGE Fundamentals course have ensured that these training provisions meet the CIPFA knowledge and skills requirements):

### Hymans On-line training Facility

We provide an online training programme which is delivered by Hymans. It gives you the flexibility to complete training whenever it is convenient for you. You can access it at any time and complete as much or as little as want; you do not have to complete a whole module at once as your progress will be saved.

The programme is split into 6 modules. The first 5 modules deliver the mandatory CIPFA training. Module 6 is entitled 'Current Issues'. It will deliver training on various hot topics and will be refreshed on an ongoing basis. It will keep you up to date with issues concerning the LGPS as they emerge. **Even if you choose to complete the LGE Fundamentals sessions, the Hymans on-line facility is still a valuable reference tool and we would urge you to make use of it.**

We will be able to check on your progress in completing the modules through regular reports. The data for modules 1 to 5 will be included in periodic reports to Board and Committee and will be added to your training record.

You have been sent login details via email to allow you to access this learning.

### LGA Fundamentals Course

The LGA run an annual training course run over 3 days which provides a scheme overview and covers current issues in relation to administration, investment and governance of the LGPS. Attending all three days will allow you to meet the relevant requirements for knowledge, skills and understanding either required in statute or encouraged by relevant guidance. Each day has a different theme and will include sessions delivered by experts in their field.

The dates for this year's sessions and links to the agendas have been emailed to Board and Committee members and reserve members; there is a choice of attending remotely or in person. If you haven't already done so, please email the Governance and Compliance Manager if you would like to attend and we will make the booking for you.

## Competency Self – Assessment Matrix

The CIPFA Competency Self-Assessment Matrix is a checklist for you to rate your knowledge against the CIPFA knowledge requirements. It will help you and us to identify where there are gaps in your knowledge so that these can be addressed. We will usually ask you to complete this once a year. Your answers will be used to feed into the training plan so that we can tailor training events to specific areas of need. However, this year an alternative method will be used – [The National Knowledge Assessment](#).

## National Knowledge Assessment

In 2020, Hymans designed a National Knowledge assessment following recommendations from the Scheme Advisory Board that LGPS pension committee and board members will need to start evidencing their understanding of and capability in respect of their pension knowledge.

The assessment results from all participating LGPS funds are used to produce a national report containing analysis of the LGPS Pension Committee and Board landscape. Additionally, each Fund receives the following:

- Their own Fund results report
- Individual participant scores
- Benchmarked Fund results against other LGPS funds and tracked against 2020 results
- Benchmarked engagement scores
- Analysis and suggested next steps
- A recommended training plan tailored for your Committee and Board

We will be participating in the 2022 National Knowledge assessment. It takes the form of a set of multiple-choice questions across a range of knowledge areas which takes 15 to 20 minutes for Board and Committee members to complete.

For us to get the maximum benefit from this exercise we need all Board, Committee and Reserve members to participate. You will be sent information on what you need to do in due course.

## Induction Training

An induction session for the Committee took place on 7 June 2022. It was delivered by Hymans and gave you some background information about the LGPS and some specific information about the Croydon Fund.

As and when new Committee or Board members join us, individual induction training will be arranged.



### **Additional Pre-meeting Training**

Officers have arranged some topic- specific training sessions before Board and Committee meetings so that members do not need to attend training on additional days. These are current issues affecting the Fund and Committee and Board members should be informed on these areas.

### **Supplementary Training**

We will be offering you additional supplementary training opportunities during the year. These will be either external sessions with outside providers, sessions delivered by the Fund advisers or guest speakers and presentations from the Fund Investment Managers. Details will be provided on the Fund Training Plan and/or via email.

We would urge members to participate in as many of these opportunities as possible as they will further enhance your knowledge and understanding and will keep you up to date with current developments and issues.

### **General**

A feedback form is provided for you to tell us when you have completed any training opportunities (you do not need to complete one for the Hymans on-line resource). This informs us when you have attended an event and allows you to provide comment on how useful you found it. Please ensure you complete a form for every training opportunity you attend and forward it to the Governance and Compliance Manager for recording in the training records (including any events that you attend that have not been facilitated by us). If you do not provide us with the completed forms, we will not always know that you attended a training session and will therefore not be able to record it on the training log.

If you become aware of a training opportunity that we haven't facilitated please make us aware so that we can publicise it to other members.

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## **Summary of the role of the Committee**

The committee is the responsible committee of the London Borough of Croydon in its capacity as scheme manager/ administering authority. The role of the Committee is setting strategy whilst officers will provide advice and ensure the strategy is implemented. The main areas of strategic responsibility are as follows:

To ensure that the Fund is properly operated in accordance with the Local Government Pensions Scheme Regulations (“the Regulations”) all other relevant legislation, statutory guidance and best practice as advised by Department for Levelling Up, Housing and Communities, the Pensions Regulator and the Scheme Advisory Board (as applicable), including financial, governance and administrative matters.

To adopt Fund specific policies concerning the administration of the Fund, investing of Fund monies and the management of the Fund’s solvency level. In addition, the committee is responsible for compliance with all financial and regulatory requirements of the Fund.

To discharge its fiduciary responsibilities in the best interests of the Fund.

To set the investment policy and review the performance of the Fund’s investment managers, pooling arrangements, scheme administration, and external advisors.

To make arrangements for the triennial actuarial valuation.

To determine the Pension Administration Strategy and communications policy and keep them under review.

To approve and monitor compliance of statutory statements and policies required under the Regulations.

To approve the Fund’s Statements of Accounts and annual report;

To ensure that the Council discharges its obligation, as administering authority for the local government pension scheme, to other scheme employers;

To make representations to government as appropriate concerning any proposed changes to the Local Government Pension Scheme.

To ensure the terms of reference are reviewed at least annually

To meet the knowledge and skills requirements of CIPFA knowledge and Skills framework

To attend pension training events

To keep officers advised of training completed

To attend committee meetings

To take advice and oversee actions arising from the Pension Board recommendations

To monitor Breaches and Risks and take any necessary action

To approve the annual business plan

To appoint external Fund advisors and other service providers

To oversee the application of the Internal Disputes Resolution Procedure

To monitor performance across all aspects of the service undertaken by the Fund

To receive and where necessary instruct corrective action, in response to both internal and external auditor reports

To review the investment strategy statement and Funding Strategy Statement

To review the administrative authority mandatory discretions policy

To review the Governance policy and compliance statement

To review the Training policy

To oversee keeping records and ensuring the quality of member data

To ensure the correct contributions are paid to the Fund

To manage conflicts of interest

To publish information

To communicate information to Fund members

## **Role of The Pension Board**

Pension boards are responsible for assisting the scheme manager in securing compliance with the scheme regulations and other legislation relating to the governance and administration of the scheme; the scheme manager is the administering authority (the pension committee) in the local government scheme. The Board and Committee work together in practice in support of the management of the Fund for the benefit of stakeholders.

The pension board will:

Secure compliance with requirements imposed in relation to the scheme by the Pensions Regulator.

Assist the Scheme Manager to ensure the effective and efficient governance and administration of the scheme.

Secure compliance with legislative requirements.

Advise and make recommendations to the pension committee on all aspects of their areas of responsibility

Attend board meetings

Meet the knowledge and skills requirements of CIPFA knowledge and Skills framework

Attend pension training events

Keep officers advised of training completed

Monitor Breaches and Risks and take any necessary action

Monitor compliance with the Conflicts of Interest policy

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## **Training Attendance**

**Name of event:**

**Date of event:**

**Name of Board / Committee Member:**

**Rate effectiveness of training 1 (Poor) to 5 (Excellent):**

**Feedback / Comments:**

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## Croydon Council

<b>REPORT TO:</b>	<b>Pension Committee</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>Croydon Pensions Administration Team Key Performance Indicators for the Period From May 2022 to July 2022</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett - Acting Head of Pensions and Treasury</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:</b>	
Sound Financial Management: The Pension Committee is responsible for the effective administration of the Local Government Pension Scheme. These Key Performance indicators provide a measure of how well that administration functions.	
<b>FINANCIAL IMPACT</b>	
Poor administration may ultimately lead to incorrect calculation or payment of benefits or indeed financial penalties	

### 1. **RECOMMENDATION**

The Committee 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 for the three month period up to the end of July 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 Pension Authorities) and is reporting to the committee on the LGPS administration performance for the period May 2022 to July 2022. The indicators cover legal deadlines; team performance targets, case levels, take up of the member self-service and the indicators and performance against these are details more fully in Appendix A to this report.

- 3.2 The team continue to perform well on life event cases such deaths and PEN 14062022

retirements.

- 3.3 Annual benefits statements were published online within the statutory timeframe, by 31 August. Annual benefit statements were produced for 100% of active members and 86.19% of deferred members giving a total of 92.30%. An analysis of the deferred statements not produced indicated the majority related to outstanding leaver calculations, which have been identified as part of the backlog project contracted to a third party. Work on this project continues and members are being contacted once the calculations have been completed. The remainder relate to leavers where we are awaiting transfer details from other LGPS funds before the deferred benefits can be processed or those that have left the scheme post 31 March 2022 and we await leaver information from employers. These cases are included in BAU work and handled by the Pension Administration Team as part of the daily workflow. Members will be contacted once the calculations have been completed.
- 3.4 Work on the backlog project is in the final stages. As at the 31 July 2022 there remain 1083 outstanding tasks assigned to the backlog project. Of these 773 are in the process of being calculated or checked.
- 3.5 Scheme employers were contacted in February and March 2022 regarding end of year returns the deadline for submission. The response from employers was positive with 34 received by the deadline a further 9 were received in May. The quality of returns was generally good but it highlighted that some of the larger employers were not notifying the administration team of members starting and leaving promptly. A communication will be sent to employers reminding them of their responsibility in this regard.
- 3.6 We have agreed a plan to trace former leavers identified as part of the backlog project. This will commence in October following completion of the annual allowance calculations. As at the 31 July 2022 tracing tasks equated to just over 27% of our case load. We will be able to complete hundreds of DBTRACE tasks as a result, as well as increasing Member Self-Service uptake.
- 3.7 We have onboarded three more payroll providers to full I-Connect, this encompasses six employers in total. There are still issues with the Oracle I-connect files which has required the Technical Team to spend time sorting out the Oracle end of year information.
- 3.8 We have met with our software provider to discuss the Data Dashboard solution and ways to improve the quality of data matching criteria in readiness for the implementation of Data Dashboard requirements.
- 3.9 We ran the Data Quality scores for The Pensions Regulator in late August and we anticipate the results in early October
- 3.10 We are currently working on the Annual Allowance calculations for over 9000 active members. We are required to provide Pension Saving Statements by 6 October 2022.

#### **4. CONSULTATION**

- 4.1 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.

## **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

5.1 There are no financial or risk assessment considerations arising from this report.

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

## **6. LEGAL CONSIDERATIONS**

6.1. Burges Salmon LLP ( a legal advisor appointed to the Pension Fund) comments that there are no direct legal implications arising from the recommendations within this report.

## **7. HUMAN RESOURCES IMPACT**

7.1 There are no direct workforce impacts arising from this report but the pension scheme is an important staff benefit for recruitment and retention. It is therefore important that the team are appropriately resourced to maintain service performance.

**Approved by:** Gillian Bevan, Head of Human Resources on behalf of Dean Shoesmith, Chief People Officer

## **8. EQUALITIES IMPACT**

8.1 There are no equalities impacts arising from this report.

**Approved by:**

## **9. ENVIRONMENTAL IMPACT**

9.1 There are no environmental impacts arising from this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 There are no crime and disorder impacts arising from this report.

## **11. DATA PROTECTION IMPLICATIONS**

11.1 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:** Alan Layton 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.

**APPENDIX**

**Appendix A:** Croydon Pensions Admin Team Performance Report, May 2022 to July 2022

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# Croydon Pensions Admin Team Performance Report

September 2022



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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
		May 2022		June 2022		July 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	138	97%	54	81%	58	88%		
<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)	118	34%	303	16%	474	16%		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
		May 2022		June 2022		July 2022			
<b>To process and pay a refund</b>	Two months from the date of request	16	100%	22	100%	32	100%		
<b>Obtain transfer details for transfer in, calculate and provide quotation to member</b>	Two months from the date of request	0	N/A	1	100%	1	100%		
<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	52	100%	39	100%	39	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	80	100%	61	100%	75	100%		

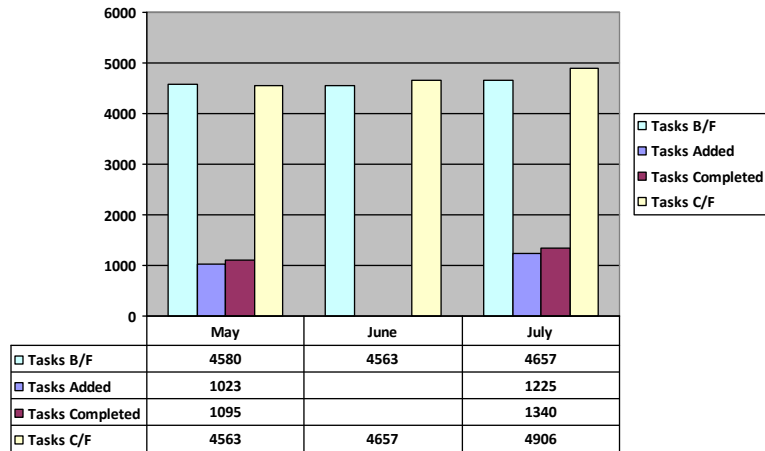
Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		May 2022		June 2022		July 2022			
<b>Calculate and notify (dependent(s) of amount of death 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)	34	100%	20	100%	17	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
		May 2022			June 2022			July 2022				
Send a notification of joining the LGPS to a scheme member	30 days from date of notification of joining member	138	66%	22	54	69%	28	58	88%	27	↑	
Inform a scheme member of their calculated benefits (refund or deferred)	40 working days from date of notification (from employer or scheme member)	118	29%	591	303	15%	893	474	15%	914	→	<p>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.</p> <p>The Pension Committee have requested a breakdown between backlog and current cases. It has not proved possible to separate these cases however a more detailed breakdown of cases completed by Hymans is shown at the end of this report.</p>

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
		May 2022			June 2022			July 2022				
<b>To process and pay a refund</b>	40 working days from the date of request	16	100%	2	22	100%	5	32	100%	2		
<b>Obtain transfer details for transfer in, calculate and provide quotation to member</b>	40 working days from the date of request	0	N/A	N/A	1	100%	1	1	100%	1		
<b>Notify the amount of retirement benefits</b>	20 working days from date of retirement	52	100%	1	39	100%	2	39	100%	2		
<b>Provide a retirement quotation on request</b>	15 working days from date of request	80	99%	4	61	98%	2	75	99%	3		One case each month did not meet target.
<b>Calculate and notify (dependent(s) of amount of death benefits</b>	20 working days from receipt of all information	34	100%	4	20	100%	5	17	100%	3		

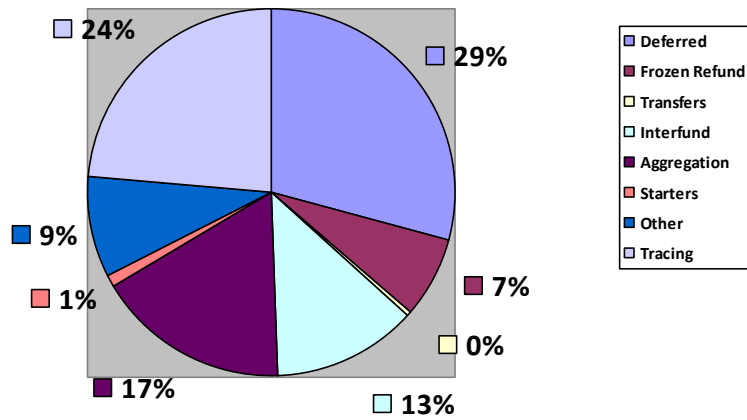
## Case levels – excluding backlog cases



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 are now using two separate reports to capture both tasks and cases to accurately reflect the workload situation.

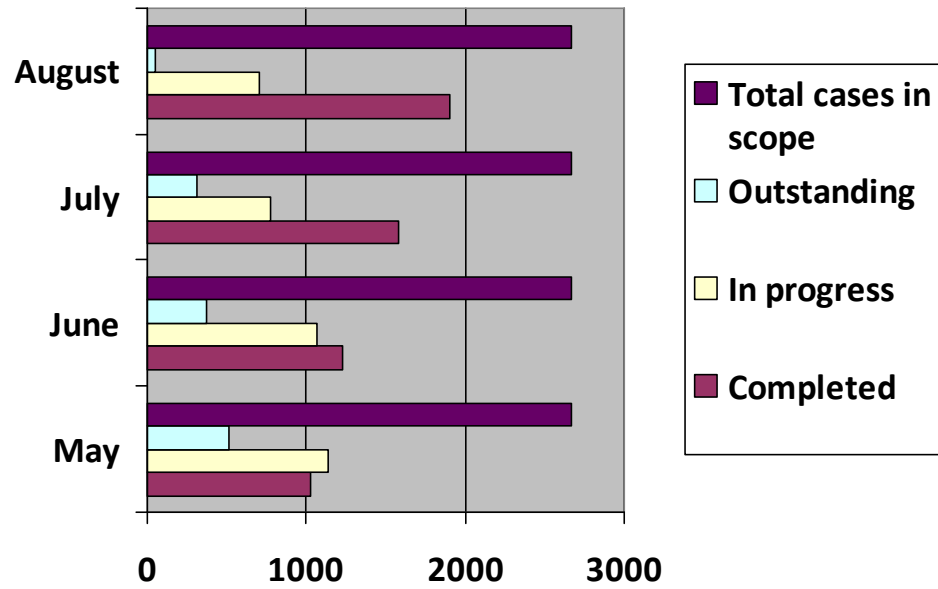
The above table does not include cases being completed as part of the backlog project. These have been separated out and reported on a separate table below.

## 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. Figures taken from July 2022

## Backlog cases levels



### Contributions Monitoring

Contributions reconciled to schedules	% Completed
April 2022 to June 2022	97.57





<b>REPORT TO:</b>	<b>Pension Committee</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>Review of Risk Register</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett, Acting Head of Pensions and Treasury</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b> Sound Financial Management: This report forms an important component of the governance arrangements for the stewardship of the Pension Fund.	
<b>FINANCIAL SUMMARY:</b> Financial risks relating to the Pension Fund are substantial and can impact on the General Fund of the Council.	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.:</b> N/A	

<b>1.</b>	<b>RECOMMENDATION</b>
1.1	The Committee is asked to note the contents of the Pension Fund Risk Register and to comment as appropriate.

## 2. EXECUTIVE SUMMARY

- 2.1 It is recommended best practice for the Pension Committee to maintain a risk register covering the most significant risks faced by the Fund. This report presents the current register (Appendix A) for the Committee's consideration.

## 3. DETAIL

- 3.1 Best practice recommends that a risk register is maintained by the Pension Committee recording relevant risk scenarios, together with an assessment of their likelihood and impact and appropriate mitigations. This report discusses the most significant risks relating to governance, funding, assets and liabilities and operational matters. Appendix A details these risks.
- 3.2 The Committee is invited to comment on whether it considers this list sufficiently exhaustive and whether the assessment of each risk matches its perception on the adequacy of existing and future controls.
- 3.3 In accordance with the Risk Management Policy, the Risk Register is reviewed periodically and reported to the Committee on a quarterly basis.

- 3.4 Risks are rated on a scale of 1 to 5 on the likelihood of the risk occurring and its impact if it does. This allows a range of potential scores of between 1 and 25. The register shows that there are 17 risks on the main register with 13 being significant risks for the Fund (i.e. scored 10 or higher). With all of the planned future controls in place, the significant risks could be reduced to 4.

The risk register is attached as Appendix A.

- 3.5 Since the Committee last reviewed the Register:

Four risks have been removed from the register as follows:

Risk 5 - Under the S.13 reporting regime, the Government Actuary's Department (GAD) form a view of the viability of LGPS funds. Using GAD assumptions, rather than the Scheme Actuary's, the Fund is in the bottom decile for funding. There is a risk that the Government may intervene in the investment of the Fund.

Reason for removal: The results reported in September 2021 gave the Fund a clean bill of health and moved from 81<sup>st</sup> to 72<sup>nd</sup> out of 88

Risk 9 - There is still a risk that a "Hard Brexit" will result in disruption to the way that fund managers can operate and that this will have a damaging impact on the Fund.

Reason for removal: The Fund's investment managers took appropriate action to ensure that there has been no disruption caused.

Risk 10- Coronavirus – risk to investment returns of the Pension Fund from a global financial crisis. The UK economy is in recession and European and US markets are fragile. If returns on the investment of the Pension Fund are negatively impacted long term there may not be adequate resources to meet the Fund's liabilities. This may lead to a need to increase employer contribution rates. This impacts on Council budgets.

Reason for removal: The risk due to coronavirus has subsided. It is covered general risk.

Risk 11 - There are a number of specific geopolitical risks which could affect the performance of global equities. The ones most likely to impact on the Fund are global trade tensions especially those arising from US/China competition. Others with potentially serious impact are internal US politics, Gulf tensions, and Brexit.

Reason for removal: This risk has been replaced by risk 16 on the register.

Seven new risks have been added to the register as follows:

Risk 15 - Cyber Security – The heightened security threat level due to the Russian invasion of Ukraine could potentially result in added risks to the pension administration system.

Risk 16 - Russia has invaded Ukraine. There are global economic repercussions relating to oil and gas prices; energy markets; stock markets; and currencies. The Pension Fund will be impacted by these developments because it has exposure to these markets and geographies.

Risk 17 - In February 2022 DLUHC issued the Levelling Up white paper requiring Funds to deploy at least an additional 5% of their capital to relevant investment opportunities in the UK. The additional requirement could be problematic for funds such as Croydon which already allocate a significant proportion of their capital to the UK in illiquid assets.

Risk 18 - Changes in legislation affect the level of performance of the Pensions Admin Team. Scheme members experiencing delays in receipt of their pension entitlement. Statutory deadlines are not met leading to breaches of legislation and pension regulator requirements. Scheme member dissatisfaction. Reputational damage. Financial penalties. Legal action / challenge.

Risk 19 - System malfunction or interruption of our banking systems. The FCA disclosed that in the last 9 months of 2018 there were more than 300 IT failures impacting on bank customers ability to access their funds. The 6 largest banks on average experience one IT failure every 2 weeks. The risk is that one of these failures is for a sustained period of time impacting on BACS and CHAPS payments both into and out of the council. This could prevent members of the public and businesses from accessing funds result in financial loss and /or service interruption.

Risk 20 - Risk of losing or being unable to recruit suitably experienced staff. The Head of Pensions and Treasury has retired and other positions within the Pension Team have been vacant for a while. Lack of resourcing and knowledge will have a detrimental impact on the performance of the fund.

Risk 21 - Liquidity risk - Inflation is currently running at 10% which will feed into pension increases and lead to pressures on cashflow. This means there is a risk that the authority might find itself with insufficient cash to meet short term and medium term liabilities without having to disinvest and thus damage the prospects of generating adequate investment returns.

Eight risks have had the existing or future controls updated. Those risks are numbers 1, 2, 3, 4, 6, 8, 12 and 13.

Two risks have not been changed. Those risks are numbers 7 and 14.

3.6 The Committee is asked to note the contents of the Pension Fund Risk Register and to comment as appropriate.

#### **4. CONSULTATION**

- 4.1 Officers have previously consulted with both the Pension Committee and Local Pension Board on the template for the Risk Register which forms the basis of Appendix A.

#### **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 5.1 There are no direct financial considerations arising from this report. This report addresses risk

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

#### **6. LEGAL CONSIDERATIONS**

- 6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) note there are no direct legal implications arising from the recommendations within this report.

#### **7. HUMAN RESOURCES IMPACT**

- 7.1 The report references the risks around not having appropriate workforce resource. HR will work with the service as applicable including recruitment to vacant posts where approved. There are no other direct workforce implications arising from the recommendations within this report.

**Approved by:** Gillian Bevan, Head of HR, Resources and Chief Executives on behalf of Dean Shoemith, Chief People Officer.

#### **8. EQUALITIES IMPACT**

- 8.1 There are no equality implications arising from this report.

**Approved by:** Denise McCausland – Equality Programme Manager

#### **9. ENVIRONMENTAL IMPACT**

- 9.1 There are no environmental impacts arising from this report.

#### **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no crime and disorder impacts arising from this report.

**11. DATA PROTECTION IMPLICATIONS**

**11.1 WILL THE SUBJECT OF THE REPORT INVOLVE THE PROCESSING OF 'PERSONAL DATA'?**

**NO**

**Approved by:** Alan Layton 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

**APPENDIX:**

Appendix A: Risk Register

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Pensions Risk Register

Risk Scenario		Current Risk Rating			Future controls		Future Risk Rating		
Risk	Type	Existing Controls	Impact	Likelihood	Risk factor		Impact	Likelihood	Risk Factor
1	If other scheme employers cease trading or operating for any reason the Scheme Actuary will calculate a cessation valuation of their liabilities. If that employer cannot meet that liability the Council has to make good the shortfall.	<b>Governance Risks</b> Employers contributions are monitored on a monthly basis. Council officers rely on good communications to identify any problems at the earliest stage. The range of remedies includes reporting to The Pensions Regulator, involving other statutory bodies, such as the Education Funding Agency, up to court enforcement action.	3	4	12	Admission, Cessation and Bulk Transfers Policies were agreed by the Committee at their meeting of 3 December 2021 which will mitigate the risk. The Fund puts measures in place such as bonds and parent company guarantees or reduces the funding time horizon to reduce the impact resulting from employer failures. These areas will be reviewed as part of the triennial valuation.	2	3	6
2	The Fund's invested assets are not sufficient to meet its current or future liabilities.	<b>Funding - Assets and Liabilities Risks</b> A formal actuarial valuation is carried out every three years, although the Government have consulted on changing this to every 4 years. This results in a Funding Strategy Statement which is regularly reviewed to ensure contribution rates and the investment strategy are set to meet the long term solvency of the Fund. The Scheme Actuary's view is that there is a 75% chance that the funding target will be achieved. The current Strategy was agreed by the Committee on 17 March 2020 with updates being agreed at the Committee meeting on 25 May 2021. The Fund is current carrying out the March 22 valuation which has indicated an improvement in the funding level.	4	3	12	Officers are looking at ways of monitoring the funding level on a more frequent basis rather than waiting for a full valuation every three years, although this needs to be done efficiently and in a cost effective manner. Officers will work with the Actuary to seek a cost efficient way of estimating changes to the funding level.	4	2	8
3	Liquidity risk - A third of the Fund is held in illiquid investments. This means there is a risk that the authority might find itself with insufficient cash to meet short term and medium term liabilities without having to disinvest and thus damage the prospects of generating adequate investment returns.	<b>Funding - Assets and Liabilities Risks</b> The Fund's contribution income is currently enough to cover the short term liabilities. This is kept under constant review. The amount of cash held by the fund has increased to 2% of the Fund to mitigate this risk.	3	2	6	The illiquid assets are reaching a point where distributions are higher than calls, so are generating cash. Further commitments to investments will be put on hold until a medium term cash projection has been completed.	3	2	6
4	There is a possible risk of scheduled or admitted bodies not paying over contributions, which involves the administering authority in incurring unnecessary costs.	<b>Funding - Assets and Liabilities Risks</b> The authority has retained legal advisors to mitigate this risk, possibly through legal channels. There is one significant case, in terms of contributions due, which is currently being considered by the Pensions Ombudsman.	3	5	15	A structured process has been introduced to monitor receipts of contributions. Contributions and schedules are chased promptly and reconciled. Improved team communications is aiding in this process, which is monitored by the Pensions Board. These measures are improving outcomes. However, they require more time to administer and resources across the governance and accounts teams are impacted. Additional staffing is in the process of being secured.	3	2	6

6	There is a risk that, under any set of circumstances, an assets will will underperform. The Fund has a significant allocation to several single asset categories - for example, equities, fixed interest, property or alternatives - which potentially leaves the Fund exposed to the possibility that a particular class of assets will underperform relative to expectation.	<b>Investment Risks</b>	The investment allocation mix is in a variety of uncorrelated investments designed to give a diverse portfolio, meaning any one investment class should not unduly impact on the performance of the overall portfolio if it underperforms relative to expectation.	3	3	9	Officers with the help of the Fund's Investment Adviser will continue to assess the asset mix of the Fund to ensure it continues to meet the required returns.	3	2	6
7	The London CIV has been experiencing problems recruiting to key roles, including to the Chief Investment Officer vacancy. This raises a number of concerns, including: fund launches; progress on the ESG project; and expanded permissions from the FCA. This latter point relates to their ability to transition funds.	<b>Investment Risks</b>	Recruitment has inevitably been impacted by the lockdown but the CIV has now filled a number of key roles. This provides a degree of reassurance that fund launches and key projects should be able to proceed according to plan.	4	2	8	As the CIV becomes more established recruitment issues should become less significant.	4	2	8
8	Specific macro-economic risks are addressed below but there is a more general, underlying risk of a global collapse in investment markets. The markets have experienced a continuous sequence of such events: Latin American sovereign debt; Black Friday crash; the Dot.com bubble; sub-prime, credit crunch and the Coronavirus pandemic. Other crises are inevitable.	<b>Global Macro-economic Risks</b>	The discount rate assumption is reviewed at every valuation to ensure it gives appropriate views on future return expectations. The Fund is also well-diversified which provides a degree of protection. The diversified nature of the Fund meant that the Fund was well protected during the Coronavirus pandemic.	4	3	12	The asset allocation strategy will be revised during 2022/2023. Consultations with the Fund's Investment Adviser are ongoing to ensure that, so far as possible, the Fund remains conscious of these risks and is taking reasonable precautions.	4	3	12
12	Cyber Security – Risk to systems including by system failure, ineffective business continuity plan and lack of adequate monitoring arrangements for third party suppliers. If adequate protections are not in place to prevent system failure working time could be affected impacting workloads and delivery of key performance indicators. If an effective business continuity plan is not in place and communicated to staff the impact of any system failure will be increased. If adequate monitor arrangements for suppliers are not implemented and reviewed service delivery may be adversely affected.	<b>Operational Risks</b>	Heywoods is a hosted system. They have processes in place for backing up files, storing data safely and preventing system failure. This is included in the contract we have with them. The technical team keep logs of issues and responses to monitor this. We have a business continuity plan in place should issues arise. Key suppliers, Aquila Heywood and Hymans Robertson both have ISO:270001 which is the international standard for information security management systems (ISMS).	4	3	12	We are currently working with Aon to strengthen our Cyber Security arrangements. We will be producing and implementing policies and processes focusing on this area.	4	2	8



13	Cyber Security - risk of unauthorised access to personal and other data including by unsafe home working practices, data access protection and levels and safe storage of data. If safe working practices are not followed devices could be lost or stolen or data could be viewed or tampered with. If data access levels are not kept up to date and set at a level appropriate for the performance of the duties of the role only, any possible misuse or error will have a more severe effect. If data held on the pension system is not backed up there is a risk of data being lost in the event of a system failure.	Operational Risks	Mandatory GDPR and Cyber Security training has been provided to all new and existing staff. There is a remote working protocol available on the staff intranet which includes guidance on working securely, in addition to a good practice guide on information management. When working from home devices are encrypted and accessed via a VPN. Bit locker and passwords are required to access systems. No physical papers are taken home and staff are advised of the need to keep computers in a secure place, never to leave devices unattended and not to access systems in public locations. Appropriate data access levels to the pensions administration system are assigned by the Technical Support Team on appointment or change of role, according to the requirements of the role.	4	3	12	We are currently working with Aon to strengthen our Cyber Security arrangements. We will be producing and implementing policies and processes focusing on this area.	4	2	8
14	McCloud Judgement. There is a risk affecting our ability to implement the requirements of the McCloud judgement post resolution. Issues include lack of historic data, appropriate resource, capacity or budget to undertake the work. This could result in legal breaches reportable to the Pensions Regulator, incorrect pension entitlements being calculated for pensioners and loss of confidence in the service by scheme members and employers.	Operational Risks	Keeping up to date with information from the Scheme Advisory Board, Local Government Association, and the Government actuary's Department. The Technical Team are ensuring that part time hours are being recorded on Altair.	4	4	16	Decide how gathering of data from employers will be resourced. Once regulations issued and remedies understood, ensure pension service is appropriately resourced to deal with additional workload	4	3	12
15	Cyber Security – The heightened security threat level due to the Russian invasion of Ukraine could potentially result in added risks to the pension administration system.	Operational Risks	In response to the heightened threat, Heywoods have conducted focused threat simulations based upon potentially malicious email traffic, reinforced organisational awareness of the threat landscape and raised vigilance through additional staff training and blocked access/internet traffic from specific countries.	4	3	12	Heywoods will continue to closely monitor the cyber threat landscape, particularly threats connected with events in Ukraine. When necessary, they will take immediate action to mitigate against new threats as they emerge.	4	2	8
16	Russia has invaded Ukraine. There are global economic repercussions relating to oil and gas prices; energy markets; stock markets; and currencies. The Pension Fund will be impacted by these developments because it has exposure to these markets and geographies.	Global Macro-economic Risks	The Fund's direct exposure to assets held in Russia and the Uraines has been assessed and impact was immaterial. The diversified nature of the portfolio helps protect the Fund against the wider implications to Global markets.	3	5	15	If the conflict ends markets should recover; otherwise the financial markets will adapt. The Funds asset allocation is being reviewed to make sure it is still appropriate to keep the fund on track.	3	4	12

17	In February 2022 DLUHC issued the Levelling Up white paper requiring Funds to deploy at least an additional 5% of their capital to relevant investment opportunities in the UK. The additional requirement could be problematic for funds such as Croydon which already allocate a significant proportion of their capital to the UK in illiquid assets.	<b>Investment Risks</b>	It is unlikely that the Fund will be forced into a position which would mean an unacceptable imbalance in the asset allocation of the Fund. The Fund is not currently committing any further investments to its illiquid portfolio.	4	2	8	If the risk materialises the Fund will seek to follow the direction over a period of time in order to manage any imbalance in the portfolio.	4	2	8
18	Changes in legislation affect the level of performance of the Pensions Admin Team. Scheme members experiencing delays in receipt of their pension entitlement. Statutory deadlines are not met leading to breaches of legislation and pension regulator requirements. Scheme member dissatisfaction. Reputational damage. Financial penalties. Legal action / challenge.	<b>Operational Risks</b>	A third party administrative contract with Hyman Robertson to provide additional resources. Key Performance Monitoring Report completed each month against legal deadlines and team targets reported to Pensions Committee and Board each meeting. Maintaining awareness of latest legislative requirements. Robust checking procedures at all stages. Staff knowledge - Recruitment of staff of suitable experience Continuous training of existing staff. Currently fully resourced administrative function.	4	4	16	A review of the effectiveness of 3rd party arrangement on activity levels. Continue detailed planning in respect of legislative changes. Development of IT and automation. Increase to Employer engagement. Regular Performance Reporting (activity rates & service KPI's) to Pensions Committee	4	2	8
19	System malfunction or interruption of our banking systems. The FCA disclosed that in the last 9 months of 2018 there were more than 300 IT failures impacting on bank customers ability to access their funds. The 6 largest banks on average experience one IT failure every 2 weeks. The risk is that one of these failures is for a sustained period of time impacting on BACS and CHAPS payments both into and out of the council. This could prevent members of the public and businesses from accessing funds, result in financial loss and /or service interruption.	<b>Operational Risks</b>	Actively review/assure in relation to bank controls. Automatic compensation paid for major interruptions	4	3	12	No future controls planned	4	3	12
20	Risk of losing or being unable to recruit suitably experienced staff. The Head of Pensions and Treasury has retired and other positions within the Pension Team have been vacant for a while. Lack of resourcing and knowledge will have a detrimental impact on the performance of the fund.	<b>Operational Risks</b>	The Pension Team have recruited temporary resources in the Treasury Team for the immediate future and are in the process of creating two new posts in the governance team. We are working with our advisors more widely to make greater use of their resources.	3	4	12	Developing in-house knowledge and capacity will mitigate the risk of skills drain if staff leave. A review of the pensions function will assist in further developing effective service delivery.	3	3	9

21	Liquidity risk - Inflation is currently running at 10% which will feed into pension increases and lead to pressures on cashflow. This means there is a risk that the authority might find itself with insufficient cash to meet short term and medium term liabilities without having to disinvest and thus damage the prospects of generating adequate investment returns.	<b>Funding - Assets and Liabilities Risks</b>	The Fund has increased the amount of cash it holds in order to cover any potential net outflow from the Fund	3	5	15	A medium term cashflow projection will be carried out in order to gain assurance that the fund has sufficient liquidity.	3	2	6
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Risk Matrix			IMPACT				
			1	2	3	4	5
			Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	5	<b>Almost Certain</b>	5	10	15	20	25
	4	<b>Likely</b>	4	8	12	16	20
	3	<b>Possible</b>	3	6	9	12	15
	2	<b>Unlikely</b>	2	4	6	8	10
	1	<b>Rare</b>	1	2	3	4	5

Below 10 is considered a Green Risk.
A score between 10 and 19 is an Amber Risk.
A score of 20 or above is a Red Risk.



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## Croydon Council

<b>REPORT TO:</b>	<b>Pension Committee</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>The Collective Investment Vehicle for London Local Authorities Pension Funds: Compliance with pooling requirements, review of savings and governance structure.</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury</b>

### 1. RECOMMENDATION

1.1 The Committee are asked to note the contents of this report

### CORPORATE PRIORITY/POLICY CONTEXT:

Sound Financial Management: This report advises the Committee of relationships between the Pension Fund and the London Collective Investment Vehicle. These relationships are important components of governance and investment arrangements of the Fund.

### FINANCIAL SUMMARY:

There are no direct financial implications associated with this report but it advises the Committee of existing financial arrangements which assist in the efficient management of the Fund and which could have an impact on the General Fund of the Council.

### 2. EXECUTIVE SUMMARY

2.1 This report advises the Committee of the extent to which the Fund is complying with the pooling requirements of Guidance issued by the, then, Department for Communities & Local Government (DCLG) in 2015, the savings made through pooling in 2021/22 and the governance structure of the London Collective Investment Vehicle (LCIV).

### 3. DETAIL

3.1 In 2015 the, then, DCLG issued Guidance which set out how the Government expected funds to establish asset pooling arrangements. The stated objectives were to deliver:

- benefits of scale;
- strong governance and decision making;
- reduced costs and excellent value for money; and
- improved capacity and capability to invest in infrastructure.

3.2 By the time of the Guidance, as a founder member, Croydon had already voluntarily joined LCIV. LCIV's stated objectives are to deliver broader investment opportunities and enhanced cost efficiencies than funds can achieve individually and overall better risk adjusted performance. It is Financial Conduct Authority (FCA) regulated and was the first of the eight asset pools in England and Wales to become established. All the London borough funds are members.

3.3 Since its founding in 2014 LCIV has developed its governance structure through a Corporate Governance and Controls framework. The key components of the framework are the Shareholder Committee, comprising Leaders and Treasurers of twelve of the London boroughs, and a Board made up of executive and non-executive directors all of whom must meet FCA fitness to serve requirements. Details of the full Governance structure can be accessed online via <https://londonciv.org.uk/governance>

3.4 The Croydon Fund's formal involvement in the governance of LCIV is only through attendance at the twice yearly Shareholder General Meeting. Officers are, however, in regular contact with the LCIV officers.

3.5 During the development of the pooling concept funds estimated how they could comply with its requirements in the context of their own asset allocation policies. The Council Fund's Investment Strategy Statement, as agreed on 18 September 2018, includes the following:

*5.3 The Fund holds illiquid assets outside of the London CIV pool. The cost of exiting these strategies early would have a negative financial impact on the Fund. These will be held as legacy assets until such time as they mature. The Fund will continue to invest in illiquid assets outside of the London CIV pool, until suitable strategies are made available by the London CIV pool, in order to meet its asset allocation target.*

*5.4 Therefore, the proportion of assets that will be invested through the pool will be circa. 65%*



3.6 At 31 March 2022 the Fund had investments of £168.8m (9.8% of its investments) invested in sub-funds managed by the LCIV and a further £696.0m (40.2%) managed by Legal and General which is classified within the pooling umbrella. The arrangement with Legal and General was established in 2016 as a way of providing fee discounts to members without moving passive assets into the LCIV. Whilst the Fund is conscious that the proportion of its assets invested through the pool (50.01%) is below the target of 65%, investments will only be made in pool products when this is the optimum strategy.

3.7 A summary of the overall position of the Fund at 31 March 2022 is as follows:

<b>INVESTMENT</b>	<b>£m</b>	<b>%</b>
<b>CIV related</b>		
Legal and General Equities	696.0	40.2
RBC Equities	84.4	4.9
PIMCO Fixed interest bonds	87.8	5.0
<b>CIV related total</b>	<b>868.2</b>	<b>50.1</b>
Non CIV related total	863.1	49.9
<b>TOTAL</b>	<b>1,731.3</b>	<b>100.0</b>

3.8 Estimated savings made against assumptions of standard fees and costs incurred from the pool investments during 2021/22 were as follows:

	<b>Assets under management at 31 March 2022</b>	<b>Estimated gross fees savings</b>	<b>Management fees and development funding charge</b>	<b>Estimated net fees savings</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Legal and General Equities</b>	695,982	403	34	369
<b>RBC Global Asset Management (UK)</b>	84,441	145	21	124
<b>PIMCO Fixed interest</b>	87,812	317	5	312
<b>CIV Development funding charge**</b>			110	(110)
<b>TOTAL</b>	<b>868,235</b>	<b>865</b>	<b>170</b>	<b>695</b>

\* LCIV's fixed income stream contributing to the core costs of the Company payable equally by all shareholders

3.9 The Committee are invited to note this report.

#### **4. CONSULTATION**

4.1 The only consultation that has been taken place has been with LCIV.

#### **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

5.1 There are no financial or risk assessment considerations arising from this report.

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

#### **6. LEGAL CONSIDERATIONS**

6.1 Burges Salmon LLP (a legal advisor appointed to the Fund) comments that there are no specific legal considerations raised in this report but that it is important that the Fund reviews and regularly considers investment and pooling obligations further to the Local Government Pension Scheme Regulations 2013, the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2016, and the Guidance (which was produced further to the 2016 Regulations).

#### **7. HUMAN RESOURCES IMPACT**

7.1 There are no HR implications arising from the content of this report for council employees or staff.

**Approved by:** Gillian Bevan, Head of HR Resources and Assistant Chief Executives on behalf of Dean Shoesmith, Chief People Officer

#### **8. EQUALITIES IMPACT**

8.1 There are no equalities impacts arising from this report.

**Approved by:** Gavin Hanford, Director of Policy, Programmes & Performance

#### **9. ENVIRONMENTAL IMPACT**

9.1 There are no environmental impacts arising from this report.

#### **10. CRIME AND DISORDER REDUCTION IMPACT**

10.1 There are no crime and disorder impacts arising from this report.

## 11. DATA PROTECTION IMPLICATIONS

11.1 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:** Alan Layton 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:

None

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## Croydon Council

<b>REPORT TO:</b>	<b>Pension Committee</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>Local Government Pension Scheme Advisory Board / The Pensions Regulator Update</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury</b>

### **CORPORATE PRIORITY/POLICY CONTEXT:**

Sound Financial Management: This report advises the Committee of the matters currently being considered by the Local Government Pension Scheme Advisory Board and The Pensions Regulator some of which are relevant to the financial management of the Fund.

### **FINANCIAL SUMMARY:**

There are no financial implications associated with this report.

### **1. RECOMMENDATION**

- 1.1 The Committee are asked to note the contents of this report.

### **2. EXECUTIVE SUMMARY**

- 2.1 This report advises the Committee of the matters currently being considered by the Local Government Pension Scheme Advisory Board and The Pensions Regulator which are relevant to the Fund. Any implications for the Fund have been noted and are being addressed in consultation with Fund advisors.

### **3 DETAIL**

#### **3.1. Local Government Pension Scheme Advisory Board (SAB)**

##### Taskforce on Climate-related Financial Disclosures (TCFD)

On 1 September 2022 The Department for Levelling Up, Housing and Communities (DLUHC) [launched its consultation](#) regarding governance and reporting of climate change risks. The consultation seeks views on proposals to require Local Government Pension Scheme administering authorities in England and Wales to assess, manage

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and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The consultation closes at 11:45pm on 24th November 2022.

### Audit issues within the Local Government Pension Scheme (LGPS)

On 3 August 2022 the Board Chair, Cllr Phillips, [has written to the Minister](#) outlining issues facing funds as a result of audit issues relating to the main local authority accounts. The letter proposes separating pension fund accounts from main local authority accounts as a potential solution to the problem and asks the Minister to task officials to work with the Board and its committees to consider the benefits and risks of such an approach.

### Age discrimination in LGPS benefits

On 26 August 2022 the Board Chair, Cllr Phillips, [has written to the Minister](#) recommending reform of the LGPS rules on death grants and survivor benefits. This is to address recent challenges that the current rules are discriminatory and also to investigate “future proofing” Scheme benefits against potential future legal challenge

### Queen’s Speech

On 11 May 2022, the Queen’s Speech included a Procurement Bill which will cover the procurement, purchasing and investment decisions of public bodies and a Boycotts, Divestment and Sanctions Bill.

### Special Severance Payment Guidance

On 12 May 2022 DLUHC published statutory guidance on the making and disclosure of special severance payments by local authorities in England. The guidance sets out the criteria employers should consider in the circumstances in which it may be appropriate to make a special severance payment. It also the clarifies the disclosure and reporting requirements.

[Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England - GOV.UK \(www.gov.uk\)](#)

### Academy Trust and Local Government Pension Update

On 21 July 2022 the Department for Education (DfE) made a statement confirming an extension of the guarantee that the closure of an academy trust will not lead to any outstanding LGPS liabilities reverting to the fund. This guarantee was first made in 2013 and now includes a new increased annual ceiling of £20m. The Guarantee provides academy trusts with direct Government backing for certain pension costs. The DfE has asked administering authorities to ensure that this is reflected in this year’s scheme valuation, both in the setting of employer contribution rates and the length of deficit recovery periods.

### LGPS Investments in Russia

On 4 March 2022 SAB advised that they had drafted a relevant note available on the [Boycotts, Divestment and Sanctions](#) page of their website.

[https://www.lgpsboard.org/images/PDF/BDS/Investments in Russia 4 March 2022.pdf](https://www.lgpsboard.org/images/PDF/BDS/Investments_in_Russia_4_March_2022.pdf)

On 28 February 2022 SAB advised that in the light of events in Ukraine and resultant extant and potential sanctions by the UK Government any LGPS funds which are not already doing so should consider the implications for their investment portfolios and discuss with their pools and asset managers what action should prudently be taken.

### McCloud response

On 2 August 2022 the DLUHC provided an update on its work to rectify “McCloud” age discrimination. This has already been shared with LGPS administering authorities in England and Wales and software suppliers. Full details are available in the [July LGPC bulletin](#).

On 17 March 2022 the Queen gave Royal Assent to the Public Service Pensions and Judicial Offices Bill and it became the Public Service Pensions and Judicial Offices Act 2022.

### Levelling Up White Paper

On 27 April 2022 the Board Chair wrote to the Minister in response to the White Paper.

[https://lgpsboard.org/images/Other/Letter to Kemi Badenoch Levelling Up 270422.pdf](https://lgpsboard.org/images/Other/Letter_to_Kemi_Badenoch_Levelling_Up_270422.pdf)

On 2 February 2022 the Government published the [Levelling Up White Paper](#) which includes references to LGPS funds having plans for up to 5% of assets to be allocated to projects which support local areas. SAB understands that in this context local refers to UK rather than local to a particular fund and that there will be no mandation beyond the requirement to have a plan. Further details are expected to emerge over the period up to an expected summer consultation which SAB understands will also include the outstanding climate risk and reporting regulations and the pooling guidance.

The White Paper also notes that the UK Infrastructure Bank is committed to expanding institutional investment in UK infrastructure, including exploring opportunities with the LGPS

[Levelling Up the United Kingdom - GOV.UK \(www.gov.uk\)](#)

### Pensions Dashboards

On 31 January 2022, the DWP launched a consultation on the draft Pensions Dashboards Regulations. The consultation closed on 13 March 2022.

<https://www.gov.uk/government/consultations/pensions-dashboards-consultation-on-the-draft-pensions-dashboards-regulations-2022>

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## Public Service Pensions and Judicial Offices Act 2022

On 17 March 2022 the Queen gave Royal Assent to the Bill and it became the Public Service Pensions and Judicial Offices Act 2022.

On 22 February 2022 an amendment to the Bill relating to investment in line with UK foreign and defence policy was passed at the report stage.

### **3.2 The Pensions Regulator (TPR)**

TPR has a wider remit than the SAB and most of its publications / press releases concern private sector schemes. However, in recent months it has published the following matter of interest to the LGPS:

#### Guidance on tendering for fiduciary managers and setting objectives for investment consultants

On 4 August TPR took over the regulation of trustee duties from the Competition and Markets Authority. TPR has revised its guidance on the tender process for fiduciary management services and trustees setting objectives for their investment consultants.

Since December 2019, trustees have been legally required to run a competitive tender process when appointing fiduciary managers in relation to 20% or more of scheme assets. They have also been prohibited from receiving investment consultancy services without having set strategic objectives for their investment consultancy provider.

<https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/tender-and-set-objectives-for-investment-service-providers/tender-for-fiduciary-management-services>

<https://www.thepensionsregulator.gov.uk/en/document-library/scheme-management-detailed-guidance/funding-and-investment-detailed-guidance/tender-and-set-objectives-for-investment-service-providers/set-objectives-for-your-investment-consultant>

## **4. CONSULTATION**

4.1 No consultation is required for this report however Fund advisors are consulted as appropriate on matters arising from it.

## **5. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

5.1 There are no financial or risk assessment considerations arising from this report.

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

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## **6. LEGAL CONSIDERATIONS**

- 6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) comments that there are no direct legal implications arising from the content of this report although it is important to be aware that a number of changes to the regulations governing the LGPS are likely to be announced in the next few months (for example dealing with McCloud remedies).

## **7. HUMAN RESOURCES IMPACT**

- 7.1 There are no direct workforce implications arising from the recommendations within this report but the improvement to practice is welcomed as the pension scheme is a key employee benefit to employees.

**Approved by:** Gillian Bevan Head of HR Resources and Assistant Chief Executive on behalf of Dean Shoesmith, Chief People Officer

## **8. EQUALITIES IMPACT**

- 8.1 The council has an obligation under the Public sector equality duty, which is to eliminate unlawful discrimination, to advance equality of opportunity and to build better relationships between groups with protected characteristics.

No negative impacts have been identified amongst groups with protected characteristics. However, future reports would benefit from an analysis of groups with protected characteristics under the equality act 2010 who are members of the local government pension scheme.

**Approved by:** Gavin Hanford, Director of Policy, Programmes & Performance

## **9. ENVIRONMENTAL IMPACT**

- 9.1 There are no environmental impacts arising from this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**

- 10.1 There are no crime and disorder impacts arising from this report.

## **11. DATA PROTECTION IMPLICATIONS**

- 11.1 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:** Alan Layton 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:**

None.

<b>REPORT TO:</b>	<b>PENSION COMMITTEE</b> <b>11 October 2022</b>
<b>SUBJECT:</b>	<b>Part A -Progress Report for Quarter Ended 30 June 2022</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett</b> <b>Head of Pensions and Treasury</b>
<b>CORPORATE PRIORITY/POLICY CONTEXT:</b>	
<p><b>Sound Financial Management:</b> Reviewing and ensuring that the performance of the Council’s Pension Fund (the Fund) investments are in line with their benchmark and in line with the assumptions made by the Actuary.</p>	
<b>FINANCIAL SUMMARY:</b>	
<p>This report shows that the market value of the Fund investments as at 30 June 2022 was £1,633.8m compared to £1,731.3m at 31 March 2022, a decrease of £97.5m and a return of -4.77% over the quarter. The performance figures, independent information and analysis on the fund managers and markets have been provided by the Fund’s independent investment advisor Mercer.</p>	
<b>FORWARD PLAN KEY DECISION REFERENCE NO.: N/A</b>	

<b>1</b>	<b>RECOMMENDATIONS</b>
1.1	The Committee is asked to note the performance of the Fund for the quarter ended 30 June 2022.

## **2 EXECUTIVE SUMMARY**

- 2.1 This report provides an update on the Fund's performance for the quarter to 30 June 2022. The report falls into four parts. Section 1 addresses performance against strategic goals. The second section considers the asset allocation strategy and how that is being applied, specifically current and planned investments. The third section deals with risk management and the fourth and final section summarises the recent investment manager site visit.

## **3 DETAIL**

### **Section 1: Performance**

- 3.1 At the 2019 Triennial Actuarial Valuation the whole of fund funding position was 88% using a future investment return assumption (otherwise described as the discount rate) of 4.0% p.a. The Fund would be 100% funded if an assumed investment return of 4.8% p.a. was used. In setting the Pension Fund's investment strategy, performance is measured against a benchmark return of CPI + 4% for the whole fund. Achieving this benchmark return will ensure the investments achieve a higher return than as calculated in the valuation and on the basis that other assumptions remain constant, the funding gap will close.
- 3.2 Since the valuation date the Fund has made a cumulative return of 31.2% against a return of 13.6% assumed by the valuation. This has had a positive impact on the funding level.

### **Section 2: Asset Allocation Strategy**

- 3.3 The Pension Committee discussed changes to the current asset allocation strategy at the Committee meeting held on 17 March 2020 (Minute A27/20 refers). However, reviewing the current allocation it is apparent that the target allocation cannot yet be applied as it has not been formally adopted because, as per the Minute – "Officers pointed out that they were not able to give investment advice and the Pension Fund's investment adviser had not been given the opportunity to offer appropriate advice to inform the decision." The prudent option is therefore to measure allocation against the prior allocation. This option is supported by the Scheme's investment advisors. Any proposal to amend this asset allocation will require a period of consultation with such persons as it considers appropriate.

3.4 The target portfolio can be broken down as follows:

<b>Asset Class</b>		<b>Target Allocation</b>	<b>Allowable Tolerance</b>
Equities including allocation to emerging markets.		42%	+/- 5%
Fixed interest		23%	+/- 5%
Alternates		34%	+/- 5%
<i>Comprised of:</i>			
Private Equity	8%		
Infrastructure	10%		
Property	16%		
<b>Cash</b>		<b>1%</b>	
<b>Total</b>		<b>100%</b>	

### 3.6 Monitoring of asset allocation

3.6.1 **Global Equity** – Global equities continued to perform poorly in the last quarter, with high levels of volatility. This reflects the increased risk of recession because of more aggressive action to curb inflation, concerns over the pace of growth in China and risks to global supply chains.

The Global equity return for the quarter was -11.42% with LGIM Developed World (ex-Tobacco) Equity fund returning -11.77% and the LCIV RBC fund returning -8.54%. Global equities are now at 42.3% compared to the target allocation of 42%.

3.6.3 **Fixed Interest** – During the quarter our fixed interest investments continued on the downward path posting a negative return of -6.2%, with Aberdeen Standard -4.57%, Wellington -7.34% and the LCIV Global Bond -7.63%. The protection offered by the Aberdeen Absolute Return Fund shielded the losses slightly.

Volatility has also been a feature of the bond markets, with the release of data on inflation and growth punctuated by sharp swings in yields. One more recent development is the deterioration in the performance of credit, with an acceleration in the widening of spreads in the investment grade and high yield markets. The combination of rising yields on government bonds and widening spreads has led to the experienced over the quarter. The overall allocation is 16.5% which is outside the target allocation of 23% allowing for a 5% tolerance. This is largely due to the poor performance of bonds when compared to the other asset classes.

3.6.2 **Infrastructure** – Due to the nature of these assets, performance of Infrastructure investments and indeed Private Equity, discussed in more detail below, is better measured over a period of time, rather than quarter by quarter. All the Fund's Infrastructure investments are performing in line with their targets. The renewable investments have performed particularly well recently due to increased inflation expectations and increases in power prices, both of which have a positive impact on the returns. The allocation currently stands at 13.4% compared to a target of 10%.

3.6.4 **Private Equity** – Our Private Equity managers continue to perform extremely well and have been the main contributor to positive returns over the last few years. The performance of private equity investments tends to follow the same direction as global equities. Note the valuations tend to be lagged so the positive returns are largely as a result of performance from the previous quarter. The majority of our private equity investments are priced in foreign currency so the increase in valuations has largely

been as a result of the fall in Sterling. Over the quarter the assets have grown from £186.8m to £193.3m which has increased the allocation from 10.8% to 11.8%. This is above the target allocation of 8%.

3.6.5 **Property** – The Property allocations continued to show good performance over the quarter and for the year. The Schroders portfolio has returned 21% and the M&G has returned 5.27% over the year. The property allocation now makes at 13.9% of the Fund. The recent negative returns in equities and bonds demonstrate the value of a property portfolio as a diversifier and risk mitigator within the overall Fund’s portfolio.

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

**London Borough of Croydon Pension Fund**  
**Fund valuation and asset allocation for the quarter ending 30 June 2022**

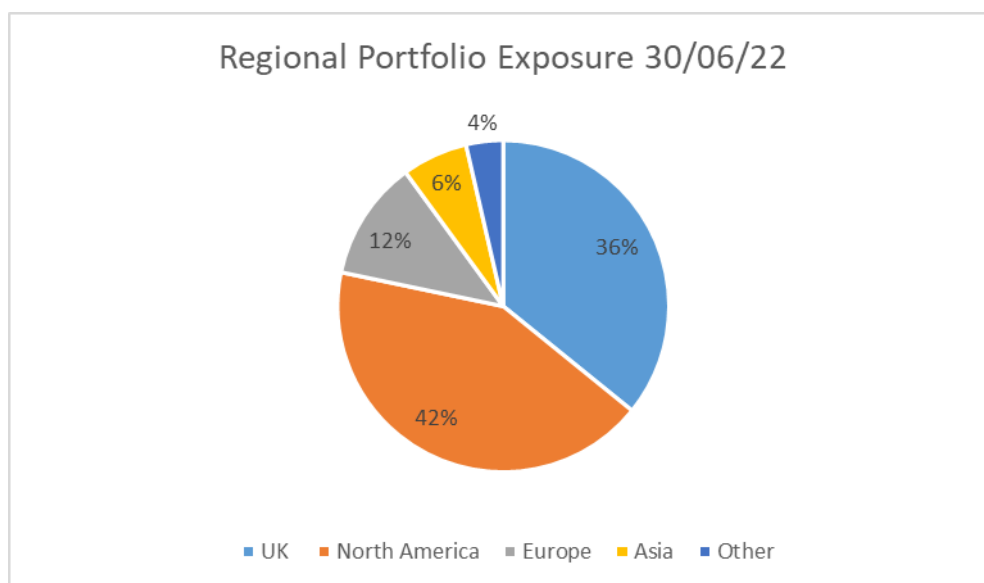
	Valuation at 31/03/2022 £'000	Net cashflow £'000	Gain/Loss £'000	Valuation at 30/06/2022 £'000	Asset allocation Fund percentage	Asset allocation target percentage
<b>Equities</b>					42.3%	42%
Legal & General FTSE World (Ex Tobacco)	695,982	-	81,939	614,043		
LCIV RBC	84,441	-	7,209	77,232		
LCIV	150			150		
<b>Fixed Interest</b>					16.5%	23%
Standard Life	132,133	-	6,039	126,094		
Wellington	67,020	-	4,918	62,102		
LCIV Global Bond	87,812	-	6,702	81,110		
<b>Infrastructure</b>					13.4%	10%
Access	31,842	312	1,258	32,788		
Temporis	56,030	513	296	56,839		
Equitix	75,137	34	29	75,141		
Macquarie GIG Renewable Energy	22,327	735	2,421	24,013		
I Squared	26,810	369	2,725	29,905		
<b>Private Equity</b>					11.8%	8%
Knightsbridge	74,715	269	227	75,212		
Pantheon	73,978	2,901	3,915	74,993		
Access	21,714	1,990	5,860	25,584		
North Sea	16,388	682	447	17,518		
<b>Property</b>					13.9%	16%
Schroders	155,747	-	6,578	162,326		
M&G	64,190	291	888	64,788		
<b>Cash</b>					2.1%	1%
Legal & General FTSE4Good Cash	741	-	-	741		
Cash	44,106	10,867	-	33,238		
<b>Fund Total</b>	<b>1,731,266</b>	<b>15,229</b>	<b>82,220</b>	<b>1,633,817</b>	<b>100%</b>	<b>100%</b>

Valuations are based on the bid price as reported by the Fund Managers. The valuations of the Infrastructure and Private Equity funds are the latest available and can be lagged by 3 months.

### 3.7 Regional Exposure

3.7.1 The Committee asked for an indication of the geographical dispersion of the underlying assets comprising the portfolio. This is set out graphically in the chart below. This information is for illustrative purposes only. It should be noted that there are differences in the period represented as some data is updated far more frequently than others.

**Graph 2: Geographic dispersion of funds.**



3.7.2 The descriptor Asia includes Japan, Korea and Australia. The descriptor Other includes the continent of Africa and Latin America.

3.7.3 It should be noted that of the 36% invested in the UK 13.9% is allocated to Property and 9.4% to Infrastructure. The majority of the Private Equity and Global Equity investments are in the US and Canada.

### 3.8 Section 3: Risk Management

3.8.1 The main risk addressed by the Funding Strategy is that returns on investment will fall below the target asset outperformance assumption to ensure that the Pension Fund matches the value of liabilities in the future. Dependent upon that are of course a number of issues.

3.8.2 The global economy will always represent a specific risk and opportunity for the Fund and will effectively be impossible to quantify or evaluate. The Fund takes a long-term view and manages risk by investing in a portfolio of assets which is sufficiently diversified. Having a sufficiently diversified portfolio should ensure the Fund continues to meet its performance objectives over the long term while reducing the impact of short term volatility in caused by uncertainty in global markets.

3.8.3 Mercer, the Fund's investment adviser, have drafted a Fund Monitoring Report, for the 3 months to 30 June 2022. These reports are included in Part B of this Committee agenda.

### **3.9 Section 4: Investment Manager Visits**

3.9.1 There were no manager meetings held in the quarter.

## **4 CONSULTATION**

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

## **5 FINANCIAL CONSIDERATIONS**

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

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

## **6. LEGAL CONSIDERATIONS**

6.1 Burges Salmon LLP (a legal advisor appointed to the Pension Fund) comments that there are no direct legal implications arising from the recommendations within this report.

6.2 The Committee must, however, be mindful of their fiduciary duty to make investment decisions including in the best long-term interests of Fund beneficiaries and taxpayers within the investment strategy framework.

## **7. HUMAN RESOURCES IMPACT**

7.1 There are no direct workforce implications arising from the recommendations within this report.

**Approved by:** Gillian Bevan, Head of HR, Resources and Assistant Chief Executives on behalf of Dean Shoesmith, Chief People Officer

## **8. EQUALITIES IMPACT**

8.1 The council has an obligation under the Public Sector Equality duty, which is to eliminate unlawful discrimination, to advance equality of opportunity and to build better relationships between groups with protected characteristics. There are no negative impacts identified amongst groups with protected characteristics.

**Approved by:** Gavin Hanford, Director of Policy, Programmes & Performance

## **9. ENVIRONMENTAL IMPACT**

9.1 There are no environmental impacts arising from this report.

## **10. CRIME AND DISORDER REDUCTION IMPACT**



10.1 There are no crime and disorder impacts arising from this report.

## **11. FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS**

11.1 This report and Appendices contain confidential information which could be of a sensitive nature, disclosure of which could prejudice the commercial interest of the companies involved and those of the Council's Pension Fund and will be reported in the closed part of the agenda. On application of the public interest test it is considered that the public interest in maintaining the exemption outweighs the public interest in disclosing the information.

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### **CONTACT OFFICER:**

Matthew Hallett, Acting Head of Pensions and Treasury,

### **BACKGROUND DOCUMENTS:**

Included in Part B of the agenda.

Quarterly reports from each fund manager (circulated under separate cover to the Committee Members.) Exempt pursuant to Schedule 12A paragraph 3 of the Local Government Act 1972 as amended.

### **Appendices:**

There are no part A appendices.

### **Part B appendices:**

Exempt pursuant to Schedule 12A paragraph 3: Information relating to the financial or business affairs of any particular person (including the authority holding that information), the following appendices are considered to be precluded from publication:

Appendix A: London Borough of Croydon Returns to 30 June 2022, Mercer

Appendix B: Market Background and Market View Q2 2022, Mercer

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