

Pension Board Agenda



To: Michael Ellsmore (Chair)
Co-optees: Richard Elliott, Teresa Fritz, Ava Payne and David Whickman
Councillor Margaret Bird

A meeting of the **Pension Board** which you are hereby summoned to attend, will be held on **Thursday, 27 July 2023** at **2.00 pm** in Council Chamber, Croydon Town Hall, Katharine Street CR0 1NX

Stephen Lawrence-Orumwense
Monitoring Officer
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Tariq Aniemeka-Bailey
Democratic Services
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www.croydon.gov.uk/meetings
Wednesday 19 July 2023

Please note that this meeting is being held remotely. You can view the webcast both live and after the meeting has completed at webcasting.croydon.gov.uk

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

AGENDA – PART A

1. Apologies for Absence

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

2. Minutes of the Previous Meeting (Pages 5 - 12)

To approve the minutes of the meeting held on 23 March 2023 as an accurate record.

3. Disclosure of Interests

Members are invited to declare any disclosable pecuniary interests (DPIs) and interests they may have in relation to any item(s) of business on today's agenda.

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. Report on Mansion House Speech by Chancellor of the Exchequer (Pages 13 - 22)

This report summarises the contents of the annual "Mansion House Speech" made by the Chancellor of the Exchequer and invites the Board to note its implications for defined benefits schemes in general and the Local Government Pension Scheme in particular. It also advises the Board of the consultation launched by the Department for Levelling Up, Housing & Communities entitled "Local Government Pension Scheme (England and Wales): Next steps on investments."

6. Conflicts of Interest Policy (Pages 23 - 42)

This report advises the Board of the arguments for adopting a whole Fund Conflicts of Interest Policy and invites their comments on the draft attached as Appendix B.

7. Governance Policy (Pages 43 - 60)

This report updates the Governance Policy for consideration by the Board.

8. Governance Best Practice Compliance Statement June 2023 (Pages 61 - 68)

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

9. Pension Fund Administration Strategy updated June 2023 (Pages 69 - 144)

This report updates the Pension Administration Strategy Statement for consideration by the Board.

10. Croydon Pension Fund Administration Performance Update (Pages 145 - 160)

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 February 2023.

11. Report on Breaches of the Law (Pages 161 - 182)

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 Board to monitor breaches on a regular basis. This report presents the current log (Appendix A) for the Board's consideration and comment.

12. Review of Risk Register (Pages 183 - 202)

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

13. Training Update (Pages 203 - 210)

This report advises the Board of training undertaken by the Pension Board members in Year 2023 /24 and asks them to note the contents of the Log attached to this report as Appendix A.

This report asks the Board to note the mandatory training items attached to this report as Appendix B that they are required to complete.

This report asks for feedback from Board members on their training requirements for inclusion in future training plans.

14. Fund Representation Policy (Pages 211 - 216)

This report asks the Board to note the Representation Policy (attached as Appendix A) and to comment as appropriate.

15. Scheme Advisory Board and The Pensions Regulator updates to 30 June 2023 (Pages 217 - 226)

This report advises the Board 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 advisers.

Pension Board

Meeting held on Thursday, 23 March 2023 at 2.00 pm in Council Chamber, Town Hall,
Katharine Street, Croydon CR0 1NX

MINUTES

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

Councillor Margaret Bird

Apologies: Councillor Ava Payne

PART A

48/23 Minutes of the Previous Meeting

The minutes of the meeting held on Thursday 12 January 2023 were agreed as an accurate record subject to the following amendments:

- Minute 39/20 was written as if the Board members were yet to give their confirmation, and it should be changed to state that all members that were present did provide confirmation.
- Minute 43/20 had an admin error which needed to be re-addressed.
- Minute 45/20 – there had been discussion about communication with employers which was not included and should be added to the minutes.

49/23 Disclosure of Interests

The Chair asked for officers to re-circulate the register of interest forms amongst the Board members.

50/23 Urgent Business (if any)

There were no items of urgent business.

51/23 Update from Pension Committee

The Acting Head of Pensions and Treasury provided the Board with a verbal update, during which he explained to members that the Funding Strategy Statement was taken to the committee in October and there had been a training session conducted by the Actuary on the assumptions which had formed the basis of the statement. The Funding Strategy Statement was then agreed in draft by the Committee before being sent out to Employers for consultation. The consultation period had now finished, the Funding Strategy

Statement was taken back to the Committee on the 14 March 2023 and was approved.

The Acting Head of Pensions and Treasury explained that the actuarial valuation had been processed and the Actuary was finalising the report for sign off by the deadline of the end of March 2023.

The Acting Head of Pensions and Treasury confirmed that all the Employers had received their new rates, Officers had not received any feedback on the new rates so they would assume that they had been accepted by the employers.

52/23 Pensions Administration Report Review

The Pension Manager introduced the report and stated that over the past quarter the team had focused on their business-as-usual work and preparation for an anticipated large Annual Allowance issue this year. The team had endeavoured to complete their inter-fund adjustments with other local authorities and make sure that the records were all up to date.

The Pension Manager explained that the regulation had changed and that the re-valuation date had changed from the 1st April to the 6th April, this meant that fewer people should be impacted by the annual allowance.

The Pension Manager confirmed that changes to the Lifetime and Annual Allowance had been announced in the 2023 Budget. These changes had come as a surprise and the team would review their documentation and would communicate with the Members once they had received further guidance.

The Pension Manager stated that the team had started their end of year processes and had contacted the employers to inform them of what's expected for the templates, Officers we're hoping to get good results back from Employers this year.

The Pension Manager informed the Board that their team had a new member of staff join the team in January 2023.

In response to questions from Members, Officers informed the Board that:

- Officers took the decision this quarter to focus on inter-funds and reviewing their outstanding cases. This made up about a third of their workload which could cause issues as if the inter-funds were outstanding then Officers would be unable to work through the deferred benefit calculations.
- Officers were looking at the bulk automation calculations and they had identified several hundred leavers that they believed could be carried out by automation. Officers intended to begin testing on this as soon as possible.
- Officers had previously thought that the issues with the registration for self-service were down to user error, but the number of errors which

had occurred stemmed from a wide range of issues. Officers attended a user group meeting several weeks ago and noted that other local authorities had major issues with registration as well. Officers were aware that there was a new member self service registration process coming at the end of the year and Officers would wait until this had been introduced before encouraging more members to register.

- Officers planned to set up a meeting with AON for guidance on how to progress with the next stage of the cyber security project.

RESOLVED:

- To note the Key Performance Indicators and the performance against these indicators set out in Appendix A to the report.

53/23 Pension Fund Medium Term Business Plan Review

The Acting Head of Pensions and Treasury introduced the report and explained that this was taken to the Pension Committee on 14 March 2023 and they had adopted the business plan.

The Acting Head of Pensions and Treasury stated that the report went through the achievements that had been made last year, including the work carried out on the triennial valuation; the knowledge and skills policy review; the breaches policy review and the discretions policy review.

The Acting Head of Pensions and Treasury expressed his disappointment with lack of progress that have been made with the voting rights on the constitution. Officers had met with the Monitoring Officer and had been given a commitment to implement the new voting rights by the end of May.

Officers were concerned about the Fund becoming cash flow negative but were confident that there were enough income generating investments which could be drawn down if necessary.

In response to a question from a Member, Officers informed the Board that:

- There was £40 million in the bank which should cover the £3 million shortfall over the next year. Officers would be conducting an asset allocation review which would highlight where they could draw further income if required.
- Two of the six vacancies were covered by agency staff, which left four current vacancies within the team. The admin staff vacancies were additional positions that had been allocated within the budget going forward.
- Regarding the structure of Treasury and Pensions, this was currently more of a standard model across local government. Many other local authorities were having issues with sourcing skilled staff, so Officers

were looking at the possibility of shared services with other boroughs to make the service more resilient.

RESOLVED:

- To comment on and agree to the recommended Medium Term Business Plan 2023/26.

54/23 Scheme Advisory Board (SAB) Good Governance Review

The Acting Head of Pensions and Treasury introduced the report and explained that the Scheme Advisory Board commissioned Hymans Robertson to do a report on the Governance Review and after two or three iterations they came up with a phase three report in February 2021 which provided some guidance for future reference.

The Acting Head of Pensions and Treasury stated that Officers had gone through all the recommendations in the Hymans report to establish how stood in comparison to the recommendations.

In response to a question from a Member, Officers informed the Board that:

- That the conflict-of-interest policy would need to be presented to the Pension Committee and agreed by its members before it could be adopted.
- They were progressing with the governance action plan and would consult with AON during the 2023/24 year.

The Chair believed that there should be a training session on the Conflicts of Interest Policy once it had been finalised.

RESOLVED:

- To note the contents of the report

55/23 Risk Management Policy Review

The Acting Head of Pensions and Treasury introduced the report and explained that policy had been adopted by the Pension Committee in March 2020 and during various governance reviews AON commented that the policy was fit for purpose. The policy had to be reviewed every three years and officers would present it to the board prior to bringing it to the committee for agreement.

In response to a question from Members, Officers informed the Board that:

- Officers had been in contact with their software provider about the technical side of the dashboard, the software provider would draft reports which highlight where improvements needed to be made.

RESOLVED:

- To note the draft Risk Management Policy to be adopted by the Fund.

56/23 Review of Risk Register

The Acting Head of Pensions and Treasury introduced the report and explained that there had been two items added, the conflicts of interest and climate change risk.

In response to questions from Members, Officers informed the Board that:

- The main focus of the investment allocation review would be the decision of how the Fund wanted to manage its approach to Environmental, Social and Governance (ESG) and Responsible Investment. There would be training given to Committee Members before the next committee meeting, after which a proposal would be taken to the Pension Committee about ESG. Officers would seek guidance from Mercer's for the reporting on the Task Force for Climate Change reporting requirements.
- The Actuary assessed climate change risk when setting assumptions and conducted climate change modelling, so climate change risks were already included in the funds risk management.
- 5% of the Fund's asset allocation was in renewable funds, this was considered heavily weighted in comparison to other Local Government Pension Funds. The Fund would likely have net zero target which they could work towards.
- Regarding cyber security, the mapping exercise had been completed and they were consulting with AON on how to proceed.
- Items on the risk register needed to be reassessed and re-worded in some scenarios as Officers had already addressed some of the risks.

The Chair suggested that officers contact their counterparts in Southwark Council about how to assess the climate risk.

RESOLVED:

- To note the contents of the Pension Fund Risk Register.

57/23 Breaches of the Law Log

The Acting Head of Pensions and Treasury introduced the report and explained that in the last Board meeting Officers were encouraged to report

the fact that there were three years of unaudited accounts. Following the last Pension Committee meeting, a joint report had been submitted to the regulator and they would be in contact if there was any concern.

Whilst going through the process of reporting, Officers found several other local authorities with three years of unaudited accounts (mainly the 2021/2022 accounts). The Acting Head of Pensions and Treasury explained that the unaudited accounts did not present a material risk to any members however he did accept that this did not display good governance.

The Corporate Director of Resources informed the Panel that the 2019/20 accounts had been held up due to the issues with Croydon affordable homes, the Council had reached a position where all parties involved were in agreement on how to approach the problem. The Corporate Director of Resources stated that the target was for the accounts to be signed off by June 2023.

The Corporate Director of Resources explained that she was confident that she knew all the changes that needed to be made to the accounts and she would now need to put them through, agree them with the auditor before presenting them back to the Audit and Governance Committee to be signed off.

The Acting Head of Pensions and Treasury stated that there could be a problem with resourcing of the auditors as there were several authorities in a similar position to Croydon.

The Acting Head of Pensions and Treasury noted that the Minister had responded positively to a letter proposing the separation of the pension accounts from the authorities accounts, however he was unsure on how long it would take for anything to be implemented.

The Acting Head of Pensions and Treasury explained that the 2019/20 accounts were completed and were awaiting sign off, the auditors were assessing the 2020/21 accounts but needed the 2019/20 accounts to be signed off before they could finish their work on the 2020/21 accounts.

RESOLVED:

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

58/23 Board Training Update

The Acting Head of Pensions and Treasury introduced the report and explained that Hymans ran a national knowledge assessment and the Board had 100% completion of the assessment. Hymans had produced the results of the assessment, only 16 authorities participated in the assessment and Croydon ranked bottom of the 16 authorities. The Acting Head of Pensions and Treasury noted that there were several new members on the Committee

who needed additional training and this result highlighted the need for further training for the board and committee members.

The Acting Head of Pensions and Treasury stated that there had been an investment workshop for the Committee and there would be further training on offer for the Board and the Committee.

In response to questions from members, officers informed the Board that:

- The Board should feedback to Hymans that there should be different training for Pension Committee and Board members as they were separate bodies.
- The Board were well versed on governance and had sufficient knowledge to help the Fund to progress.

The Chair offered to draft some feedback on the training to Hymans.

The Chair proposed that Officers could come up with a three-year plan for training of the Members of the Board and Committee.

A member of the Board stated that the training on offer was very good. The Hymans training was not reflective of the knowledge of the Board as they scored well on governance and admin sections, if members were to become more proficient with the other sections of the training would represent a duplication of work.

RESOLVED:

- To note the contents of the Pension Board Training Log.

59/23 Updates from Scheme Advisory Board and The Pensions Regulator

The Acting Head of Pensions and Treasury introduced the report and explained that the letter about the annual report and the pension fund accounts being separated from the authorities' accounts had been on the register for a long period of time.

In response to questions from Members, Officers informed the Board that:

- There had been more encouragement for LGPS funds to sign up to pools. The benefits of joining pools and having infrastructure investments had been presented to the Council, the Acting Head of Pensions and Treasury fund felt as though the fund already had enough infrastructure investments and would offer pushback if they were pushed to invest further.
- The push for authorities to join pools came from Central Government.

RESOLVED:

- To note the contents of the report

60/23 Exclusion of the Press and Public

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

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

The meeting ended at 3.10 pm

Signed:

Date:

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Croydon Council

REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Mansion House Speech by Chancellor of the Exchequer and “Next steps on investments”
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury

1. RECOMMENDATION

The Board are:

- asked to note the summarised contents of the annual “Mansion House Speech” made by the Chancellor of the Exchequer, in particular, its implications for defined benefits schemes in general and the Local Government Pension Scheme in particular; and
- invited to comment on and note the consultation launched by the Department for Levelling Up, Housing & Communities entitled “Local Government Pension Scheme (England and Wales): Next steps on investments.”

2. EXECUTIVE SUMMARY

- 2.1 This report summarises the contents of the annual “Mansion House Speech” made by the Chancellor of the Exchequer and invites the Board to note its implications for defined benefits schemes in general and the Local Government Pension Scheme in particular. It also advises the Board of the consultation launched by the Department for Levelling Up, Housing & Communities entitled “Local Government Pension Scheme (England and Wales): Next steps on investments.”

3. DETAIL

Mansion House Speech

- 3.1 In his annual “Mansion House Speech” delivered on 10 July, the Chancellor of the Exchequer made wide-ranging comments and announced various initiatives in respect of:
- National competitiveness;
 - Tackling inflation;
 - Cost-of-living crisis;
 - Increasing returns for pensioners;
 - improving outcomes for investors; and

- unlocking capital for growth businesses.

3.2 The Chancellor spent a high proportion of his Speech on pensions matters, putting the size of the pension market into context and covering both defined contribution and defined benefits schemes. He highlighted his view that “UK institutional investors are not investing as much in UK high growth companies as their international counterparts” and his concerns over returns in both types of schemes.

3.3 The Chancellor then moved onto his proposed “Mansion House Reforms” in which he said that he would be guided by “three golden rules” as follows:

- Everything we do we will seek to secure the best possible outcomes for pension savers, with any changes to investment structures putting their needs first and foremost;
- We will always prioritise a strong and diversified gilt market. It will be an evolutionary not revolutionary change to our pensions market. Those who invest in our gilts are helping to fund vital public services and any changes must recognise the important role they play; and.
- Decisions we take must always strengthen the UK’s competitive position as a leading financial centre able to fund, through the wealth it creates, our precious public services.

3.4 As regards defined benefits schemes in general the Chancellor stated:

- I recognise the important role played by insurers offering buy-out schemes, which will continue to be an essential part of the way we improve security for pension members in this market;
- But in addition, we will set out our plans on introducing a permanent superfund regulatory regime to provide sponsoring employers and trustees with a new scaled-up way of managing defined benefits liabilities;
- Having engaged closely with a range of experts, we will launch a call for evidence tomorrow on the role of the Pension Protection Fund and the part defined benefits schemes play in productive investment - whilst always being mindful of the second golden rule to protect the sound functioning and effectiveness of the gilt market; and
- We will look at the culture of investment decisions and improve the understanding of pension trustees’ fiduciary duty across both defined benefits and defined contribution schemes. Department for Work and Pensions and HM Treasury will jointly launch a call for evidence to explore how we can overcome barriers and ensure a focus on good saver outcomes.

3.5 Specifically as regards the Local Government Pension Scheme, the Chancellor announced:

- And finally, government must lead by example, so we will consult on accelerating the consolidation of Local Government Pension Scheme assets, with a deadline of March 2025 for all LGPS funds to transfer their assets into local government pension pools and ensure greater transparency on investments;
- To make sure we are delivering the maximum benefits of scale, we will invite views on barriers to achieving better investment returns across the LGPS as well as setting a direction that each asset pool should exceed £50 billion of assets; and
- We will also consult on an ambition to double the existing local government pension scheme allocations in private equity to 10%, which could unlock a further £25 billion by 2030.

Consultation

3.6 Directly following the Mansion House Speech the Department for Levelling Up, Housing & Communities issued a consultation document the “Topic” of which is:

This consultation seeks views on proposals relating to the investments of the Local Government Pension Scheme (LGPS). It covers the areas of asset pooling, levelling up, opportunities in private equity, investment consultancy services and the definition of investments.

The consultation period lasts until 2 October 2023 and the document can be accessed at:

<https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments/local-government-pension-scheme-england-and-wales-next-steps-on-investments>

3.7 This consultation seeks views on proposals in 5 areas:

- *First, the government sets out proposals to accelerate and expand pooling, with administering authorities confirming how they are investing their funds and why. While pooling has delivered substantial benefits so far, we believe that the pace of transition should accelerate to deliver further benefits which include improved net returns, more effective governance, increased savings and access to more asset classes. We propose a deadline for asset transition by March 2025, noting we will consider action if progress is not seen, including making use of existing powers to direct funds. Going forward, we want to see a transition towards fewer pools to maximise benefits of scale.*
- *Second, the government proposes to require funds to have a plan to invest up to 5% of assets to support levelling up in the UK, as announced in the [Levelling Up White Paper \(LUWP\)](#). This consultation sets out in more detail how the Government proposes to implement this requirement and seeks views on its plans.*

- *Third, the government is proposing an ambition to increase investment into high growth companies via unlisted equity, including venture capital and growth equity. The government believes there are real opportunities in this area for institutional investors with a long-term outlook, such as the LGPS.*
- *Fourth, the government is seeking views about proposed amendments to the LGPS's regulations to implement requirements on pension funds that use investment consultants. These amendments are needed to implement the requirements of an order made by the Competition and Markets Authority (CMA) in respect of the LGPS.*
- *Finally, the government is proposing to make a technical change to the definition of investments within LGPS regulations.*

3.8 To assist the consultation process, at the end of the document the Government summarises the proposals as follows:

Pooling

To revise ISS guidance to include requirements to transfer listed assets to the pool by 31 March 2025, and to set out in the ISS:

- *assets which are pooled, under pool management and not pooled, and*
- *to provide a rationale, value for money and date for review for assets which are under pool management or not pooled*

To revise pooling guidance so as to set out fully how funds and pools should interact and promote a model of pooling which includes the characteristics described above including on delegation of manager selection, strategy implementation, advice, governance, transition of assets, new investments outside the pool and reporting.

To implement a requirement in guidance for administering authorities to have a training policy for pensions committee members and to report against the policy

To revise guidance on annual reports to require greater clarity on progress of pooling including a summary asset allocation (including investment in infrastructure and levelling up), a comparison between actual and strategic asset allocation, and a report of the net savings from pooling. We also seek views on whether there should be an additional requirement for funds to report net returns for each asset class against a consistent benchmark, and if so how this requirement should operate

For the Scheme Advisory Board to expand their Scheme Annual Report to provide a report on the progress on pooling and on asset allocation across the LGPS.

To make changes to LGPS official statistics to provide greater transparency on asset allocation and the proportion of assets which have been pooled.

Investment in levelling up

To amend regulations to require funds to set a plan to invest up to 5% of assets in levelling up the UK, and to report annually on progress against the plan.

Investment in private equity

To revise ISS guidance to require funds to consider such investments to meet the government's ambition of a 10% allocation to private equity in the LGPS.

Investment consultancy services

To amend regulations to set requirements funds with respect to investment consultants in line with the CMA order.

Definition of investment

To amend investment regulations to correct an inconsistency in the definition of investment.

3.9 The questions being asked are as follows:

Chapter 2: Asset pooling in the LGPS

Question 1: *Do you consider that there are alternative approaches, opportunities or barriers within LGPS administering authorities' or investment pools' structures that should be considered to support the delivery of excellent value for money and outstanding net performance?*

Question 2: *Do you agree with the proposal to set a deadline in guidance requiring administering authorities to transition listed assets to their LGPS pool by March 2025?*

Question 3: *Should government revise guidance so as to set out fully how funds and pools should interact, and promote a model of pooling which includes the characteristics described above?*

Question 4: *Should guidance include a requirement for administering authorities to have a training policy for pensions committee members and to report against the policy?*

Question 5: *Do you agree with the proposals regarding reporting? Should there be an additional requirement for funds to report net returns for each asset class against a consistent benchmark, and if so how should this requirement operate?*

Question 6: *Do you agree with the proposals for the Scheme Annual Report?*

Chapter 3: LGPS investments and levelling up

Question 7: *Do you agree with the proposed definition of levelling up investments?*

Question 8: Do you agree that funds should be able to invest through their own pool in another pool's investment vehicle?

Question 9: Do you agree with the proposed requirements for the levelling up plan to be published by funds?

Question 10: Do you agree with the proposed reporting requirements on levelling up investments?

Chapter 4: Investment opportunities in private equity

Question 11: Do you agree that funds should have an ambition to invest 10% of their funds into private equity as part of a diversified but ambitious investment portfolio? Are there barriers to investment in growth equity and venture capital for the LGPS which could be removed?

Question 12: Do you agree that LGPS should be supported to collaborate with the British Business Bank and to capitalise on the Bank's expertise?

Chapter 5: Improving the provision of investment consultancy services to the LGPS

Question 13: Do you agree with the proposed implementation of the Order through amendments to the 2016 Regulations and guidance?

Chapter 6: Updating the LGPS definition of investments

Question 14: Do you have any comments on the proposed amendment to the definition of investments?

Chapter 7: Public sector equality duty

Question 15: Do you consider that there are any particular groups with protected characteristics who would either benefit or be disadvantaged by any of the proposals? If so please provide relevant data or evidence.

- 3.10 Attached as Appendix A is a short summary/commentary on the consultation as provided by Hymans Robertson.
- 3.11 The implications on the Fund of the Chancellor's announcements and the proposals in the consultation could be very significant. Officers will be consulting with the Committee and the Board along with advisers and organisations to which it belongs to decide on its response.
- 3.12 At this stage, the Board are invited to comment as they wish and to note this Report.

4. DATA PROTECTION IMPLICATIONS

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

No.

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

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

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

CONTACT OFFICER:

Matthew Hallett – Acting Head of Pensions and Treasury.

BACKGROUND DOCUMENTS:

None.

APPENDIX:

Government consultation – LGPS (England & Wales): next steps on investments
[Hymans Robertson]

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60-second summary

Government consultation - LGPS (England & Wales): next steps on investments



Iain Campbell
Senior Investment Consultant

The government released their long-awaited consultation on Local Government Pension Scheme investments on 11 July. This set out their vision for the important matters of pooling, the LGPS's role in levelling up and private equity, as well as CMA requirements, investment definitions and the LGPS's equality duty. Here we provide a summary of the consultation's main issues.

Clear support for pooling

The consultation sets out a clear preference for pooling to go further and faster. While the government acknowledges the benefits achieved by pooling in its current guise, there's a belief that greater scale can achieve more. They therefore set out ambitions for:

- Increased scale, with a smaller number of pools in excess of £50bn of assets, to achieve further fee reductions and access to larger investment projects. Merger may be required for any pools which remain below £50bn even after all assets are pooled.
- All liquid assets to be pooled by 31 March 2025, with a preference for assets to be under pool "ownership", rather than the pool serving an oversight role. Pooling of illiquid assets is also to be considered within this timeframe, but no firm deadline has been set for these.
- In-house investment management within the pools to grow, reducing or removing the additional layer of third-party manager fees.
- Pools to specialise and collaborate, with funds to access in-house management in specific investment areas in other pools if their own pool doesn't provide this. Competition between pools is explicitly discouraged.
- Increased reporting by funds of progress on pooling assets in the Investment Strategy Statement and annual report, including explanations for assets that are not intended to be pooled.
- The setting of investment strategy is to remain with administering authorities, but with this defined as the "broad instruction regarding asset classes and level of risk". The implementation decisions below that broad definition are to be delegated to pools, including the ability to move quickly with assets as opportunities arise. The consultation also states that pools should be "actively advising funds regarding investment decisions, including investment strategies".

- Formal training of pension committee members will be required, with regular reporting of training undertaken.
- Increased transparency of reporting of assets held by funds, with greater detail on asset allocation and pooling progress in annual reports and by the LGPS Scheme Advisory Board.

Some details offered on levelling up

Michael Gove's levelling up white paper mentioned a potential requirement for the LGPS to invest 5% in assets that assist with the government's levelling up agenda. Further notes were dropped into the Edinburgh Reforms and most recent Budget regarding "venture and growth capital". While this generally raised more questions than answers, it's helpful to see more clarity around the future path, including:

- A clear view that levelling up investments can be wholly compatible with fiduciary duty.
- 12 levelling up missions that, if investments contribute to, will count towards the 5% target.
- All asset classes will count towards the target, along with investments anywhere in the UK.
- A requirement for funds to publish a plan of how up to 5% of assets will be invested in projects that support the levelling up agenda (funds may invest more than 5% if they wish).
- Annual reporting of progress against this plan.
- Reliance on pools to access these opportunities, partly to manage issues with conflicts of interest, with a preference for opportunities to be sought out and developed by funds and pools, rather than simply joining auctions of already established opportunities.
- Funds to be able to access local investments through other pools.
- Funds should also be able to demonstrate how they assess levelling up investment opportunities.

A surprise push for private equity?

While wording around levelling up shifted towards "venture and growth capital" in government communication, it was perhaps surprising to see a separate consideration of requirements to invest in private equity. Much of the discussion in the consultation is intertwined with levelling up; however, the potential requirement to invest 10% in private equity doesn't explicitly state this should be within the UK. The government's rationales for greater investment in this area are:

- Making more capital available to support UK companies, and the UK's attractiveness for company listings.
- The LGPS's long investment time horizon, and the asset class's historically high returns.

The government also discussed the potential for working with the British Business Bank to build capabilities to invest in this area.

Summary

The future of pooling and potential requirements placed on funds by the levelling up agenda have been significant uncertainties hanging over the LGPS. At times these have prevented actions being taken and progress being made. While it's positive to have the further clarity provided by the release of this consultation, many questions remain. We'll follow up with another note setting out our views on the consultation and areas where we feel more clarity is required.

Croydon Council

REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Conflicts of Interest Policy
LEAD OFFICER:	Matthew Hallett, Acting Head of Pensions and Treasury

1. RECOMMENDATION

- 1.1 The Board are asked to comment on the recommended Conflicts of Interest Policy.

2. EXECUTIVE SUMMARY

- 2.1 This report advises the Board of the arguments for adopting a whole Fund Conflicts of Interest Policy and invites their comments on the draft attached as Appendix B.

3. DETAIL

- 3.1. In accordance with LGPS Regulations 2013 (S108) and Scheme Advisory Board Guidance, in July 2015, the Fund adopted a Conflicts of Interest Policy for the Pension Board.
- 3.2 Conflicts are currently more broadly managed as follows:

- Committee members and co-opted members are required to adhere to the “Constitution of the London Borough of Croydon” [as at 14 April 2023] Part 5.I Section 9 and Appendix B accessible via:

<https://democracy.croydon.gov.uk/documents/s46562/Part%205I%20MEMBERS%20CODE%20OF%20CONDUCT.pdf>

and must have proper operational procedures in place described in a written statement further to Regulation 55 of The Local Government Pension Scheme Regulations 2013.

- Officers of the Council are required to adhere to the Staff Code of Conduct Section 4, the first paragraph of which states as follows:

You have an obligation to act in the best interests of the council and to avoid situations where there may be a potential conflict of interest e.g. where your personal loyalties could lead you to act in a way that is not in keeping with your loyalty to the council. You must take steps to resolve any conflicts arising in a way that protects the public interest, including

declaring private interests as below [in Code of Conduct].

- 3.3 In their Governance Review of the Fund, Aon go into some detail as to how conflicts of interest are currently managed and, whilst they acknowledge that current practices meet current legal requirements, they argue that they could be improved to meet good practice and national guidance. As regards a Policy to cover the whole of the Fund's management they comment as follows:

Clearly this is not a legal requirement but, as mentioned earlier in the report, we would encourage the Administering Authority to develop a Fund specific policy outlining how conflicts of interest will be managed and dealt with at a Fund level. This could include reference to:

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

- 3.4 In the Action Plan Aon further comment:

This [Conflict of Interest declarations and approach for implementing Fund wide policy] should involve implementing the requirements of the Fund wide Conflict of Interest Policy including:

- *it should clearly set out who conflicts should be reported to*
- *require all parties to complete a declaration and allow for an annual exercise to reaffirm declarations*
- *implement conflict register*

- 3.5 During 2019, working groups acting on behalf of the Scheme Advisory Board made a number of proposals in their "Good Governance Review" and, on 3 February 2020, these were accepted by the Board. Amongst these proposals was the following:

B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.

The Board requested that the working groups provide further detail on the implementation of this proposal.

In their report dated February 2021 the working groups reported on this matter as detailed in Appendix A. It is expected that these recommendations will be reflected in legislation and / or statutory guidance and this Policy aims to reflect many of the recommendations within the "Good Governance Review." It will be reviewed once the recommendations are enacted in legislation and statutory guidance as necessary to ensure compliance.

3.6 The Pensions Regulator's new single Code of Practice relating to Conflicts of Interest (TGB039) states:

“Scheme managers should consider conflicts of interest in identifying and evaluating risks (see Identifying and assessing risks). Where relevant, our expectations on scheme managers for identifying and recording conflicts of interest are the same as the list above’. Some of those requirements are as follows:

Identifying and recording conflicts of interest

- Have a clear understanding of the importance of managing conflicts of interest and the circumstances in which they may arise;
- Understand any requirements of the scheme's governing documentation, or regulations under which it may operate, in relation to conflicts of interest; and
- Encourage a culture of openness and transparency in relation to conflicts of interest.

Maintain a written policy for managing actual and perceived conflicts of interests

- Maintain a register of interests which should be considered in every meeting of the governing body;
- Ensure all members of the governing body, advisers and service providers make declarations of interests and conflicts at their appointment, and as they arise;
- Ensure contracts and terms of appointment require advisers and service providers to operate their own conflicts policy and disclose all conflicts to the governing body;
- Record conflicts of interest in relation to a decision-making process, as well as the action taken to manage them, in the written records of the meeting (see Meetings and decision-making);
- If carrying out transactions with related parties, governing bodies should ensure transparency by complying with 'Financial Reporting Standard (FRS) 102 – Related Party Disclosures;' and
- Consider seeking independent legal advice to help decide the best approach to manage or avoid an actual or potential conflict of interest.

It is expected that a further version of the draft single Code is due to be published this year, now re-branded as the General Code. It may, therefore, be the case that there are changes to the draft guidance summarised above.

- 3.7 On 20 June 2023 the Committee were asked to agree the draft Conflicts of Interest Policy included as Appendix B but were disinclined to do so. A revised version of the report will be presented to them at their meeting of 19 September.
- 3.8 Meantime, the Board are invited to comment on the draft Policy attached as Appendix B

4. DATA PROTECTION IMPLICATIONS

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

No.

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

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

Approved by: Allister Bannin on behalf of Jane West, Corporate Director of Resources (Section 151 Officer)

CONTACT OFFICER:

BACKGROUND DOCUMENTS:

None.

APPENDICES:

Appendix A: Extract from "Good Governance: Phase 3 Report to SAB" February 2021

Appendix B: Conflicts of Interest Policy

Extract from “Good Governance: Phase 3 Report to SAB” February 2021

Conflicts of Interest

B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, including reference to key conflicts identified in the Guidance.

One of the key objectives of the Good Governance Review was to consider how potential conflicts of interest manifest themselves within current LGPS set up and to suggest how those potential conflicts can be managed to ensure that they do not become actual conflicts. In doing so, the SAB was of the view that the democratically accountable nature of the LGPS be maintained.

Since almost all LGPS funds are rooted in local authority law and practice, those elected members who serving on pension committees are subject to local authority member codes of conduct. These will require members to register existing conflicts and to recognise when conflicts arise during the course of their duties and how to deal with them. Elected members must also comply with the Seven Principles of Public Life (often referred to as the Nolan Principles). Non-elected members sitting on committees and local pension boards should be subject to the same codes and principles.

There are, however, specific conflicts that can arise as a result of managing a pension fund within the local authority environment. The intention of this recommendation is that all administering authorities publish a specific LGPS conflicts of interest policy. This should include information on how it identifies, monitors and manages conflicts, including areas of potential conflict that are specific to the LGPS and will be listed in The Guidance. The expectation is that the areas covered will include:

- Any commercial relationships between the administering authority or host authority and other employers in the fund/or other parties which may impact decisions made in the best interests of the fund. These may include shared service arrangements which impact the fund operations directly but will also include outsourcing relationship and companies related to or wholly owned by the Council, which do not relate to pension fund operations;
- Contribution setting for the administering and other employers;
- Cross charging for services or shared resourcing between the administering authority and the fund and ensuring the service quality is appropriate for the fund;
- Dual role of the administering authority as an owner and client of a pool;

- Investment decisions about local infrastructure; and
- How the pension fund appropriately responds to Council decisions or policies on global issues such as climate change.
- Any other roles within the Council being carried out by committee members or officers which may result in a conflict either in the time available to dedicate to the fund or in decision making or oversight. For example, some roles on other finance committees, audit or health committees or cabinet should be disclosed.

Each administering authority's policy should address:

- How potential conflicts of interest are identified and managed;
- How officers, employer and scheme member representatives, elected members, members of the local pension board and advisers and contractors understand their responsibilities in respect of ensuring that conflicts of interest are properly managed;
- Systems, controls and processes, including maintaining records, for managing and mitigating potential conflicts of interest effectively such that they never become actual conflicts;
- How the effectiveness of its conflict of interest policy is reviewed and updated as required;
- How a culture which supports transparency and the management and mitigation of conflicts of interest is embedded; and
- How the specific conflicts that arise from its dual role as both an employer participating in the Fund and the administering authority responsible for delivering the LGPS for that fund are managed.

In putting together such a policy it is recognised that membership of the LGPS is not, in and of itself, a conflict of interest.

The Guidance should require each fund to make public its conflicts of interest policy.

LONDON BOROUGH OF CROYDON PENSION FUND

CONFLICTS OF INTEREST POLICY

Introduction

1. This is the Conflicts of Interest Policy (Policy) for the London Borough of Croydon Pension Fund (Fund) of which the Council is the Administering Authority. The Policy details how actual and potential conflicts of interest are identified and managed by those involved in the management and governance of the Fund whether directly or in an advisory capacity.
2. The potential for conflicts of interest has always existed for those with Local Government Pension Scheme (LGPS) administering authority responsibilities and for advisers to LGPS funds. This reflects the fact that many of those managing or advising LGPS funds will have a variety of other roles and responsibilities, for example as a member of the LGPS, as an elected member or board member of an employer participating in the LGPS or indeed as an adviser to more than one administering authority. Furthermore, any of those persons may have a personal, business or other interest which might conflict, or be perceived to conflict, with their role managing or advising LGPS funds.
3. It is generally accepted that LGPS administering authorities have both fiduciary and public law duties to act in the best interest of both the LGPS beneficiaries and participating employers. This, however, does not preclude those involved in the management of an LGPS fund from having other roles or responsibilities which may result in an actual or potential conflict of interest. Accordingly, it is good practice to document within a Policy how any such conflicts or potential conflicts are to be managed. Further, the Good Governance Review¹ recommends that each fund should have a fund-wide published conflicts of interest policy. This recommendation is being considered by the Department for Levelling Up, Housing and Communities (DLUHC) and is expected to be adopted and enacted into legislation / statutory guidance. Additionally the new The Pensions Regulator Single Code of Practice also sets an expectation that Scheme managers maintain a written policy for managing actual and perceived conflicts of interest. In the meantime, Croydon, as Administering Authority of the Fund, considers it good practice to document within a policy, such as this, how any such conflicts or potential conflicts are to be managed in relation to Fund matters.

Purpose and objectives

¹ Phase 3 report published February 2021
https://www.lgpsboard.org/images/Other/Good_Governance_Final_Report_February_2021.pdf and is being considered by DLUHC.

4. This Policy applies to the Pension Committee members, Pension Board members, officers and advisers. Along with other constitutional documents, including the Member and Officer Codes of Conduct, it aims to ensure that those individuals do not act improperly or create a perception that they may have acted improperly. It is an aid to good governance, encouraging transparency and minimising the risk of any matter prejudicing decision making or management of the Fund.
5. The Council recognises that its functions as an Administering Authority, managing the Fund, can be quite different from its other functions and this policy has been developed with the specific requirements of Fund governance in mind. The Fund's "governance" objectives are set out in its Governance Policy Statement and prominent amongst them is that the Fund manages conflicts of interest appropriately.

To whom this Policy applies

6. This Policy and the issue of conflicts of interest in general must be considered in the light of each individual's role. The Policy applies to:
 - all members of the Pension Committee and the Pension Board, including LGPS member and employer representatives and co-optees, whether voting members or not;
 - any member of the Pension Committee or Pension Board whilst representing the Fund on other committees, groups or bodies;
 - all employees of the Administering Authority involved in the management, administration and governance of the Fund; and
 - all advisers to the Fund whether advising the Pension Committee, the Pension Board or Fund officers.
7. In this Policy, reference to advisers includes all advisers, suppliers and other parties providing advice and services to the Administering Authority in relation to Fund matters. These include, but are not limited to, actuaries, investment consultants, governance consultants, independent advisers, benefits consultants, third party administrators, investment managers, lawyers, custodians, officers of the London CIV and AVC providers.
8. Where an advisory appointment is with a firm rather than an individual, reference to "advisers" is to the lead adviser(s) responsible for the delivery of advice and services to the Administering Authority rather than the firm as a whole.
9. In accepting any role covered by this Policy, those individuals agree that they must:
 - acknowledge and declare any potential conflict of interest they may have;
 - be open with the Administering Authority on any actual or potential conflicts of interest they may have;

- adopt practical solutions to managing those conflicts; and
 - plan ahead and agree with the Administering Authority how they will manage any conflicts of interest which may arise in future.
10. The procedures outlined later in this Policy provide a framework for each individual to meet these requirements.

Legislative and related context

11. The overriding requirements in relation to the management of potential or actual conflicts of interest for those involved in LGPS funds are contained in various elements of legislation and guidance. These are considered further below.

The Public Service Pensions Act 2013

12. Section 5 of the Act requires that the scheme manager (in the case of the LGPS this is the administering authority) must be satisfied that a pension board member does not have a conflict of interest at the point of appointment and from time to time thereafter. It also requires pension board members (or nominated members) to provide reasonable information to the scheme manager for this purpose.
13. The Act defines a conflict of interest as “a financial or other interest which is likely to prejudice the person’s exercise of functions as a member of the board (but does not include a financial or other interest arising merely by virtue of membership of the LGPS or any connected scheme).”
14. Further, the Act requires that LGPS managers must have regard to any such guidance that the national Scheme Advisory Board issue (see below).

The Local Government Pension Scheme Regulations 2013

15. Regulation 108 of these Regulations applies the requirements of the Public Service Pensions Act 2013 to the LGPS, placing a duty on each administering authority to satisfy itself that pension board members do not have conflicts of interest on appointment or whilst they are members of the board. It also requires those pension board members to provide reasonable information to the administering authority in this regard.
16. Regulation 109 states that each administering authority must have regard to guidance issued by the Secretary of State in relation to pension boards. Further, regulation 110 provides that the national Scheme Advisory Board has a function of providing advice to administering authorities and pension boards. The LGPS national Scheme Advisory Board issued guidance relating to the establishment of pension boards including a section on conflicts of interest. This Policy has been developed having regard to that guidance.

The Pensions Act 2004

17. The Public Service Pensions Act 2013 also added several provisions to the Pensions Act 2004 related to the governance of public service pension schemes and, in particular, conflicts of interest.
18. Section 90A requires The Pensions Regulator to issue a code of practice relating to conflicts of interest for pension board members. The Pensions Regulator has issued such a code and this Policy has been developed having regard to that Code.
19. Further, under section 13, The Pensions Regulator can issue an improvement notice (i.e. a notice requiring steps to be taken to rectify a situation) where it is considered that the requirements relating to conflicts of interest for pension board members are not being adhered to.

Localism Act 2011

20. All members and co-opted members of the Pension Committee are required by the Localism Act 2011 to register and declare 'disclosable pecuniary interests' and 'other registerable interests' and abide by Croydon Council Members' Code of Conduct. That Code contains provisions relating to disclosable pecuniary interests, other registerable interests, non-registerable interests and sensitive interests including their disclosure and any limitations on members' participation where they have any such interest.

CIPFA Investment Pooling Governance Principles for LGPS Administering Authorities Guidance

21. This Guidance states:

"the establishment of investment pooling arrangements creates a range of additional roles that committee members, representatives, officers and advisors might have."

22. It includes some examples of how conflicts of interest could arise in these new roles and highlights the need for administering authorities to:
 - update their conflicts policies to have regard to asset pooling;
 - remind all those involved with the management of the fund of the policy requirements and the potential for conflicts to arise in respect of asset pooling responsibilities;
 - ensure declarations are updated appropriately.

23. This Policy has been updated to take account of the possibility of conflicts arising in relation to asset pooling in accordance with the CIPFA governance principles guidance.

Principles of Public Life

24. The Seven Principles of Public Life, otherwise known as the “Nolan Principles,” apply to anyone who works as a public office holder. They cover everyone elected or appointed to an office within local government and many are integral to the successful implementation of this Policy. They are as follows:

- selflessness;
- integrity;
- objectivity;
- accountability;
- openness;
- honesty; and
- leadership.

Advisers’ Professional Standards

25. Many advisers are required to meet professional standards relating to the management of conflicts of interest, for example, the Fund Actuary is bound by the requirements of the Institute and Faculty of Actuaries. Any protocol or other arrangement between an adviser and the Administering Authority in relation to conflicts of interest, whether as a requirement of a professional body or otherwise, should be read in conjunction with this Policy.

Administering Authority specific requirements

Pension Committee members

26. In addition to the requirements of this Policy, Committee members and the voting co-opted member are required to adhere to the “Constitution of the London Borough of Croydon” Part 5.I (Members’ Code of Conduct). This includes the requirement to register Disclosable Pecuniary Interests and Other Registrable Interests. For full text see link below:

<https://democracy.croydon.gov.uk/documents/s46562/Part%205I%20MEMBERS%20CODE%20OF%20CONDUCT.pdf>

27. Under Part 6.D of the Constitution (Scheme of Co-option) Appendix A discusses the Code of Conduct expected of non-voting co-opted Members. Clause vii of Appendix A covers conflicts of interests. The whole of Part 6.D can be accessed via the link below:

<https://democracy.croydon.gov.uk/documents/s46564/PART%206D%20Scheme%20of%20Co-Option.pdf>

Pension Board Members

28. In addition to the requirements of this Policy, Pension Board members are required to adhere to the “Constitution of the London Borough of Croydon” Part 4.M “Local Pension Board Procedure Rules.” Clause 15.2 refers specifically to the requirement for members to sign the Council’s Code of Conduct. The whole of Part 4.M can be accessed via the link below:

<https://democracy.croydon.gov.uk/documents/s46553/PART%204M%20Local%20Pension%20Board%20Procedure%20Rules.pdf>

Employees

29. In addition to the requirements of this Policy, officers of the Council are required to adhere to the Staff Code of Conduct Section 9 the first two paragraphs of which state as follows:

There may be occasions when there is scope for conflict between the Council’s interests and your own.

It is very important that you do not let your personal interests influence the work that you do or the decisions that you make for the Council – or put yourself in a position that might lead a person to accuse you of doing so. You must not allow your private interests or beliefs to conflict with your professional duty.

Advisers

30. The Administering Authority appoints its own advisers. How conflicts of interest will be identified and managed should be addressed within the contractual arrangements.
31. There may be circumstances where advisers are asked to give advice to the Council as an employer, other employers, LGPS members or member representatives such as the trades unions in relation to pension matters. Similarly, an adviser may also be appointed to another administering authority which is involved in a transaction involving the Fund. An adviser can only continue to advise the Administering Authority and another party where there is no conflict of interest in doing so.
32. Where the Pension Board decides to appoint an adviser, this can be the same person as is appointed to advise the Pension Committee or Fund officers if there is no conflict of interest between the two roles.

London CIV Conflict of Interest requirements

33. One of the potential areas of conflict covered by this Policy is investment pooling. A proportion of the Fund's assets are invested through the London CIV. Any members of the Pension Committee or senior officers of the Fund who are members of the Board of the London CIV or its Shareholder Committee must also comply with any requirements relating to the management of actual or potential conflicts of interest for the governance of the London CIV.

Conduct at Meetings

34. There may be circumstances where a representative of employers or members wishes to provide a specific point of view on behalf of an employer (or group of employers) or member (or group of members). The Administering Authority requires that any individual wishing to speak from an employer's or member's viewpoint must state this clearly, e.g. at a Pension Board or Pension Committee meeting, and that this is recorded in the minutes.

What is a Conflict or Potential Conflict and how will it be managed?

35. The Public Service Pensions Act 2013 defines a conflict of interest as a financial or other interest which is likely to prejudice a person's exercise of functions.

Therefore, a conflict of interest may arise when an individual has a responsibility or duty in relation to the management of the Fund and at the same time has:

- a separate personal interest (financial or otherwise); or
- another responsibility in relation to that matter giving rise to a possible conflict with their first responsibility.

36. An interest could also arise due to a family member or close colleague having a specific responsibility or interest in a matter.
37. One of the key areas of potential conflict relates to the dual roles held by those employed by or representing the Council as the Administering Authority to the Fund and as a participating employer in the Fund.
38. The "Members' Code of Conduct Guidance", part of the "Members' Code of Conduct" (see paragraph 26 above) included in the Constitution includes various worked examples of where conflicts could arise. Annex 1 provides examples specific to Fund activities.
39. The Council encourages a culture of openness and transparency, including in relation to its activities as Administering Authority. It encourages individuals to be vigilant and to have a clear understanding of their role, the circumstances in which they may have a conflict of interest and how potential conflicts should be managed. The Head of Pensions and Treasury, with advice from the Monitoring Officer as required, will evaluate the nature of any dual interests or responsibilities

that are highlighted and assess the impact on Fund operations and good governance were an actual conflict of interest to materialise.

40. Under the Members' Code of Conduct Appendix B Clause 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.*

The Administering Authority has a similar approach and so that it can fulfil its Obligations to manage and monitor potential conflicts of interests, the Pension Committee and the Pension Board must include an item on conflicts of interest at each meeting, applying to all those attending, which will require consideration of actual or potential conflicts relevant to the Fund, even if not a disclosable pecuniary interest or other registrable interest under the Members' Code of Conduct.

41. Provided that the Administering Authority, (having taken any professional advice deemed to be required) is satisfied that the method of management is satisfactory, the Council shall endeavour to avoid the need for an individual to have to resign due to a conflict of interest. However, where the conflict is considered to be so fundamental that it cannot be effectively managed, or where a Pension Board member has an actual conflict of interest as defined in the Public Service Pensions Act 2013, the individual will be required to resign from the Committee, Board or appointment.

Responsibility

42. The Administering Authority must be satisfied that conflicts of interest are appropriately managed. For this purpose, the Head of Pensions and Treasury is the designated individual for ensuring the procedure outlined below is adhered to. Where required, the Head of Pensions and Treasury will seek advice from the Monitoring Officer. However, it is the responsibility of each individual covered by this Policy to identify any potential instances where their personal, financial, business or other interests might come into conflict with their Fund duties.

Operational procedure for Officers, Pension Fund Committee members and Pension Board members

43. The Fund operates a Register of Conflicts of Interests for the recording of all declarations of interest. The format of the register is set out in Annex 2.

44. Further details of how potential conflicts of interest should be identified and managed are set out in the table below.

What is required	How this will be done
<p>Step 1 – Initial identification of interests which do or could give rise to a conflict</p>	<p>On appointment to their role or on the commencement of this Policy if later, all relevant individuals will be provided with a copy of this Policy and will be required to complete a Disclosure of Interests form.</p> <p>The information contained in disclosures will be collated into the Fund’s Register of Interests. Each individual is responsible for maintaining their register on a continuous basis.</p>
<p>Step 2 – Ongoing notification and management of potential or actual conflicts of interest</p>	<p>Where possible, any conflicts should be advised in writing to the Head of Pensions and Treasury and the Monitoring Officer before the start of any Committee, Board or other Fund meeting. At the commencement of each Pension Committee, Pension Board or other formal meeting where Fund matters are to be discussed, the Chair will ask all those present who are covered by this Policy to declare any new potential conflicts. Any disclosures will be recorded in the minutes of the meeting and in the Fund's Register of Interests. In addition, the latest version of the Register will be made available by the Head of Pensions and Treasury /Monitoring Officer to the Chair of every meeting prior to that meeting if required.</p> <p>The Chair, in consultation with the relevant officers will decide whether the conflicted or potentially conflicted individual needs to leave the meeting during the discussion on the relevant matter or to withdraw from voting on the matter.</p> <p>If such a conflict is identified outside of a meeting the notification must be made to the Head of Pensions and Treasury and the Monitoring Officer and, where it relates to the business of any meeting, also to the Chair of that meeting. The Head of Pensions and Treasury, in consultation with the Chair and with the advice of the Monitoring Officer where relevant, will consider any necessary action to manage the potential or actual conflict.</p> <p>Where information relating to any potential or actual conflict has been provided, the Head of Pensions and</p>

	<p>Treasury may seek such professional advice as he or she thinks fit on to how to address any identified conflicts.</p> <p>Any such potential or actual conflicts of interest and the action taken must be recorded on the Fund's Register of Interests and in the minutes of the meeting, if raised during a meeting.</p>
Step 3 - Periodic review of potential and actual conflicts	<p>At least once every 12 months, the Head of Pensions and Treasury / Monitoring Officer will provide to all individuals to whom this Policy applies a copy of their currently declared Pension Fund Register of interests. All individuals will confirm in writing that their information is correct or highlight any changes that need to be made</p>

Operational procedure for advisers

45. All of the Fund's key advisers are expected to have their own policies on how conflicts of interest in their relationships with their clients are managed and these should be shared with the Administering Authority.
46. Although this Policy applies to advisers, the operational procedures outlined above relating to completing ongoing disclosures are not expected to apply to advisers. Instead all advisers must:
- be provided with a copy of this Policy on appointment and whenever it is updated;
 - adhere to the principles of this Policy;
 - provide, on request, information in relation to how they manage and monitor actual or potential conflicts of interests relating to the provision of advice or services to the Fund.; and
 - notify the Head of Pensions and Treasury immediately should a potential or actual conflict of interest arise, including declaring such actual or potential conflicts at the beginning of Pension Committee and Pension Board meetings
47. All potential or actual conflicts notified by advisers will be recorded in the Fund's Register of Interests.

Monitoring and Reporting

48. In order to identify whether the objectives of the Policy are being met the Head of Pensions and Treasury / Monitoring Officer will review the Register on an annual basis and consider whether there have been any potential or actual conflicts of interest that were not declared at the earliest opportunity.

Key Risks

49. The key risks to the delivery of the Policy are outlined below.

- insufficient training or poor understanding in relation to individuals' roles on Fund matters;
- insufficient training or failure to communicate the requirements of the Policy;
- absence of the individual nominated to manage the operational aspects of the Policy and no one deputising, or failure of that individual to carry out the operational aspects in accordance with the Policy; and
- failure by a relevant Chair to take appropriate action when a conflict is highlighted at a meeting.

50. All of these could result in an actual conflict of interest arising and not being properly managed. The Head of Pensions and Treasury will monitor these and other key risks and consider how to respond to them.

Costs

51. All costs related to the operation and implementation of this Policy will be met directly by the Fund. However, no payments will be made to any individuals in relation to any time spent or expenses incurred in the disclosure or management of any potential or actual conflicts of interest under this Policy.

Approval, review and consultation

52. This Policy was approved by the Pension Committee on 20 June 2023. It will be formally reviewed and updated at least every three years or sooner if the conflict management arrangements, or other matters included within it, merit reconsideration, including if there are any changes to the LGPS or other relevant Regulations or Guidance which need to be considered.

Further Information

53. If you require further information about anything in or related to this Policy, please contact:

Matthew Hallett
London Borough of Croydon
Acting Head of Pensions and Treasury
Bernard Weatherill House
8 Mint Walk
Croydon
CR0 1EA

E-mail – matthew.hallett@croydon.gov.uk
Further information on the London Borough of Croydon Pension Fund can be found at:
pensions@croydon.gov.uk

Annex 1

Examples of Potential Conflicts of Interest

- a) An elected member on the Pension Committee may be required to provide views on a funding strategy which could result in an increase or decrease in employer contributions payable by the employer he or she represents.
- b) An elected member on the Pension Committee may be a member of a political party that has specific areas of interest that might influence Fund decision making.
- c) In considering actuarial advice and reports Committee members have an overriding responsibility to protect the long-term solvency of the Fund which could conflict with short-term budgeting priorities of individual employers.
- d) A member of the Pension Committee is on the board of, or employed by, an Investment Manager or other supplier that the Committee is considering appointing.
- e) An employer representative on the Pension Board is employed by a company to which the administering authority has outsourced its pension administration services and the Pension Board is reviewing the standards of service provided by that company.
- f) The person appointed to consider internal disputes is asked to review a case relating to a close friend or relative.
- g) The administering authority is considering buying its own payroll system for paying pensioners, rather than using the payroll system used for all employees of the Council. The Director of Finance, who has responsibility for the Council budget, is expected to approve the report to go to the Pension Committee which, if agreed, would result in a material reduction in the charges to the Council from the Fund.
- h) An employer representative may be aware of a system which would help to improve standards of service and/or record keeping but would be expensive to implement and lead to increased contribution rates. A conflict could arise through the representative's dual interests.
- i) Officers of the Fund are asked to provide a report to the Pension Committee or Pension Board on whether the administration services should be outsourced which, if it were to happen, could result in a change of employer or job insecurity for themselves.
- j) An employer representative employed by the administering authority and appointed to the Pension Board to represent employers generally could be conflicted if he or she only serves to act in the interests of the administering authority, rather than those of all participating employers. Equally, a member representative, who is also a trade union representative, appointed to the Pension Board to represent the entire scheme membership could be conflicted if he or she only acts in the interests of their union and union membership, rather than all scheme members.
- k) A Fund adviser is party to the development of a strategy which could result in additional work for his or her firm, for example, providing delegated or fiduciary management of Fund investments, providing assistance with monitoring the covenant of employers.

l) An employer representative has access to information by virtue of his or her employment, which could influence or inform the considerations or decisions of the Pension Committee or Pension Board. He or she has to consider whether to share this information in light of their duty of confidentiality to their employer. Their knowledge of this information will put them in a position of conflict if it is likely to prejudice their ability to carry out their functions as a member of the Pension Committee or Pension Board.

m) An officer of the Fund or member of the Pension Committee accepts hospitality from an Investment Manager or other supplier who has submitted a bid as part of a tender process.

n) An officer or member, serving on a committee/group of the London CIV may be called upon to consider the appointment of an investment manager or other supplier who already supplies services to their administering authority.

Annex 2

Date identified	Name of Person	Role of Person		Details of conflict	Actual or potential conflict	How notified(1)	Action taken(2)	Follow require

Croydon Council

REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Governance Policy
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury

1. **RECOMMENDATION**

- 1.1 The Board are asked to review and agree the draft Governance Policy attached as Appendix A.

2. **EXECUTIVE SUMMARY**

- 2.1 This report updates the Governance Policy for consideration by the Board.

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:
- a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee or an officer of the authority;
 - b) if the authority does so—
 - (i) the terms, structure and operational procedures of the delegation,
 - (ii) the frequency of any committee or sub-committee meetings,
 - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
 - c) the extent to which a delegation, 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; and
 - d) details of the terms, structure and operational procedures relating to the local pension board established under regulation 53(4) (Scheme managers).

3.2 The current Governance Policy for the Fund was agreed by the Committee on 17 September 2019 and reviewed by the Board on 17 October 2019. The version attached was agreed by the Committee on 20 June 2023 and the Board are invited to review and agree it.

4. DATA PROTECTION IMPLICATIONS

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

No.

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

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

Approved by: Allister Bannin 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.

APPENDIX:

Appendix A: Governance Policy

LONDON BOROUGH OF CROYDON PENSION FUND

GOVERNANCE POLICY

June 2023

GOVERNANCE POLICY

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Annual Report and Statement of Accounts

Administering Authority

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

Under Regulation 55 of the Local Government Pension Scheme Regulations 2013 (the Regulations) an administering authority is required to prepare a written statement setting out the following:

- a) whether the authority delegates its functions, or part of its functions under these Regulations to a committee, a sub-committee or an officer of the authority;
- b) if the authority does so —
 - (i) the terms, structure and operational procedures of the delegation,
 - (ii) the frequency of any committee or sub-committee meetings,
 - (iii) whether such a committee or sub-committee includes representatives of Scheme employers or members, and if so, whether those representatives have voting rights;
- c) the extent to which a delegation, 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; and
- d) details of the terms, structure and operational procedures relating to the local pension board established under Regulation 106.

An administering authority must keep the Statement under review and make such revisions as are appropriate, following a material change to any of the matters mentioned therein. Before preparing or revising the Statement the administering authority must consult such persons as it considers appropriate.

This document details how the Council complies with this and other regulatory requirements and statutory guidance and how the functions of the Council relating to the Pension Fund are delegated.

Aims and Objectives

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

Around 31,000 current and former members of the Fund, and their dependants;

Around 100 employers within the Council area or with close links to the Council;

The local taxpayers within the Borough of Croydon; and

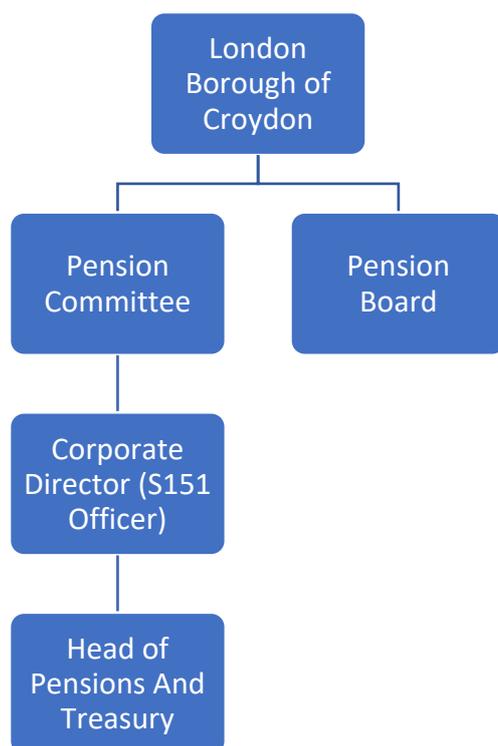
Central Government.

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

- All officers, Pension Committee Members and Pension Board Members charged with the financial administration, benefits administration, oversight and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them;
- The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties and that it operates in compliance with the Nolan principles;
- Appropriate measures are in place to manage the risks associated with the governance, administration and investment of the Fund, to understand those risks, to evaluate them and put in place measures to mitigate against them;
- All relevant legislation and statutory guidance is understood and complied with;
- The Fund aims to be at the forefront of best practice for Local Government Pension Scheme funds and is working towards ensuring compliance with the proposed recommendations of the Scheme Advisory Board Good Governance Review and the proposed new single Code of Practice of The Pensions Regulator; and
- The Fund manages conflicts of interest appropriately and has adopted a Fund Conflicts of Interest Policy covering Pension Committee Members, Pension Board Members, officers and all others involved in the management and administration of the Fund setting out requirements and appropriate actions.

Structure

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



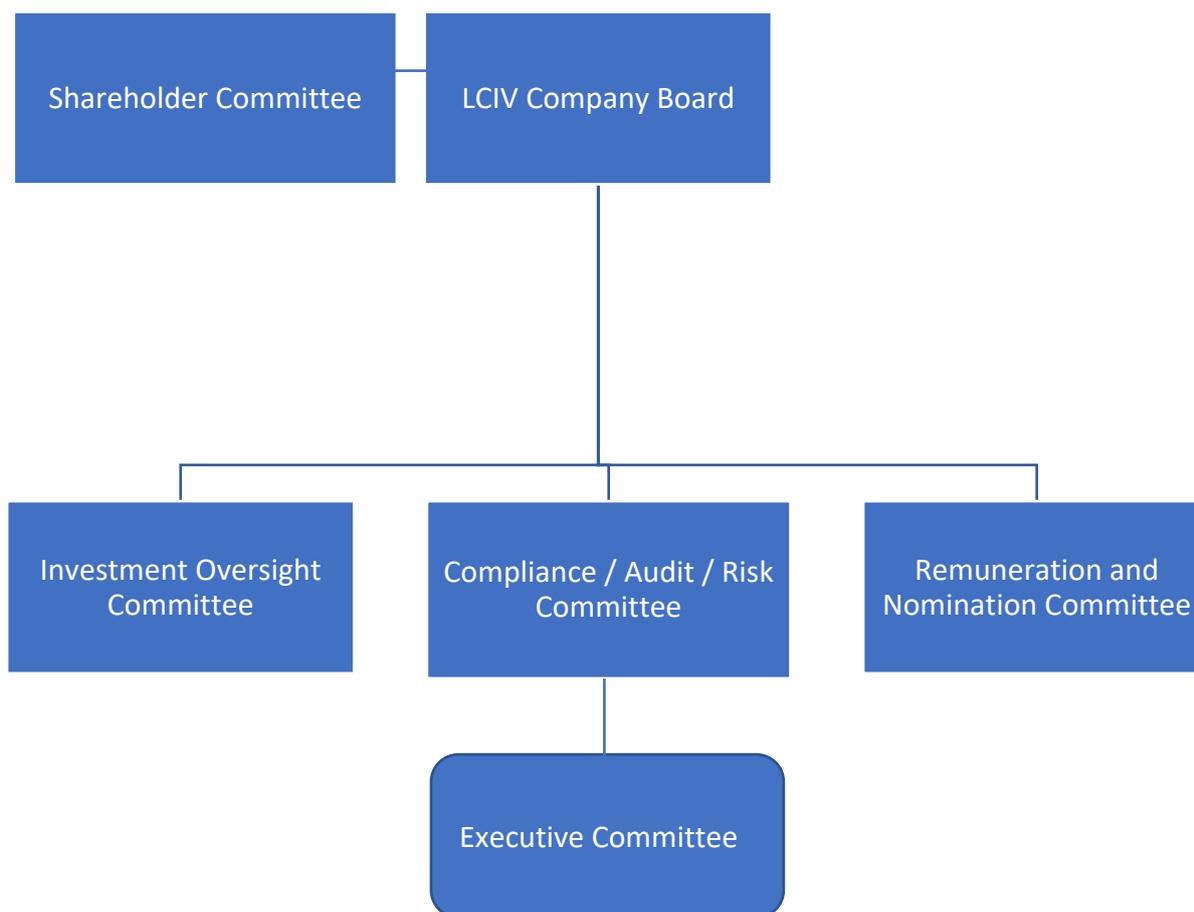
London Collective Investment Vehicle

In accordance with statutory guidance, the Fund is a member and shareholder of the London Collective Investment Vehicle (LCIV), a Financial Conduct Authority (FCA) regulated fund manager that represents the pooled investments of 32 London local authority pension funds. It has an Authorised Contractual Scheme structure and all the funds are equal shareholders.

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.

The Fund’s formal involvement in the governance of LCIV is through attendance at the twice-yearly Shareholder General Meeting. Officers are in regular contact with the LCIV officers and receive regular reports on the performance of the Fund’s investments, “Investor Level” reports on costs incurred by the Fund and an annual “Savings” report covering all the shareholders.

A report on the Fund’s interrelationships with the LCIV is considered by the Pension Committee annually.



Pension Committee

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

Role

- .1 To ensure that the Fund is properly operated in accordance with the Regulations , all other relevant legislation and best practice as advised by The Pensions Regulator, including financial, governance and administrative matters.
- 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.
- 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 Scheme, to other Scheme employers; and
- g) To keep these terms of reference under review.

Membership

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

The Statement recognises that all Scheme members and employers should be appropriately represented in the running of the Fund whilst, at the same time, ensuring that the Council, as the body with ultimate responsibility for running the Fund, maintains a majority position on the key governance bodies. To this end the Constitution specifies that the Council shall maintain a majority of voting members on the Pension Committee.

Currently the membership of the Committee is 8 elected Members from the Council on a politically proportionate basis. All Council Members have voting rights. In addition there are two elected pensioner members (one-voting and one non-voting) and one non-voting staff-side representative.

The Constitution is currently under review and it is proposed that the staff side member will be given voting rights. Additionally, a new voting employer representative role will be created. Although some of the representatives do not have voting rights they are treated as equal members of the Committee, they have access to all Committee advisers, officers, meetings and training and have the opportunity to contribute to the decision making process.

Three voting members of the Committee are required for a meeting to be quorate.

The Pension Committee may co-opt members as appropriate.

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

The Fund is aware that good governance means that an organisation is open in its dealings and readily provides information to interested parties; meetings are open to

members of the public. However, there may be occasions when members of the public are excluded from meetings when it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that confidential information would be disclosed.

Meetings

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

Agendas for meetings will be agreed with the Chair and will be circulated electronically with supporting papers to all members of the Committee, officers of the Council as appropriate and the Fund's advisers. Where requested, hard copy is provided.

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

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

The Council will make available copies of the minutes of meetings and records of decisions; these are stored indefinitely. Minutes of meetings and records of decisions are available for inspection on the Council's website.

Other delegations of powers

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

Pension Board

Role

With effect from 1 April 2015, each administering authority has been required to establish a Local Pension Board to assist them with:

- a) securing compliance with the Scheme Regulations and other legislation relating to the governance and administration of the Scheme and any statutory pension scheme that is connected with it;
- b) securing compliance with requirements imposed in relation to the Scheme and any connected scheme by The Pensions Regulator;
- c) such other matters as the scheme regulations may specify

Such Pensions Boards are not local authority committees but are reflected in a Council's Constitution. The Croydon Pension Board was set up by the Council and its Procedure Rules can be found within the Council's Constitution via

<https://democracy.croydon.gov.uk/documents/s46553/PART%204M%20Local%20Pension%20Board%20Procedure%20Rules.pdf>

The Council has charged the Pension Board with providing oversight of the matters outlined above. Although the Pension Board is not a decision-making body in relation to the management of the Fund, the Pension Committee are required to have regard to any such advice given by it under the Public Service Pensions Act 2013 7 (3).

Membership

The Pension Board consist of 7 members as follows:

- An Independent Chair;
- Three Employer Representatives, one of whom is from the Council; and
- Three Scheme Member Representatives, two of whom are nominated by the trade unions.

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

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

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

Meetings

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

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

Resources

In order to ensure that the Fund has the appropriate resource to deliver its statutory obligations it has adopted a 3-stage approach.

Business planning and budget setting

The Fund operates a 3-years' Business Plan ("the Plan") which sets out the priorities for its services. It is reviewed, updated and agreed by the Pension Committee once in each financial year and is publicly available. It sets out a programme of work against which progress can be monitored.

The Plan takes into account the risks facing the Fund, performance of the Fund (including backlogs of work) and anticipated regulatory changes.

The Plan also includes the Fund's budget. Resource requirements (including staff recruitment, procurement and other specialist services) are determined by the requirements of the Plan.

Service delivery

The Fund publishes an Administration Strategy Statement which sets out how it will deliver the administration of the Scheme. The Statement includes:

- details of the structures and processes in place for the delivery of the pension administration function;
- expected levels of performance for the delivery of key Fund and employer functions;
- the Fund's approach to training and development of staff;
- the Fund's approach to the use of technology in pension administration.

Monitoring delivery

The Fund recognises the importance of monitoring and reporting how it delivers progress against the Plan. This is done on the following ways:

- Performance against Key Performance Indicators (KPIs) is reported to the Pension Committee and Pension Board on a regular and agreed basis. Overall KPI performance is reported in the Fund's Annual Report. Plans to address any backlogs are added to business planning process as discussed above.
- Every year the Fund's internal auditors carry out reviews to provide assurance that the Fund's processes and systems are appropriate for managing risks.

Conflicts of Interest

Policy

The Fund has published a Conflicts of Interest Policy which sets out:

- How it identifies potential conflicts of interest;
- That the policy applies to members of both the Pension Committee and Pension Board, officers and advisers and contractors;
- How it makes sure that those affected understand their responsibilities in respect of ensuring that conflicts of interest are properly managed;
- Systems, controls and processes for managing and mitigating conflicts of interest effectively;
- How it reviews the effectiveness of its Conflicts of Interest policy and updates it as required; and
- How it embeds a culture which supports the management and mitigation of conflicts of interest.

Process

The Fund embeds the management of conflicts of interest into its everyday processes including by:

- Providing regular training to members of the Pension Committee, Pension Board and officers on identifying and managing potential conflicts of interest;
- Ensuring a record is kept of situations where the Conflicts of Interest Policy has been applied to mitigate or manage a potential conflict situation;
- Ensuring that a declaration of interests forms part of the agenda for all Pension Committee and Pension Board meetings and that an annual declaration of interests is completed;
- Ensuring actual and potential conflicts of interest are considered during procurement processes.

The Council as administering authority and employer

The Council recognises that its dual role as both an employer participating in the Fund and the body legally tasked with its management can produce the potential for conflicts of interest. It is important that these potential conflicts are managed in order to ensure that no actual or perceived conflict of interest arises and that all of the Fund's employers and scheme members are treated fairly and equitably.

Whilst the Fund's Conflicts of Interest Policy refers to the responsibilities of Committee and Board members, officers and advisers it specifically states that "One of the key areas of potential conflict relates to the dual roles held by those employed by or representing the Council as the Administering Authority to the Fund and as a participating employer in the Fund" (Paragraph 37).

The Conflicts of Interest Policy makes specific reference to:

- The effect of the Fund's funding strategy on employers' contributions;
- The potential impact of political stances within the Administering Authority on the investment strategy of the Fund;
- Asset pooling and the role of the Administering Authority as both a shareholder in, and client of, the LCIV;
- The potential use of outsourced services
- Any other roles within the Council being carried out by Committee members or officers which may result in a conflict either in the time available to dedicate to the Fund or in decision making or oversight. eg roles in connection with the Council's financial arrangements.

The Fund is run for the benefit of its members and on behalf of all its employers. It is important therefore that the Fund's budget is managed separately from the expenditure of the Council.

Policy Documents

In addition to the foregoing, there are a number of other documents which are relevant to the governance and management of the Fund. Brief details of some of the most significant are given below and full copies of all relevant documents can be found on the Pension Fund Website: <https://www.croydonpensionscheme.org/>

Funding Strategy Statement

The Funding Strategy Statement (FSS) and associated satellite policies form part of the framework for the funding and management of the Fund. It sets out how the Fund will approach funding its liabilities and contains a schedule of the minimum contribution rates that are required of individual employers within the Fund. The FSS is drawn up by the Council with regard to the advice of the Fund Actuary and after consultation with the Fund's employers. The approach to contribution setting is based on specific employer characteristics such as its time horizon, strength of covenant and risk profile. This approach ensures a consistency across all employers and removes the possibility of any employer receiving more, or less, favourable treatment.

Investment Strategy Statement

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

The areas covered are as follows:

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

Administration Strategy

The Fund's Administration Strategy sets out the way in which the Fund works with its employers and the mutual service standards that are expected. The Strategy details how the Fund will assist employers to ensure that they are best placed to meet their statutory Scheme obligations. On occasions where an employer's failure to comply with required processes and standards has led to the Fund incurring additional cost, the Strategy also provides for that cost to be recovered from the employer in question. This policy has been developed with all the Fund's employers and is operated in a consistent fashion across all of the employer base.

Admissions Policy

The Fund's Admissions Policy details its approach to admitting new employers to the Fund. This includes its approach to the use of guarantors, bonds and the setting of a fixed contribution rate for some employers. This policy, in conjunction with the Funding Strategy Statement, ensures a consistent approach when new employers are admitted into the Fund.

Communication Policy

The Fund's Communication Strategy sets out how it engages with various stakeholders in the Fund including active, deferred and pensioner scheme members. The Fund carries out a range of activities including:

- Contributing Scheme members
- Prospective Scheme members
- Pensioner Scheme members and dependants of deceased members
- Deferred Scheme members
- Scheme employers participating in the Fund
- Members of the Council
- Pension Committee
- Pension Board

Communication methods include:

- Scheme guides available on the website
- The Fund maintains a website which provides general advice, information and updates including copies of all current policies
- Member self-service Members have secure online access to their own pension records in order to run retirement estimates
- Scheme members are able to arrange one to one appointments, by phone or at our offices, with members of the pension team to discuss specific matters
- Member's annual benefit statements are available online or in writing (including large text) on request.
- Annual online Employer forums and Guide

Governance Best Practice—Compliance Statement

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

Knowledge and Skills / Training Policy

The Fund has adopted a Knowledge and Skills / Training Policy which has been put into place to assist it in achieving its governance objectives. Pension Committee and Pension Board members and senior officers are expected to demonstrate their own personal commitment to training and to ensure that the governance objectives are met.

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

- The CIPFA Knowledge and Skills Framework;
- The knowledge and skills elements of the Public Service Pensions Act 2013 and The Pensions Regulator's Code of Practice for Public Service Schemes; and
- The recommendations of the Scheme Advisory Board Good Governance Review

Any other LGPS specific guidance relating to the knowledge and skills of Pension Committee and Pension Board members, or Fund officers including the Section 151 Officer which may be issued from time to time will also be considered.

Details of the training undertaken by members of the Pension Committee and Pension Board are maintained and are reported in the Fund's Annual report. Targeted training is provided that is timely and directly relevant to the Committee and Board's activities as set out in the Business Plan.

Committee and Board members' subject knowledge is assessed on an annual basis. The results are analysed and any gaps identified are addressed as part of the ongoing training plans.

Officers involved in the management and administration of the Fund are set annual objectives which will include an element of personal development. These objectives are monitored as part of each individual's annual appraisal.

Annual Report and Statement of Accounts

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

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

Pensions Section
Bernard Weatherill House
8 Mint Walk
Croydon
CR0 1EA

Telephone – 020 8726 6000 ext 44034

Email – pensions@croymdon.gov.uk

Website - <https://www.croydonpensionscheme.org/>

Croydon Council

REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Governance Best Practice Compliance Statement
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury

1. **RECOMMENDATION**

- 1.1 The Board are asked to review and agree the draft Governance Best Practice Compliance Statement attached as Appendix A.

2. **EXECUTIVE SUMMARY**

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

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 was 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.
- 3.2 On 13 October 2022 the Board noted the Statement for 2022 as had been agreed by the Committee on 11 October 2022.
- 3.3 The draft Best Practice Compliance Statement for 2023, included as 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 Recommended changes from the version agreed in October 2022 are as follows:

Principle Ab – to reflect proposed changes to Constitution;

Principle Bai – to reflect proposed changes to the Constitution;

Principle Baiii – to clarify the position and alter from “fully compliant” to non compliant;”

Principle Bb – to reflect the position as regards access to documents;

Principle D - to reflect the position as regards voting rights;

Principle E – to explain training arrangements;

Principle G - to reflect the position as regards access to documents and change from “partially compliant” to “fully compliant.”

3.5 On 20 June 2023 the Committee agreed the attached draft Statement but requested that, in future, recommended changes are highlighted by “tracked changes” rather than by references in the covering report.

3.6 The Board are asked to review and agree the attached Governance Best Practice Compliance Statement

4. DATA PROTECTION IMPLICATIONS

4.1 Will the subject of the report involve the processing of ‘personal data’?

No.

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

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

Approved by: Allister Bannin 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.

APPENDIX:

Appendix A: Governance Best Practice Compliance Statement
PB 27072023

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.

Principal A - Structure	London Borough of Croydon Pension Fund Compliance
a. The management of the administration of benefits and strategic management of Fund assets clearly rests with the main committee established by the appointing council.	Fully Compliant 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.	Partially Compliant Pensioner and Union representatives are appointed to the Pension Committee. Although the Committee does not currently have representatives of participating employers, proposed changes to the Constitution will create a new employer representative position on the Committee.
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"> i) Employing authorities (including non-scheme employers, eg admitted bodies); ii) Scheme members (including deferred and pensioner scheme members); iii) Where appropriate, independent professional observers; and iv) Expert advisers (on an ad-hoc basis). 	<ul style="list-style-type: none"> i) Partially Compliant The Committee includes eight Councillors. At present there is no admitted body representative but provision is being made for such a position in the proposed constitutional amendments. ii) Fully Compliant The Committee includes 2 pensioners’ representatives and one trade union representative. iii) Non Compliant The Committee does not have an independent professional observer. However the Chair of the Pension Board is often invited to comment at meetings. iv) Fully Compliant The Fund has an Investment Advisor, Actuary and Governance and Legal Advisers.
<p>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>Fully Compliant All members of the Committee have access to papers ahead of meetings, are invited to training and are able to contribute fully to the decision-making process.</p>

Principle C - Selection and role of lay members	London Borough of Croydon Pension Fund Compliance
a. That committee or panel members are made fully aware of the status, role and function they are required to perform on either a main or secondary committee	Fully Compliant See 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.	Fully Compliant Members of the Committee declare interests as appropriate at the start of each meeting.

Principle D – Voting	London Borough of Croydon Pension Fund Compliance
a. The policy of individual administering authority on voting rights is clear and transparent, including the justification for not extending voting rights to each body or group represented on main LGPS committees.	Fully Compliant Voting rights are covered under the constitution. A recent report to committee explained the rationale for extending voting rights or not to various positions on the Committee.

Principle E - Training/Facility time/Expenses	London Borough of Croydon Pension Fund Compliance
a. That in relation to the way in which statutory and related decisions are taken by the administering authority, there is a clear policy on training, facility time and reimbursement of expenses in respect of members involved in the decision-making process	Fully Compliant. The Fund puts in place and regularly reviews a Fund Knowledge and Skills / Training Policy. Expenses are part of the Council Constitution and are covered by that
b. That where such a policy exists, it applies equally to all members of committees, sub-committees, advisory panels or any other form of secondary forum	Fully Compliant The Policy applies equally to the Pension Committee, Pension Board and senior officers involved in the administration of the Fund
c. That the administering authority considers the adoption of annual training plans for committee members and maintains a log of all such training undertaken.	Fully Compliant The Council seeks to ensure that all members of 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 by way of the Knowledge and Skills Policy that is in place and the adoption of annual training plans. They are advised of training opportunities and a log is maintained of all training completed. Regular reports are made to Committee of training undertaken by members and details are included in the Fund Annual Report.
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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	Fully Compliant
b. That an administering authority's secondary committee or panel meet at least twice a year and is synchronised with the dates when the main committee sits.	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.	Fully Compliant 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	Fully Compliant Hard copies of meeting papers are generally dispatched to those members requiring them 5 clear working days prior to each meeting. All meeting papers are published on the website 5 clear working days prior to each meeting. Democratic Services produce, circulate for agreement and publish draft minutes shortly after meetings.

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

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

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June 2023

To be reviewed in June 2024

Croydon Council

REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Pension Administration Strategy
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury

1. **RECOMMENDATION**

- 1.1 The Board are asked to review and agree the draft Pension Administration Strategy Statement attached as Appendix A.

2. **EXECUTIVE SUMMARY**

- 2.1 This report updates the Pension Administration Strategy Statement for consideration by the Board.

3. **DETAIL**

- 3.1 Under Regulation 59 of The Local Government Pension Scheme Regulations 2013:

(1) An administering authority may prepare a written statement of the authority's policies in relation to such of the matters mentioned in paragraph (2) as it considers appropriate.

(2) The matters are—

(a) procedures for liaison and communication with Scheme employers in relation to which it is the administering authority;

(b) the establishment of levels of performance which the administering authority and its Scheme employers are expected to achieve in carrying out their Scheme functions by—

(i) the setting of performance targets,

(ii) the making of agreements about levels of performance and associated matters, or

(iii) such other means as the administering authority considers appropriate;

- (c) procedures which aim to secure that the administering authority and its Scheme employers comply with statutory requirements in respect of those functions and with any agreement about levels of performance;
- (d) procedures for improving the communication by the administering authority and its Scheme employers to each other of information relating to those functions;
- (e) the circumstances in which the administering authority may consider giving written notice to any of its Scheme employers under regulation 70 (additional costs arising from Scheme employer's level of performance) on account of that employer's unsatisfactory performance in carrying out its Scheme functions when measured against levels of performance established under sub-paragraph (b);
- (f) the publication by the administering authority of annual reports dealing with—
 - (i) the extent to which that authority and its Scheme employers have achieved the levels of performance established under sub-paragraph (b), and
 - (ii) such other matters arising from its pension administration strategy as it considers appropriate; and
- (g) such other matters as appear to the administering authority after consulting its Scheme employers and such other persons as it considers appropriate, to be suitable for inclusion in that strategy.

3.2 The Fund's current Administration Strategy Statement was agreed by the Committee on 20 June 2017. The revised draft incorporates a number of drafting, formatting, regulatory and procedural changes that have become necessary. The 2017 version of the document is attached as Appendix B for information purposes.

3.3 The draft attached as Appendix A was agreed by the Committee on 20 June 2023 and Scheme employers are now being consulted on its content.

3.4 The Board are asked to review and agree the updated draft Pension Administration Strategy Statement attached as Appendix A.

4. DATA PROTECTION IMPLICATIONS

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

No.

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

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

Approved by: Alister Bannin 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.

APPENDIX:

Appendix A: London Borough of Croydon Pension Fund Administration Strategy (2023 draft version)

Appendix B: Administration Strategy Statement (2017 version)

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London Borough of Croydon Pension Fund Administration Strategy

Reviewed June 2023

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Introduction

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

An administration strategy, as allowed for by the LGPS, is seen as one of the tools which can help in delivering a high-quality administration service to Scheme members and other interested parties. Delivery of a high-quality administration service is not the responsibility of one person or organisation but is rather a result of the joint working / partnership of several different parties.

This is the Administration Strategy Statement (Strategy) of the London Borough of Croydon Pension Fund (the Fund), administered by Croydon Council (the Administering Authority). It has been developed following consultation with employers in the Fund.

The aim of this Strategy is to set out the quality and performance standards expected of the Administering Authority, other Scheme employers and the Pensions Team. It seeks to promote good working relationships, improve efficiency and the quality of data and documents and to ensure that Scheme members have the best possible experience.

The Strategy sets out the expected levels of performance of both the Administering Authority and the Scheme employers as well as details on how performance levels are monitored and the action that might be taken where persistent failure occurs.

The Strategy is effective from 1 September 2023.

Any enquiries in relation to the Strategy should be sent to:

The Pensions Team
Resources
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk
Croydon,
CR0 1EA

Telephone: 0208 726 6000 ex 44034

Email: pensions@croydon.gov.uk

www.croydonpensionscheme.org

Regulatory framework

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

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

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

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

Both the administering authority and its Scheme employers must comply with the current version of any pension administration strategy when carrying out their functions under the LGPS Regulations.

In addition, Regulation 70 of the LGPS Regulations 2013 and possible amendments may require an administering authority to recover additional costs from a Scheme employer where, in its opinion, they are directly related to the poor performance of that employer. Where this situation arises, the administering authority is required to give written notice to the employer, setting out the reasons for believing that additional costs should be recovered, the amount of the additional costs, together with the basis on which the additional amount has been calculated.

The following Strategy, therefore, sets out the information required in accordance with Regulation 59(1) and forms the basis of the day-to-day relationship between the Administering Authority and the Scheme employers of the Fund. It also sets out the circumstances under Regulation 70 of the LGPS Regulations 2013 where additional costs are incurred as a result of the poor performance of a Scheme employer, together with the steps that would be taken before any such action were taken.

Responsibilities and procedures

3.1 Introduction

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

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

Procedures have been agreed for the liaison and communication between the Fund and its Scheme employers. Full details are provided within the Fund's Communications Policy, which is available on the Fund's website at <https://www.croydonpensionscheme.org/resources/communication-policy/>

3.2 Legislation, codes and guidance

In carrying out their roles and responsibilities in relation to the administration of the Scheme the Administering Authority and Scheme employers, as a minimum, comply with overriding Legislation and statutory guidance and codes, including:

- The Pensions Acts 1993, 1995, 2004 and 2014
- The Local Government Pension Scheme Regulations 1995,1997 and 2008 as still applicable
- The 2004, 2006 and 2014 Finance Acts
- The Public Sector Pensions Act 2013
- The Local Government Pension Scheme Regulations 2013 (As amended)
- The Local Government Pension Scheme Regulations 2014
- Public Service Pensions Regulations 2014
- The Occupational and Personal Pension Schemes Regulations in force and as amended
- Freedom of Information Act 2014
- Under the Public Sector Pensions Act the LGPS is regulated by The Pensions Regulator
- Data Protection Act 2018 (as amended January 2021)
- The Equality Act 2021
- UK GDPR Regulations 2021
- Health and Safety legislation
- The Pensions Regulator
- The Scheme Advisory Board (SAB) Good Governance Requirements

3.3 Internal standards

In addition to compliance with legislation, codes and guidance, the Administering Authority and Scheme employers ensure that all functions/tasks are carried out to agreed quality standards. In this respect the standards to be met are:

- compliance with all requirements set out in the Employer Procedural Guide;
- work to be completed in the required format and/or on the appropriate forms contained within the Employer Procedural Guide;
- information to be legible and accurate;
- communications to be in a plain language style;

- information provided to be checked for accuracy by an appropriately qualified member of staff;
- information provided to be authorised by an agreed signatory; and actions carried out, or information provided, within the timescales set out in this Strategy or within statutory requirements.

3.4 Performance

Overriding legislation dictates minimum standards that pension schemes should meet in providing certain pieces of information to the various parties associated with the Scheme. In addition, the Scheme itself sets out a number of its own requirements in respect of Scheme members and prospective Scheme members, dependants, other pension providers and other regulatory bodies. Local performance standards have been agreed which cover all aspects of the administration of the Scheme, where appropriate going beyond the overriding legislative requirements. These locally agreed standards for the Fund are set out below.

3.4.1 Standards

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

The Fund continually reviews the performance of the Administering Authority and Scheme employers against the targets and standards set out in this Strategy and addresses with Scheme employers any issues that might be highlighted. The Fund also monitors success against the targets set out in the three years rolling service improvement plan, and takes all necessary action where shortcomings are identified.

3.4.2 External providers

The Administering Authority or its Scheme employers, whichever body is responsible for contracting any external service providers with responsibility for carrying out any functions relating to the administration of the LGPS (such as external pension administration providers, payroll and HR providers), ensure that they are made aware of the standards to be met. and monitor compliance against them.

3.4.3 Procedures for ensuring compliance with statutory requirements and levels of performance.

Ensuring compliance is the responsibility of the Administering Authority and its Scheme employers. We work closely with all Scheme employers to ensure compliance with all statutory requirements, whether they are specifically referenced in the LGPS Regulations, in overriding legislation, codes of practice, guidance or in this Strategy. We also work with employers to ensure that overall quality and timeliness standards are met. Various means are employed to ensure such compliance and service improvement after first seeking views from as wide an audience as possible.

3.4.4 Monitoring

The Fund monitors performance against specific tasks from the event date (e.g. date of leaving/retirement, etc.) to the date of the completion of the task (notwithstanding that service levels for benchmarking purposes are measured from the date that all necessary data has been received/is available). We monitor the performance of the Administering Authority in carrying out its responsibilities in relation to the Scheme.

The Administering Authority regularly monitors performance by benchmarking with other administering authorities through benchmarking clubs and other comparators available. Quality and standards of performance are included in performance monitoring and benchmarking.

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

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

3.4.5 Audit

The Fund is subject to regular audits of its processes and internal controls. The Fund and its Scheme employers are expected to comply fully with any requests for information from both internal and approved external auditors. Any subsequent recommendations made are considered by the Fund and, where appropriate and following discussions with Scheme employers where necessary, implemented.

3.4.6 Communications

The Fund Communications Policy Statement includes specific details on monitoring the compliance of the Administering Authority and its Scheme employers in their communications with various parties associated with the LGPS. This Statement is included as an appendix to this Strategy. Specific features of the communications of the Fund are:

- Employer liaison officers

Each Scheme employer designates a named individual to act as a scheme liaison officer; being the main contact regarding any aspect of administering the LGPS. It is the responsibility of the Scheme Employer to keep the Administering Authority informed of any changes of contact details in good time.

- Employer forum

An annual remote meeting takes place with representatives of the Fund and its Scheme employers to discuss recent developments within the LGPS or pensions generally, to promote and ensure

statutory compliance and to monitor and review communication strategies. It is mandatory for named acting liaison officers to attend.

- Scheme Employer Procedural Guide

If appropriate the Fund updates the employer procedural guide to reflect changes to processes, forms and/or responsibilities highlighted as a result of the monitoring of quality and timeliness.

- Newsletters

Newsletters are issued to all pensioners annually informing them of the pension increase award.

- Annual Benefit Statements

The Fund will notify Scheme employers when Annual Benefit Statements are available. Scheme employers must notify their employees that Annual Benefit Statements are available online via the Member Self-Service portal.

- Training

Training resources are provided for employers to access on the Fund website.

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

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

Review process

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

Consultation

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

Appendix 1 - Summary of communication and liaison

An annual remote meeting will be held with Scheme employers. This is a forum for employers to meet and discuss pension issues, speak to the Pensions Team and be kept informed of changes to the Scheme and the Fund Investments. It is mandatory for your named acting liaison officer to attend.

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

Newsletters are issued to all pensioners annually informing them of the pension increase award.

Annual Benefits Statements will be available to Scheme members on Member Self-Service. Any queries which may arise from the statements which result from information an employer has provided will be referred back to the employer to investigate.

Employers will be notified when the annual benefit statements have been published and must make all employees aware.

Consulting with Scheme employers in preparing or reviewing the Fund's policies and discretions. This will specifically include discussing the results of the triennial valuation.

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

Appendix 2 – Performance standards

Liaison and Communication		
Function / Task	Performance Target	Responsibility
Confirm nominated representative	30 working days of employer joining fund or change to nominated representative	Scheme employer
Publish and keep under review the London Borough of Croydon Pension Fund Administration Strategy	Within three months of decision to develop an administration strategy or one month of any changes being agreed with scheme employers	Administering Authority
Issue and keep up to date employer procedural guide to employer	30 working days from admission of new employer or date of change/amendment	Administering Authority
Issue and keep up to date pension website, scheme guide and all other literature for issue to Scheme members	30 working days from admission of new employer or date of change/amendment	Administering Authority
Formulate and publish policies in relation to all areas where the Administering Authority may exercise a discretion within the scheme	Within 30 working days of policy being agreed by the London Borough of Croydon Committee	Administering Authority
Host remote employer forum	Annually	Administering Authority
Notify Scheme employers and Scheme members of changes to Scheme rules or relevant legislation	Within one month of the change(s) coming into effect	Administering Authority
Notify Scheme employer (including London Borough of Croydon in its role as a Scheme employer) of issues relating to Scheme employer's poor performance (including arranging a meeting if required)	Within 5 working days of performance issue becoming apparent	Administering Authority
Notify Scheme employer (including London Borough of Croydon in its role as a Scheme employer) of a decision to recover additional costs associated with the Scheme employer's poor performance (including any interest that may be due)	Within 10 working days of scheme employer failure to improve performance, as agreed	Administering Authority
Issue annual benefit statements to active members, deferred members and pension credit members as at 31 March each year	Within 5 months of the end of the Scheme year to which it relates	Administering Authority
Full response to written enquiries	Within 10 working days of receipt of enquiry. Acknowledgement of receipt to be given within 3 working days	Administering Authority
Response to email enquiries	Within 7 working days of receipt of enquiry	Administering Authority
Response to telephone enquiries	Within 5 seconds. If response to enquiry cannot be given immediately the caller will be given an expected call back date and time	Administering Authority
Formulate and publish policies in relation to all areas where the Scheme employer may exercise a discretion within the scheme (including providing a copy of the policy decision(s) to the Fund)	Within 30 working days of policy being agreed by the Scheme employer	Scheme employer

Remit and provide schedule and make payment of employer/employee contributions	By the 19th calendar day of month after deduction	Scheme employer
Respond to enquiries from Administering Authority	5 working days from receipt of enquiry	Scheme employer
Provide year end information required by the Fund in a format agreed with the Fund	By 30 April following the year end	Scheme employer
Ensure payment of additional costs to the Fund associated with the poor performance of the Scheme employer	Within 30 working days of receipt of invoice from the Fund	Scheme employer
Distribute any information provided by the Fund to Scheme members/potential Scheme members	Within 15 days of its receipt	Scheme employer
Notification to the Fund (to enable them to liaise with actuary) of material changes to workforce/assumption related areas (e.g. restructurings/pay reviews/employer going to cease/contracting out of services).	No later than 5 working days after notice has been given to individuals or the total workforce	Scheme employer
Provide new/prospective Scheme members with Scheme information and new joiner forms	5 working days of commencement of employment, change in contractual conditions or as a result of auto enrolment staging	Scheme employer

Fund Administration		
Function / Task	Performance Target	Responsibility
Issue formal valuation results (including individual employer details)	10 working days from receipt of results from fund actuary (but in any event no later than 31 March following the valuation date)	Administering Authority
Carry out interim valuation exercise on cessation of admission agreements or Scheme employer ceasing participation in the Fund	Upon each cessation or occasion where a scheme employer ceases participation in the Fund	Administering Authority
Publish, and keep under review, the Fund's Governance Policy Statement	Within 30 working days of Policy being agreed by the London Borough of Croydon Pension Committee	Administering Authority
Publish and keep under review the London Borough of Croydon Pension Fund Funding Strategy Statement	To be reviewed at each triennial valuation, following consultation with Scheme employers and the Fund's actuary. Revised statement to be issued with the final valuation report	Administering Authority
Publish the Pension Fund Annual Report and any report from the auditor	By 30 September (or any other date stipulated in Regulations) following the year end which it relates	Administering Authority
All new prospective admission bodies to provide a bond or guarantee if required as specified by the Fund Actuary.	To be completed before the body can be admitted to the Fund	Scheme Employer
All admission bodies to provide amended bonds as reviewed periodically by the Fund Actuary.	Annually, or such other period as may be agreed with the Fund	Scheme Employer
Payment of additional fund payments in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency retirement	Within 30 working days of receipt of invoice from the Fund or within timescales specified in each case	Scheme Employer

Providing scheme members with an accurate and secure income for life is the responsibility of all involved in the administration of the scheme. Failure on to meet these responsibilities will ultimately impact our members and their financial future. The below responsibility ensures our members can be confident their pension benefits will be dealt with in an accurate and timely fashion. The responsibilities for the administration of member benefits should be a priority for scheme employers and the administering authority alike.

Scheme Administration – Administering Authority		
Function / Task	Performance Target	Responsibility
Scheme member to be set up on to pension administration software system	30 working days of receipt of all necessary information	Administering Authority
Provide responses to Scheme members/Scheme employers/personal representatives/dependents and other authorised persons	10 working days from receipt of enquiry	Administering Authority
Contact previous pension schemes to request estimate of any available transfers	10 working days from receipt of enquiry	Administering Authority
Provide transfer-in quote to Scheme member	10 working days of receipt of all necessary information from previous scheme) (request from scheme member)	Administering Authority
Confirm transfer-in payment and additional benefit (membership change) to Scheme member	10 working days of receipt of payment of transfer of value	Administering Authority
Arrange for the transfer of Scheme member free standing additional voluntary contributions (AVC) into in-house arrangement	10 working days of all the necessary information from FSAVC provider (receipt of request from scheme member)	Administering Authority
Respond to enquiries to purchase additional pension	5 working days	Administering Authority
Prepare and send quotation details to member	15 working days	Administering Authority
On receipt of a request from the member or new pension provider, supply a transfer value quotation	5 working days of receipt of all necessary information	Administering Authority
Calculate the estimated transfer value payable and inform the new pension provider of amount payable	10 working days of receipt of all necessary information	Administering Authority
On receipt of the member's decision to proceed with the transfer, calculate and pay the transfer value	10 working days of receipt of information	Administering Authority
Notify Scheme employer of scheme member's election to pay additional pension contributions, including all required information to enable deductions to commence	5(10) working days of receipt of election from Scheme member	Administering Authority

Calculate cost of additional pension contributions, and notify Scheme member	10 working days of receipt of request from Scheme member	Administering Authority
Determine additional pension to be credited to the member from additional pension contributions, following publication of revised Government Actuary's Department (GAD) guidance from time to time	10 working days of receipt of revised GAD guidance	Administering Authority
Notify Scheme employer of request from Scheme member to cease additional pension contribution, and notify scheme member of the amount of pension credited	5(10) working days of receipt of request from scheme member	Administering Authority
Process Scheme member request to pay/amend/cease AVC.	5(10) working days of receipt of request from Scheme member	Administering Authority
Provide requested estimates of benefits to employees / employers including any additional fund costs in relation to early payment of benefits from ill health, flexible retirement, redundancy or business efficiency	15 working days after receipt of all necessary information (from date of request)	Administering Authority
Notify leavers of deferred benefit entitlements	40 working days after the expiry of one month from date of leaving and receipt of all necessary information	Administering Authority
Notify retiring employees of benefits (enclosing HMRC disclosure forms)	20 working days of receipt of all necessary information	Administering Authority
Payment of retirement benefits (including any interest due as a result of the late payment of benefits)	Commence payment within the next pension payroll following commencement of pension entitlement. Thereafter make payment on the pension pay day of each month. Any lump sum payments to be paid into the member's account within 10 working days after last day of membership and receipt of all relevant information.	Administering Authority
Contact deferred members to notify pension benefits due and confirm personal details	3 months before pension benefits due	Administering Authority
Confirm in writing the deferred pension benefits due, when payments will be made, set up on payroll for pay period immediately following due date.	Within 20 working days of receipt of all necessary information	Administering Authority
Death notifications	Respond and commence action within 2 working days following notification of death	Administering Authority
Send confirmation of any amounts payable and payment dates	Within 20 working days of receipt of all relevant documents	Administering Authority
Process all stage 2 pension dispute applications	Within two months of receipt of the application, or such longer time as is required to process the application where further information or clarification is required.	Administering Authority
Publish and keep under review the London Borough of Croydon Pension Fund policy on the abatement of pension on re-employment under previous regulations	Notify Scheme members and Scheme employers within one month of any changes or revisions to the policy	Administering Authority
Confirm divorce settlement details in writing	Within 10 working days of receipt of written decision from the Scheme member	Administering Authority

Scheme Administration – Employer		
Function / Task	Performance Target	Responsibility
Make all necessary decisions in relation to new Scheme members (pensionable pay, appropriate contribution pay band, etc)	10 working days of Scheme member joining	Scheme Employer
Provide Administering Authority with Scheme Members' details	10 working days of Scheme member joining/from month end of joining	Scheme Employer
Arrange for the correct deduction of employee contributions from a Scheme member's pensionable pay on becoming a Scheme member	Immediately on joining the Scheme, opting in, auto enrolment or change in circumstances	Scheme Employer
Ensure correct employee contribution rate is applied	Immediately upon commencing Scheme membership and each April payroll thereafter	Scheme Employer
Ensure correct rate of employer contribution is applied	Immediately upon commencing Scheme membership, each April payroll thereafter and at any other time as determined by the Fund Actuary	Scheme Employer
Arrange for reassessment of employee contribution rate in line with employer's policy and notification of any change in rate to affected Scheme member(s)	Review as per policy and notification within 10 working days of change in contribution rate	Scheme Employer
Commence deduction of additional pension contributions or amend such deductions, as appropriate	Month following election to pay contributions or notification received from administering authority	Scheme Employer
Cease deduction of additional pension contributions	Immediately following receipt of election from Scheme member	Scheme Employer
Arrange for the deduction of AVC and payment over of contributions to AVC provider(s)	Commence deduction of AVC in month following the month of election. Pay over contributions to the AVC provider(s) by the 19 th of the month following the month of election	Scheme Employer
Refund any Scheme member contributions deducted in error	Month following month of deduction or error discovered	Scheme Employer
Cease deduction of employee contributions where a Scheme member opts to leave the scheme	Month following month of election, or such later date specified by the scheme member	Scheme Employer
Notify material changes in employee's circumstances (e.g. marital or civil partnership status)	Within 10 working days of receipt of notice	Scheme Employer
Notify details of leave of absence with permission (maternity / paternity / secondment / without pay etc. (communications with employee and confirmation to Fund)	Within 10 working days of notice from employee / HR / payroll	Scheme Employer
Determine reason for leaving and provide notification to administering authority of Scheme leavers.	10 working days of leaving/month end of leaving	Scheme Employer
Determine reason for retirement and provide notification to Administering Authority of retiree	Within 10 working days of retirement	Scheme Employer
Accurately assess final pay for each Scheme member who leaves/retire/dies and forward to Fund.	Within 10 working days following date of leaving/retirement/death	Scheme Employer

Notification to Fund of death of Scheme member	5 working days of date notified	Scheme Employer
Appoint an independent medical practitioner qualified in occupational health medicine, in order to consider all ill health retirement applications and agree appointment with the Fund	Within one month of commencing participation in the Fund or date of resignation of existing medical adviser	Scheme Employer
Appoint adjudicator for stage 1 of the pension internal dispute resolution process and provide full details to the Administering Authority	Within one month of commencing participation in the Fund or date of resignation of existing adjudicator	Scheme Employer

Appendix 3 - New entrants and current Scheme members

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

More information on eligibility to the Local Government Pension Scheme can be found in the Employer Guides on <https://www.lgpsregs.org/employer-resources/guidesetc.php>

Any employee who is eligible to join the Scheme may elect to opt out of the Scheme at any time after his/her employment begins. Before making such an election employees will be made aware of the benefits they will be losing.

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

The Pensions Team should be informed about new starters (including any new job roles if a member has multiple roles) within 1 month of the first time the member has pension contributions deducted in each post. A New Starter is anyone who enters the Pension scheme in a new role, for example: they elected to opt into the scheme or were opted in due to auto-enrolment. It is the Employers Responsibility to notify the scheme of all the required information within the statutory deadlines. Those who fail to comply may be failing the Disclosure 2013 Regulations. Please complete a *New Starter Information Form* to inform us of all new starters.

If you use i-connect, we will be automatically informed of the new starters the first month they are paid. This meets your requirements to inform the scheme. If you wish to look into using i-connect to provide data to the scheme please contact the Pensions Team to discuss.

A *Pensions Option Form* and an *Employee's Guide to the Local Government Pension Scheme* are issued to every new employee, both of which can be found at: <https://www.croydonpensionscheme.org/resources/>

It is a legal requirement that new employees are informed of their contribution rate and provided with information about the pension scheme in which they have been entered.

Opting out of the Scheme

If a Scheme member wishes to opt out of the Scheme, the election must be given in writing, and sent to his/her employer with the notification of cessation of membership form. A copy of the form must be sent to the Pensions Team along with confirmation that the employee has been removed from the Scheme by the payroll provider or employer. The Pensions Team will determine the member's Scheme benefit entitlement. **Opt out forms must be kept by the employer for at least 7 years.**

The forms for Scheme members to opt out of the Scheme are available from the Pension Website (<https://www.croydonpensionscheme.org/resources/opt-out-form/>)

If individuals do not have access to a computer a hard copy may be obtained from the Pensions Team.

Auto-Enrolment Employer Duties

The Pensions Act legislation introduced auto-enrolment to workplace pensions. This requires that all eligible employees are to be automatically enrolled into a scheme every 3 years on the auto-enrolment staging date for the employer and every time their job role changes, if they are not in the scheme. The Government publishes guidance on the auto-enrolment criteria, this is different from the criteria to be eligible for the Local Government Pensions Scheme eligible.

Employees will then have to opt out if they do not wish to contribute. An employer should not issue opt out forms and it is illegal to discourage people from joining a scheme. Employees should download the opt out form from our website or contact the Pension Team.

All employers should therefore familiarise themselves with their responsibilities.

All maintained schools must provide auto-enrolment figures obtained from their payroll provider when requested by the Pensions Team.

Academies, admitted bodies and voluntary aided schools have their own staging date and auto re-enrolment dates dependent on the size of their payroll. It is the employer's responsibility to know their auto-enrolment date and ensure auto-enrolment is properly carried out. Further information can be found on the Government website at <https://www.gov.uk/workplace-pensions/joining-a-workplace-pension>

Appendix 4 - Early leavers

Scheme members may leave employment and/or the Scheme before becoming entitled to immediate payment of retirement benefits for a number of reasons, which may or may not be known to their employer. Whenever possible, however, the reason for leaving should be ascertained as this may determine the administrative procedures to be followed and/or the information to be given to the Scheme member. If the member is leaving under ill-health retirement, please see Appendix 9.

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

You are legally required to inform the Pensions Team of all employees who leave the scheme. Please complete the *Pensions Leaver form – Notice of Termination of Pensionable Employment* for all leavers. This should be sent to the Pensions Team along with any with any relevant documents. Please send Leaver Forms on separate emails to forms for new starters.

Appendix 5 – Retirements

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

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

or

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

AND with a reason for leaving as follows:

- Compulsorily on attaining age 75.
- Voluntarily on or after attaining age 55 but before age 75.
- At any age by reason of permanent ill health
- On or after attaining age 55, by reason of redundancy or in the interests of the efficient exercise of the employer's functions.
- On or after attaining age 55, by reason of flexible retirement.

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

A pension leaver form must be completed in respect of every retiring Scheme member and a copy forwarded to the Pension Team immediately before or as early as possible after, the date of retirement together with any relevant documents.

If retirement is because the Scheme employer has determined that the retirement is because of permanent ill health the notification should be accompanied by a copy of the Independent Registered Medical Practitioner's certification and the employer's decision confirming the IHR and the Tier. Please see Appendix 9 for further information.

Appendix 6 - Early retirement costs recharged to the Scheme employer

Early retirement costs may arise when an employee retires:

- On the grounds of permanent ill-health (at any age)
- On the grounds of redundancy (aged 55 or over)
- On the grounds of efficiency (aged 55 or over)
- On flexible retirement between age 55 and 60 (if the member meets the 85 year rule), or
- When preserved benefits are paid prematurely on ill-health or compassionate grounds.

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

The costs will be recovered as follows:

- In cases of ill health – from the Scheme employer’s contribution rate or if ill health insurance has been taken out from the employer directly.
- In all other cases – immediately from the Scheme employer.

Employers should ensure they are aware of the costs and are able to meet the costs before confirming the early retirement. The Pension Administration team will seek confirmation before putting any pension benefits into payment.

Appendix 7 - Death in service

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

Dependants include –

A married spouse

A cohabiting partner (certain provisions apply)

A civil partner

Children (certain provisions apply)

The employer should notify the Pension Team as soon as possible upon the notification of the death of a Scheme member, together with details of the Next of Kin and a copy of the death certificate where one is available. You should not delay notification if death certificate is not available.

Appendix 8 - Additional Voluntary Contribution Scheme

The Fund facilitates an in-house Additional Voluntary Contribution (AVC) Scheme with Prudential, who provide a range of investment funds, as well as a facility for Scheme members to purchase additional death in service cover.

Scheme employers may provide Shared Cost AVC schemes and should notify The Pensions Team as soon as possible if they are to be provided.

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

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

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

Appendix 9 - Ill health retirement

Active members

The Scheme provides ill health retirement cover for active Scheme members that are unable to work because of serious illness.

The member must have qualifying service of at least 2 years and be under normal pension age, which is linked to the state pension age.

A decision of entitlement and amount shall be made by the scheme employer after obtaining an ill health certificate from an Independent Registered Medical Practitioner (IRMP). Medigold is currently the administering authority's approved IRMP so a referral must be made to Medigold. Please contact Ritika.Singh@croydon.gov.uk, who will provide the consent forms and details of the cost for the referral. All costs should be met by the employer.

The employer must consider and decide two questions before entitlement to an ill health retirement benefit can be awarded. Firstly, they must be satisfied that the member is, as a result of ill-health or infirmity of mind or body, permanently incapable of discharging efficiently the duties of the employment the member was engaged in. Secondly, they must be satisfied the member is not immediately capable of undertaking gainful employment. They must then further decide which of the three tiers apply.

Tier 1: If a Scheme member has at least 2 years membership in the Scheme and the employer determines that they have no reasonable prospect of being capable of gainful employment before state pension age, ill health benefits are based on the membership built up to the date of leaving plus all the Scheme member's prospective membership from leaving to state pension age (SPA).

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

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

- Inform his or her former Scheme employer if further gainful employment has started
- Answer any inquiries in relation to current employment status, pay and working hours.

Payment of Tier 3 benefits shall cease if the member starts gainful employment or fails to answer inquiries made by the employer about their employment status. If gainful employment has been secured the pension must cease and the employer may recover any overpayment.

A member in receipt of Tier 3 benefits who attains state pension age continues to be entitled to receive the pension from that date.

Special provision in respect of members receiving Tier 3 benefits

The scheme employer must review the Tier 3 benefits after they have been in payment for 18 months and must decide about the members continued entitlement after obtaining a further certificate from an IRMP if the member confirms gainful employment has not been secured. started. Gainful employment means paid employment for not less than 30 hours in each week for a period of not less than 12 months.

The decisions available are:

- Continue payment of the Tier 3 benefits for any period up to the maximum permitted of three years from the date the member left employment or
- To award Tier 2 benefits from the date of the review decision providing they are satisfied the member is permanently incapable of discharging efficiently the duties of the employment the member was engaged in, and either is unlikely to be capable of undertaking gainful employment before normal pension age or is unlikely to be capable of undertaking gainful employment within 3 years of leaving the employment, but is likely to be able to undertake gainful employment before reaching normal pension age or
- To cease payment of benefits to the member.

You must notify the administering authority if the Tier 3 benefits have ceased. That member will then become a deferred pension member and shall not be entitled to any Tier 3 benefits in future.

The employer may, following a request for a review from a member in receipt of Tier 3 benefits or within 3 years after payment of Tier 3 benefits to a member are ceased, make a decision to award Tier 2 benefits if the employer is satisfied after obtaining a further certificate from an IRMP, that the member is permanently incapable of discharging efficiently the duties of the employment the member was engaged in, and either is unlikely of undertaking gainful employment before normal pension age or is unlikely to be capable of undertaking any gainful employment within three years of leaving the employment, but is likely to be able to undertake gainful employment before reaching normal pension age.

Further resources of guidance <https://www.lgpslibrary.org/assets/othergov/201511POSIH.pdf>

Ill Health Retirement for former employees (deferred members)

A former employee may contact their former employer at any time to request their pension benefits be put into payment on the grounds of ill health.

Employers will need to obtain an Ill Health certificate from an IRMP (see above for details) before making the decision to award ill health retirement.

The employer must be satisfied the deferred member is permanently incapable of discharging efficiently the duties of the employment the member was engaged in because of ill health or infirmity of mind or body; and, if so

Is unlikely to be capable of undertaking gainful employment before normal pension age, or for at least three years, whichever is sooner.

Appendix 10 – Examples of instances where costs may be recharged

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

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

It is the policy of the Fund to recover all additional costs incurred in the administration of the Scheme as a direct result of the poor performance of the Administering Authority or any Scheme employer or third-party service provider. The circumstances where such additional costs will be recovered are:

- persistent failure to provide relevant information to the Administering Authority, Scheme member or other interested party in accordance with specified performance targets (either as a result of timeliness of delivery or quality of information);
- failure to pass relevant information to the Scheme member or potential members, either due to poor quality or not meeting the agreed timescales outlined in the performance targets;
- because extra resources will be required to process missing data;
- failure to deduct and pay over correct Scheme member and employer contributions to the Fund within the stated timescales;
- where the performance of a Scheme employer results in fines being levied against the Administering Authority by The Pensions Regulator (TPR), Pensions Ombudsman or any other regulatory body.
- where there is a cost of any remedial action required to be taken by the Fund caused by the failure of a Scheme employer to meet their requirements as set out in regulation or the specified performance targets. Also, any breaches of the regulations such as delays in producing the annual benefit statements will be reported to TPR. The report will detail any delays experienced by the Pensions Team in receiving the data.
- where advice has been supplied from a third-party provider, with or without the consent of the Administering Authority. [Please ensure that your payroll provider is aware of the data requirements of the scheme and that they use i-connect to provide that information as soon as they are ready to be on boarded. Where there is no previous arrangement in place between Employer and third-party provider – the costs incurred will still be re-charged back to the Employer that originally requested work, information or raised queries].

The table below provides examples of situations when the Administering Authority may recharge employers for additional costs. It is not intended to be definitive and the Fund reserves the right to levy an additional charge in any circumstances of poor performance under Regulations 70 and 71 of the LGPS Regulations 2013 and in accordance with this Strategy. For the calculation of additional recharges for poor performance.

		Cost
1	Late notification of a new starter	£50
2	Late notification of changes to personal details	£50
3	Late notification of maternity leave, strike absence, jury service, unpaid leave	£50
4	Late notification of an early leaver	£50
5	Late notification of a member retiring	£50
6	Late notification of death in service	£50
7	Late notification of contribution banding changes	£50
8	Late payment of monthly contributions	£50
9	Late delivery of payroll details in support of monthly contributions	£50
10	Late notification of annual year end information	£250
11	Any fine imposed on the Fund by the Regulator, which is deemed to be the fault of the Employer, will be passed on to that Employer	Fine amount
12	Any fine imposed on the Fund due to failure to provided information for Auto enrolment process	Fine amount
13	Costs of FRS17 report preparation and submission to actuary, plus actuary time	Re-charge amount
14	Costs of FRS17 report preparation and submission to actuary, plus actuary time for Academies	£2,500+ pa
15	Costs arising from queries submitted to third party providers, without prior notification of cost to Employer, will be re-charged back to the Employer which raised the query.	Re-charge amount
16	All legal costs and any other third-party costs incurred from outsourcing, queries, disagreements and not an exhaustive list are to be re-charged back to the employer.	Re-charge amount
18	Costs incurred in querying incorrect information on returns.	£50
19	Any interest applicable under Regulation 71	Amount to be advised in individual cases

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

Appendix 11 – Co-habiting partners

The Scheme provides for a co-habiting partner, of either the opposite or same sex, to receive a survivor's pension, subject to meeting the relevant criteria laid down in the Scheme regulations i.e. that all of the following conditions have applied for a continuous period of at least 2 years on the date of death of the Scheme member:

- both the Scheme member and their co-habiting partner are, and have been, free to marry each other or enter a civil partnership with each other, and
- the Scheme member and their co-habiting partner have been living together as if they were husband and wife, or civil partners, and
- neither the Scheme member nor their co-habiting partner have been living with someone else as if they were husband and wife or civil partners, and
- either the co-habiting partner is financially dependent on the Scheme member or they are financially interdependent on each other.

An application for a co-habiting partner's pension may be declined if the administering authority is not satisfied the above condition have been met.

Appendix 12 – Payment of monthly contributions by Scheme employers

Under the Scheme Regulations 2013 (Regulations 67-71) employers are required to provide a schedule to the Fund, in a format specified by the Fund, of all employees who have had pension deductions taken from their salaries or who are on nil pay.

The Fund has produced its own template for employers to use which is revised annually. It includes employer notes and member bandings information.

An employer specific version will be issued to individual employers on entry to the Fund and annually thereafter by the Administering Authority. It must be used unless specific authorisation to use an alternative format is given by the Administering Authority and should include details of the employees who have had pension deductions taken or who are on nil pay.

The minimum information required to be shown on monthly schedules is as follows:

- Employer Name
- Month and year to which the schedule applies
- Member National Insurance Number
- Member first name and surname
- Member contribution band percentage rate
- Employer percentage rate
- Additional contribution percentage of APC rate (where applicable), member and employer contribution amount for the current month plus cumulative figures to date
- Pensionable pay including APP
- Monthly and cumulative Scheme member contributions
- Monthly and cumulative employer contributions
- Total monthly and cumulative Scheme member and employer contributions
- Total monthly and cumulative pensionable pay
- Date joined or left the Scheme (if in current year)
- Any lump sum deficit monthly and cumulative amounts and balance (if applicable)

A separate entry on the schedule is required for each employment. Therefore, if a member has multiple roles, they will have a corresponding number of entries on the schedule. It is therefore important to provide job titles for each role to enable data to be allocated to the correct record.

It should be noted that the Fund template requires additional information to be supplied which assists with the calculation and administration of member benefits and reconciling accounts.

Many employers outsource payroll and schedule administration to payroll providers. It should be noted that it is still the responsibility of the employer to ensure all information supplied is accurate, payments match the amounts on the schedules, payments are received by the deadline and that an explanation is provided in respect of any discrepancies. Any queries will need to be followed up by the Pensions Team, resulting in additional work. Persistent occurrences could result in additional charges to the employer being implemented (see payments section).

Schedules must be submitted to the Pension Team at pensionschedules@croydon.gov.uk as soon as the payroll has been run each month but no later than the 19th of the month following the relevant pay period. In order to ensure data is sent securely employers should use Egress to email schedules.

Where this is not possible schedules should be sent password protected and employers should inform the Pensions Team of the password via separate email.

The Fund also uses the I-Connect system. Monthly pension data can be uploaded on spreadsheets or via data entry onto a web form. Employers may apply to the Pensions Team should they wish to consider submitting returns in this way.

AVCs

Employers need to notify the Pensions Team of any AVC amounts applicable. A copy of the AVC Schedule should be forwarded to the Pensions Team along with any new applications to pay AVC or any notifications to cease. Payments for these amounts should be made directly to the AVC provider.

Employer Contributions

Employer contributions are expressed as a percentage of pensionable pay (or assumed pensionable pay APP if relevant) and are payable at such rate(s) as may be advised by the Fund following the completion of each triennial or other actuarial valuation of the Fund or in respect of the individual employer. There may be a secondary lump sum deficit applicable to some employers which is an annual lump sum figure (not a percentage of pensionable pay) that is payable in monthly instalments with the usual schedule payments. Further information on how these amounts are determined is contained in the Funding Strategy Statement which can be found on our website

<https://www.croydonpensionscheme.org/resources/>

Payment

Under the Scheme Regulations 2013, employers are required to make payment of sums due in respect of the schedule amount to the Fund. All sums detailed on the schedules shall be paid over no later than the 19th day of the month following the month of account (for example, the May payment must be made by 19 June). Contributions deducted from weekly wages should be accumulated for 4 or 5 weeks and paid over at the appropriate month end.

Payments should be made through BACS and account details will be provided to all employers of the fund.

Under Regulation 71 of the Scheme Regulations 2013, payment of interest may be charged by the Fund where contributions have been received late. Interest payable under this regulation is calculated at one per cent above base rate on a day-to-day basis from the due date to the date of payment and compounded with three-monthly rests.

The Regulations provide that an Administering Authority may recover from an employer any additional costs associated with the administration of the Fund incurred as a result of the unsatisfactory level of performance of that employer. Such circumstances include:

- persistent failure to provide relevant information to the Administering Authority in accordance with specified requirements in terms of either quality or format of information or timeliness of delivery.
- failure to deduct and pay over correct employee and employer contributions to the Fund within the stated timescales.
- instances where the performance of the employer results in fines being levied against the Administering Authority by TPR, Pensions Ombudsman or other regulatory body.

Late payment of pension contributions by Scheme employers is a serious offence and TPR or the Pensions Ombudsman has significant powers of sanction. TPR can impose fines of up to £50,000 for each instance of persistent offence. The Pensions Act allows the prosecution of employers for late payment of contributions.

Employer Information

The following links are available to provide guidance for employers and payroll providers with pension matters:

Employer Resources <https://lgpsregs.org/employer-resources/guidesetc.php>

HR Guide <https://www.lgpslibrary.org/assets/gas/ew/HRv4.1c.pdf>

Payroll Guide <https://www.lgpslibrary.org/assets/gas/ew/Pv4.1c.pdf>

Additionally, the governance team can be contacted at pensionschedules@croydon.gov.uk if needed.

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

Employee contributions bandings are set nationally and revised annually.

Appendix 13 - Year end procedures

Under regulation 80 (3) of the Scheme Regulations 2013 within three months of the end of each Scheme year, each Scheme employer must provide a statement to the appropriate administering authority giving the following details in respect of each employee who has been an active member at any point during the Scheme year-

- The employee's name and gender
- The employee's date of birth and national insurance number
- A unique reference number relating to each employment in which the employee has been an active member.
- the dates of active membership;
- the pensionable pay received and employee contributions deducted while regulation 9 (contributions) applied;
- the pensionable pay received and employee contributions deducted while regulation 10 (temporary reduction in contributions) applied;
- any contributions by the employer in relation to the employee's pensionable pay;
- any contributions by employee or employer under regulation 16 (additional pension contributions);
- any contributions by employee or employer under regulation 17 (AVC).

Employers who are fully I-Connect will not need to submit a return.

Employers who are partial I-Connect users will be required to submit end of year data on the same form used for monthly submissions. Employers are required to complete the form and submit it to the Pensions Team by 30 April.

The Pensions Team will issue every employer who does not use I-Connect to submit monthly schedules with a standard end of year template in February each year. It covers the period from 1 April to 31 March. Employers are required to complete the form and submit it to the Pensions Team by 30 April. In order to ensure data is sent securely employers should use Egress to email returns. Where this is not possible returns should be sent password protected; employers should inform the Pensions Team of the password via separate email.

The template includes a 'Notes' tab which gives information about the data fields on the template. Further assistance is available by emailing pensionsEOY@croydon.gov.uk.

Once the Pensions Team receive the returns, they will validate them and contact employers with any queries and provide a timescale for employers to respond.

Employers should check the returns before submitting them to ensure the data is correct.

If employers anticipate any difficulties in submitting the return by the deadline or resolving any queries raised, then they must contact the Pensions Team by emailing them at pensionsEOY@croydon.gov.uk.

Why are the End of Year returns needed?

The end of year information is needed to update the pensions database. This data is used for all benefit calculations and annual benefit statement illustrations. It is also used for the triennial fund valuation.

What if the information is incomplete or inaccurate?

If information is not complete or accurate, any calculations based on it will also be incorrect. This means that requirements to inform members of their benefits within timescales stipulated in the disclosure regulations may not be met. This could result in a breach which in turn could result in a fine being levied by TPR.

This not only affects member benefit calculations but also the calculation of employer contribution rates. If the data is unreliable the Fund Actuary will take a cautious approach to rate setting and that could result in higher employer percentage contributions.

Many employers outsource payroll and end of year administration to payroll providers. It should be noted that it is still the responsibility of the Employer to ensure all information supplied is accurate, that it is received by the deadline and that an explanation is provided in respect of any discrepancies. Any queries will need to be followed up by the Pensions Team, resulting in additional work. Non-compliance could result in additional charges to the employer being implemented by the Administering Authority (see payments section) as well as fines being imposed by TPR.

Appendix 14 - Additional pension contributions (APCs)

Buying additional pension

Active scheme members may choose to buy extra annual pension, up to a statutory maximum, using an Additional Pension Contribution (APC) contract.

The pension purchased is linked to Normal Pension Age and is for the member only, there is no provision for a dependant's pension.

To buy extra pension, the Scheme member may choose to make a one-off contribution or regular additional contributions through the payroll, in order to buy a set amount of additional pension. The cost (a cash amount NOT a percentage of pay) is determined by the Scheme member's age and the amount they wish to purchase.

An employer may, if it wishes, agree to meet some or all of the cost of any additional pension purchased for an active member. An employer may also choose to purchase additional pension up to six months after an employee has left provided they have left employment on the ground of redundancy or efficiency. Employers should ensure they have a policy on this discretion.

Note that a Scheme member cannot commence an APC contract if they are in the 50/50 section.

Buying lost pension

If an active scheme member has been away from work with no pay, they can buy back the lost pension. This includes periods of unpaid maternity, paternity and adoption leave, parental bereavement leave and reserve forces service leave.

Where an application to buy back the lost pension is made within 30 days of returning to paid work then the employer must meet two thirds of the costs (unless the unpaid period was due to strike action). The employer may extend this period if they wish.

Employees in the 50/50 section of the scheme may purchase lost pension if they have had a period of unpaid absence.

Employers should provide employees with the amount of lost pensionable pay during the period of unpaid leave.

Buying pension 'lost' during a trade dispute.

An active member may take out an APC to buy back lost pension due to strike action. The employer is not required to pay two thirds of the costs where the unpaid leave was the result of strike action.

Appendix 15 - The 50/50 option

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

Note that whilst an individual is in the 50/50 section the employer contribution is still the normal full contribution rate.

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

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

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

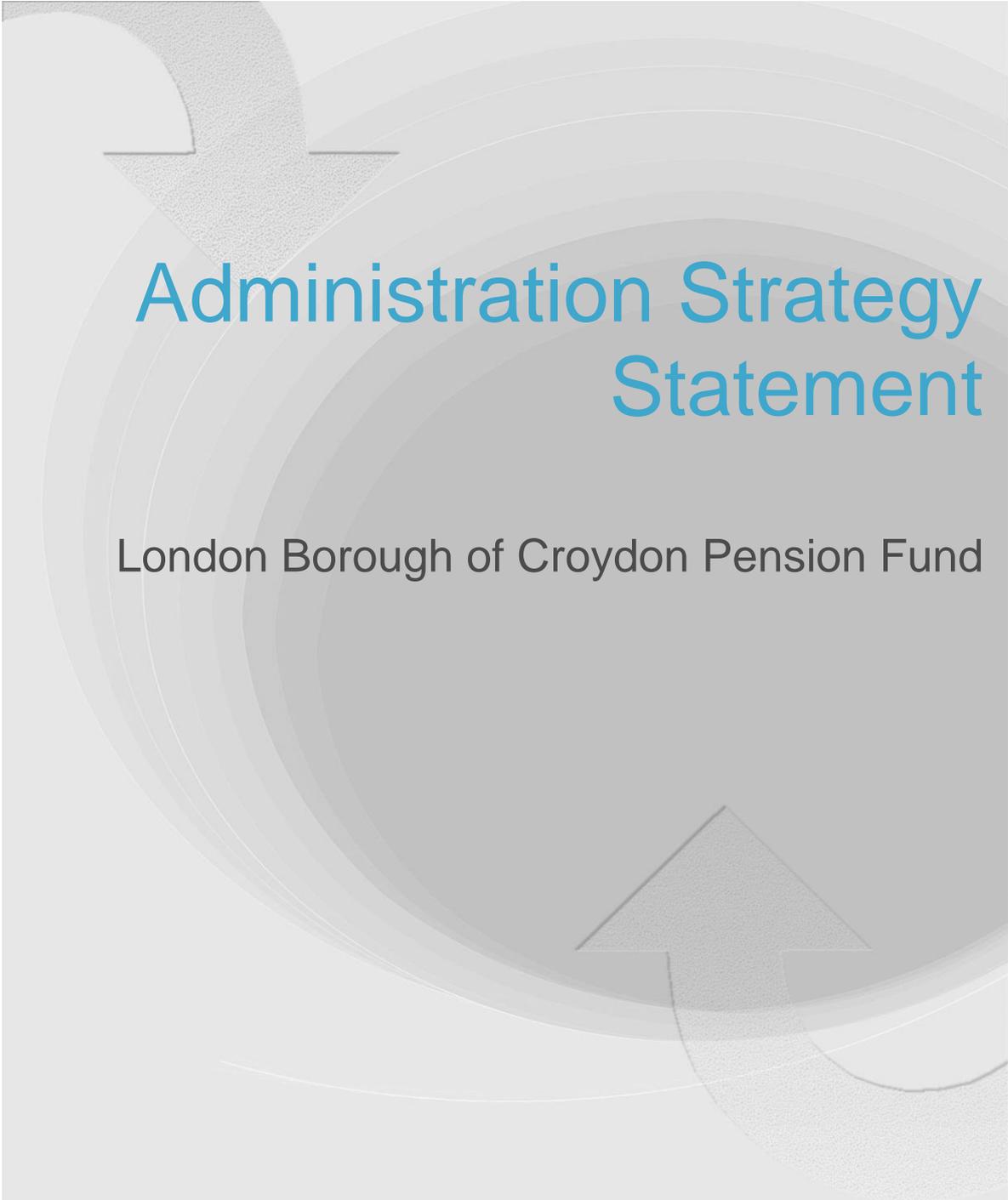
At year end (or date of leaving if earlier), employers should confirm to the Administering Authority which section the member was in at that time.

Each employer will need to determine the most effective method of holding the above information. Employers will need to notify the Pensions Team that the employee has elected to move from the main section to the 50/50 section (or vice versa) from the beginning of the next available pay period following the election.

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

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

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

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Administration Strategy Statement

London Borough of Croydon Pension Fund

July 2017

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1 Introduction

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

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

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

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

The Fund comprises of 99 scheme employers and approximately 25,500 members, this includes active, deferred, pensioner and dependant members (as at 31 March 2017) of the Local Government Pension Scheme. The efficient delivery of the benefits of the LGPS is dependent on good quality data and sound administrative procedures being in place between a number of interested parties, including the administering authority and scheme employers. This strategy statement sets out the expected levels of performance of both the administering authority and the scheme employers within the London Borough of Croydon Pension Fund, as well as details on how performance levels will be monitored and the action that might be taken where persistent failure occurs.

This pension administration strategy statement is effective from *1 July 2017*.

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

The Pension Team
Resources Department
London Borough of Croydon
Floor 5 Zone A Bernard Weatherill House
8 Mint Walk
Croydon, CR0 1EA

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

2 Regulatory framework

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

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

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

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

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

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

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

3 Responsibilities and procedures

PROCEDURES FOR LIAISON AND COMMUNICATION WITH EMPLOYERS

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

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

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

A brief summary is set out in Appendix 1.

ESTABLISHING LEVELS OF PERFORMANCE

Performance standards

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

Quality

Overriding legislation

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

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

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

Internal standards

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

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

TIMELINESS

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

External providers

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

Procedures for ensuring compliance with statutory requirements and levels of performance

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

Audit

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

Performance monitoring

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

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

Employer liaison meetings

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

Employer forums

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

Employer liaison officers

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

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

Communication policy statement

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

Procedures for improving communication between administering and employing authorities

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

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

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

Service improvement plan

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

The Pension Administration Strategy sets out the responsibilities of both the employers in the fund and the pension's team designed to ensure that scheme members have the best possible experience.

The key element in achieving this is the timely supply of accurate data from the employer to the pension fund. Without this information at the appropriate time, both internal performance targets and statutory disclosure requirements will not be met.

In order to help employers pass the data to the pension's team we are investing in new technology. This is a product produced by Aquila Heywood. They are the main provider of pension's administration software in the LGPS and as Croydon Council uses Altair, which is also produced by Aquila Heywood, the systems are compatible.

Employers have all been given the Iconnect specification. The idea is to roll out the product to all employers with more than 20 members throughout 2017/18.

We are currently using the product for the Council payroll. There is some initial work required by the employer to match the data, however, once done, using the systems will streamline the process for both employers and the pensions team and should improve the member experience.

The pension's team will provide support and training to the employer to help them to "on board" to the system. Employers with fewer members could still use Iconnect but as long as they provide all of the information required by the pensions team on a monthly basis they are not obliged to.

Our approach is very much to help, enable and support employers in providing the required information. We are happy to provide on-site training, telephone support as well as attendance at employer forums.

The use of I-Connect involves employers inputting data (including personal data) about Scheme members therefore the Data Protection Act 1998 (DPA) is engaged. From 25th May 2018 the Data Protection Act 1998 (DPA) will be replaced by the General Data Protection regulation (GDPR) and the GDPR will place various obligations on both the Administering Authority and Scheme Employers in their respective roles as Data Controller and Data Processors. The Council as the Administering Authority and Data Controller will ensure it complies with the DPA and the GDPR when it comes into force. The Council as Data Controller also recognises rights of its scheme members (data subjects) under both DPA and the GDPR and will ensure it has policies and processes in place to support these rights.

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

Newsletters

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

Technical bulletins

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

Training sessions

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

Employer forums

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

Employer liaison meetings

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

Continual review

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

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

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

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

Circumstances where costs might be recovered

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

- persistent failure to provide relevant information to the administering authority, scheme member or other interested party in accordance with specified performance targets (either as a result of timeliness of delivery or quality of information);
- failure to pass relevant information to the Scheme member or potential members, either due to poor quality or not meeting the agreed timescales outlined in the performance targets;
- Or because extra resources will be required to process the missing data. This cost will have to be met directly by the employer.
- failure to deduct and pay over correct scheme member and employer contributions to the London Borough of Croydon Fund within the stated timescales;
- Instances where the performance of the scheme employer results in fines being levied against the administering authority by the Pension Regulator, Pensions Ombudsman or any other regulatory body.
- The cost of any remedial action required to be taken by the London Borough of Croydon and caused by the failure of a Scheme employer to meet their requirements as set out in regulation or the specified performance targets. Also, any breaches of the regulations such as delays in producing the annual benefit statements will be reported to the Pension Regulator (TPR). The report will detail any delays experienced by the pensions team in receiving the data.
- Advice supplied from a third party provider, with or without the consent from the administering authority. So please ensure that your payroll provider is aware of the data requirements of the scheme and that they use Iconnect to provide that information as soon as they are ready to be on boarded. Where there is no previous arrangement in place between Employer and third party provider – the costs incurred will still be re-charged back to the Employer that originally requested work, information or raised queries.

- Our hope that no such penalties or breach reporting will be required. We want to support all stakeholders in ensuring that all regulations and requirements are met and thereby guaranteeing the scheme member of the Croydon pension fund enjoys the best member experience possible.

Approach taken by administering authority

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

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

4 Review process

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

5 Consultation

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

Appendix 1 - Summary of communication and liaison

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

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

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

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

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

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

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

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

Appendix 2 - Performance standards

By the administering authority

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

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

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

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

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

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

By the Scheme employer

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

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

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

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

Appendix 3 - New entrants and current Scheme members

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

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

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

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

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

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

5.1 Opting out of the pension Scheme over 3 months membership

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

LGPS Opt Out Forms

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

5.2 Auto-Enrolment Employer Duties

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

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

All employers should therefore familiarise themselves with their responsibilities

5.3 Academies

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

Appendix 4 - Early leavers

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

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

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

Notification of Cessation of Membership/Employment

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

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

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

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

Appendix 5 - Retirements

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

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

OR

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

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

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

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

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

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

Appendix 6 - Early retirement costs recharged to the Scheme employer

When do they arise?

Early retirement costs arise when an employee retires –

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

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

The costs will be recovered as follows:

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

Appendix 7 - Deaths in Service

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

Dependents includes –

Married Spouse

Cohabitees (certain provisions apply)

Civil Partners

Children (certain provisions apply)

A Notification of Death in Service Form should be completed immediately upon the notification of the death in service of a Scheme member and forwarded to The Pension Team, together with the death certificate. Submission of this form should not be delayed if the death certificate is not available.

Please retain a copy for your records.

Appendix 8 - Additional Voluntary Contribution Scheme

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

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

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

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

Appendix 9 - Ill health Retirement

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

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

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

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

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

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

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

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

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

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

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

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

Appendix 10 – Examples of instances where costs may be recharged

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

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

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

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

Appendix 11 - Cohabiting Partners

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

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

Appendix 12 – Payment of monthly contributions by Scheme employers

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

LGP31B - Remittance advice for payments to the Fund

Payment by BACS

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

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

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

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

Note:

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

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

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

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

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

Appendix 13 - Year end procedures

Financial Returns

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

The prompt and accurate notification of this information is vital to ensure the Pension Scheme complies with Regulatory requirements, e.g. disclosure regulations that stipulate that members must be informed within certain deadlines of their scheme membership details when they join, and of their benefits when they leave. These deadlines are missed if year-end is the source of the information.

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

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

Every 3 years the fund's actuary carries out the valuation. In order for this to happen, membership data has to be passed to the actuary within strict deadlines. The quality of this data has a direct impact on the actuary's ability to determine the correct employer contribution rates. If the data is unreliable, the actuary will always take a cautious approach which could result in a higher contribution rate.

Appendix 14 - Additional pension contributions (APCs)

Benefits purchased

Employee only APCs and employee/employer shared cost APCs

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

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

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

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

Employer only APCs

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

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

Appendix 15 - The 50:50 Option

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

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

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

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

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

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

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

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

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

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

Croydon Council

REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Croydon Pensions Administration Team Key Performance Indicators for the period March 2023 to May 2023
LEAD OFFICER:	Matthew Hallett - Acting Head of Pensions and Treasury

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 February 2023.

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 March 2023 to May 2023. 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 detailed more fully in Appendix A to this report.

4. **COMMENTARY**

- 4.1 The team continue to perform well on life event cases such as deaths and retirements. A few cases missed target over the period but the average days remained below target for most case types.
- 4.2 The EOY process has now been completed for all but one employer. We are in regular communication with the employer who is working with their payroll provider to provide the information as soon as possible. We are monitoring the situation and will escalate to the Pension Regulator if required.
- 4.3 On the 30 March 2023 HM Treasury issued a [written ministerial statement](#) confirming the SCAPE discount rate has been adjusted from CPI plus 2.4% to CPI plus 1.7%. The SCAPE discount rate is used in actuarial factors across all public sector pension funds.
- 4.4 The Government Actuaries Department (GAD) issued new factors towards the end of June and into July. Some non-club transfers and interfund adjustments

were put on hold while we waited for new the new factors.

- 4.5 Some leaver calculations were impacted by the delay and we have planned Blitz days to catch up.
- 4.6 Following DLUHC's consultation on changes to the revaluation date in the LGPS from the 01 April to the 06 April the LGPS regulations have now been amended.
- 4.7 Our software provider anticipates the changes will be made to the system later in the summer. A few flexible retirement calculations required manual adjustments during April to ensure correct benefits were paid.
- 4.8 Pension Increase of 10.1% was successfully applied to all pension and dependent pensions in payment. Newsletters were sent to all pensioners and dependents informing them of the increase.
- 4.9 Work has continued to develop procedures to use the bulk leaver calculations within the Altair system. Extensive testing has been carried out and we have agreed parameters to use. Testing continues and we hope to be using the bulk processes later in the year.
- 4.10 We have invested in the Altair Insights reporting tool. Initial training has taken place and will continue over the summer. We believe this will be an extremely useful tool and has already been incorporated into some of our processes.
- 4.11 The upgrade to the member self-service (MSS) tool will be a large project and we are in the initial stages of working with Heywoods to plan this. It is likely this will now be in 2024 instead of the later part of 2023.
- 4.12 Considering the delay to the MSS upgrade renewed efforts to increase MSS users are being planned. A review of the Member Self-Service Communication plan, presented to the Board in 2021, has been carried out. Please refer to Appendix B.
- 4.13 We will focus on easing the member registration process as this has been recognized as a barrier to some members accessing MSS. We will also use the new Insights reporting tools to access at an employer level MSS uptake and tailor MSS promotion by employer.
- 4.14 We have been working with the Fraud Team to increase mortality screening via the Nation Fraud Initiative from a biennial basis to monthly reports.
- 4.15 Where we are not informed of a death, overpayment of pension benefits is likely to occur. Although the number of cases has dropped since we became part of Tell Us Once those cases picked up via the NFI reports every two years do cause a substantial amount of work. We anticipate moving to monthly reporting will have a significant impact on the number of pensions overpaid and our ability to recover overpayments.
- 4.16 The first report was received in June 2023 and has already provided positive results.

5. CONSULTATION

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

6. DATA PROTECTION IMPLICATIONS

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

No.

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

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

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

CONTACT OFFICER:

Matthew Hallett - Acting Head of Pensions and Treasury

BACKGROUND DOCUMENTS:

None.

APPENDIX

Appendix A: Croydon Pensions Admin Team Performance Report, March 2023 to May 2023

Appendix B: Member Self-Service Take UP Communication Plan – 2023/24

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Croydon Pensions Admin Team Performance Report

July 2023

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Reference Key Table

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

Legal Deadlines

Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		March 2023		April 2023		May 2023			
Send a notification of joining the LGPS to a scheme member	Two months from the date of joining the scheme or earlier if within one month of receiving jobholder information where the individual is being automatically enrolled/re-enrolled	222	100%	86	97.67%	86	100%		2 cases missed target in April 2023
Inform a scheme member of their calculated benefits (refund or deferred)	As soon as practicable and no more than two months from the date of notification (from employer or scheme member)	50	78%	45	75.56%	64	85.94%		11 cases missed target in March 2023. 11 cases missed target in April 2023. 10 cases missed target in May 2023. Many deferred benefit calculations are delayed due to outstanding interfund and aggregation cases. The team have been focusing on Blitz Days and a change in aggregation process to try and eliviate this issue. Some Interfund transfers were put on hold during this period while we awaited new factors from GAD.

Process	Legal Requirement	March 2022		April 2023		May 2023		Direction of Travel	Comments
		Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline		
To process and pay a refund	Two months from the date of request	18	100%	10	100%	13	100%		
Obtain transfer details for transfer in, calculate and provide quotation to member	Two months from the date of request	4	100%	1	100%	1	100%		
Notify the amount of retirement benefits	One month from the date of retirement if on or after normal pension age or two months from the date of retirement if after normal pension age	53	100%	45	100%	57	100%		
Provide a retirement quotation on request	As soon as practicable but no more than two months from the date of request unless there has already been a request in the last 12 months	84	100%	73	100%	77	98.70%		2 cases missed target in May 2023. On investigation this was due to the reply Due dates within the task management system not being properly applied while we were tracing the members. The team have been reminded about correct workflow process.

Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		March 2023		April 2023		May 2023			
Calculate and notify (dependent(s) of amount of death benefits	As soon as possible but in any event no more than two months from date of becoming aware of death or from date of request from a third party (e.g. personal representative)	36	100%	22	100%	28	96.43%	↓	One case missed target in May 2023. On investigation this was due to the reply due date not being correctly updated. Task comments show case was processed in a timely way. Have reminded team of workflow process but no concerns.
Provide all active and deferred members with annual benefit statements each year	By 31 st August	N/A	N/A	N/A	N/A	N/A	N/A	N/A	

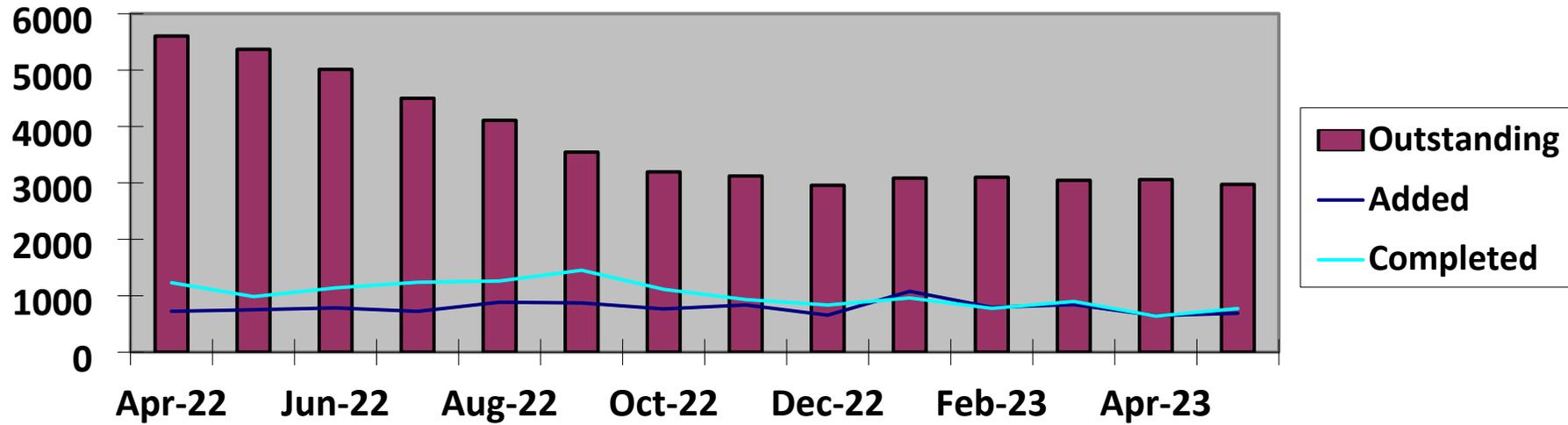
Team Performance Targets

Process	Team Target	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Direction of Travel	Comments
		March 2023			April 2023			May 2023				
Send a notification of joining the LGPS to a scheme member	30 days from date of notification of joining member	222	99.55%	2	86	97.67%	12	86	98.84	1	↓	2 cases missed target in April and 1 case missed target in May 2023.
Inform a scheme member of their calculated benefits (refund or deferred)	40 working days from date of notification (from employer or scheme member)	50	74%	96	45	68.89%	249	64	84.38%	76	→	Improvement in % meeting target and we will work to continue this trend.

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Process	Team Target	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Direction of Travel	Comments
		March 2023			April 2023			May 2023				
To process and pay a refund	40 working days from the date of request	18	100%	1	10	100%	3	13	100%	2		
Obtain transfer details for transfer in, calculate and provide quotation to member	40 working days from the date of request	4	100%	1	1	100%	2	1	100%	0		
Notify the amount of retirement benefits	20 working days from date of retirement	53	100%	2	45	100%	2	57	100%	2		
Provide a retirement quotation on request	15 working days from date of request	84	100%	3	73	98.63%	3	77	97.40%	7		One case missed target in April. Two cases missed target in May 2023. On investigation this was due to the reply due dates within the task management system not being properly applied while we were tracing the members. The team have been reminded about correct workflow process.
Calculate and notify (dependent(s) of amount of death benefits	20 working days from receipt of all information	36	100%	2	22	100%	2	28	96.43%	7		One case missed target in May 2023. On investigation this was due to the reply due date not being correctly updated. Task comments show case was processed in a timely way. Have reminded team of

Case levels



Number of outstanding cases

The Backlog Project tracing tasks have been removed as they do not represent work to be completed.

Member self-service

Total Scheme members registered	5849 (22.74%)
Number scheme members who accessed annual benefit statement in Q1 2022/23	498
Breakdown by member status	
• Actives	29.69%
• Deferred	19.80%
• Pensioners & Dependents	17.03%

Contributions Monitoring

Contributions reconciled to schedules	% Completed
January to March 2023	98.28%

Member Self-service Take-Up Communication Plan – 2023/24

Action	Method of Communication	Audience	Frequency	Completed ✓	Comment
Promote MSS in all letters sent to scheme members	Letter	Active/Deferred members	Daily	✓	
Provide details of MSS in welcome letters	Letter	New members	Weekly	✓	
Promote MSS to all members who call the Pension Team	Verbal	Active/Deferred members	Daily	✓	Added to 2023/24 plan
Promote MSS via Pension website	Online	Active/Deferred members	N/A	✓	
Promote via mailbox automated response	Email	Active/Deferred members	Daily	✓	
Promote on all emails issued to members	Email	Active/Deferred members	Daily	✓	
Promote via employers forum	Face to Face	Active members	Quarterly		Delayed while new format for employer forum is devised by Governance Team.
Promote to employers	Email	Active members	Single event		Use of Insight reporting at employer level on MSS uptake to be used.
Promote via staff intranet as part of new website launch	Staff Intranet	Active members	Single event		This was delayed with a view to coincide communications with the launch of Shared Cost AVCs (SCAVCs). Unfortunately, this project is now on indefinite hold by the employer. New communication planned for AVCs 2023.
Promote MSS via staff intranet when ABS issued.	Staff Intranet	Active members	Annual	✓	

Promote MSS via scheme employers when ABS issued.	Email	Active members	Annual	✓	
Write to targeted group of deferred scheme members	Letter	Deferred members	Annual	✓	The backlog tracing project is now mostly completed. Take up has not been as good as we had hoped for given the number of letters sent. Revised communications to targeted groups, such as those approaching minimum retirement age, to be created. However, this may have more success if delayed until address tracing is put in place. Address tracing options are being looked into as part of the Dashboard project.
Review of all MSS communication and guidance documents		Internal documents	Annual		To be undertaken as part of ABS process and before ABS communications go out.

REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Review of Breaches Log
LEAD OFFICER:	Matthew Hallett - Acting Head of Pensions and Treasury

1. RECOMMENDATION

The Board 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 Board to monitor breaches on a regular basis. This report presents the current log (Appendix A) for the Board'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 20 June 2023. 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 Board last reviewed the Log 3 new entries have been added, 1 entry has been amended and no entries have been deleted. Breach 6 concerning failure to publish audited fund accounts has been amended to reflect that the 2019/20 accounts have now been agreed and are awaiting sign off from the auditors. Breaches 9, 10 and 11 concerning failure to pay refunds within the deadline prescribed by the LGPS Regulations 2013 have been added.

3.4 The Board 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. DATA PROTECTION IMPLICATIONS

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

NO

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

CONTACT OFFICER:

Matthew Hallett, Acting Head of Pensions and Treasury

APPENDIX:

Appendix A: Breaches Log

BACKGROUND DOCUMENTS:

None.

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Breaches Log 27 July 2023 Pension Board Meeting

Number	1
Date	Aug-20
Category	Administration - ABS
Description and cause	Failure to produce 100% of Annual Benefit Statement notifications
Possible effect and wider implications	Members and former members do not 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. Member has been unable to check personal data is complete and accurate or that the correct contributions have been credited.
Reaction	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.
Reported / Not reported	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
Colour rating	
Outcome of report / investigation	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
Outstanding actions	
Comments	

Number	2
Date	Aug 21
Category	Administration - ABS
Description and cause	Failure to produce 100% of Annual Benefit Statement notifications
Possible effect and wider implications	Members and former members do not 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. Member has been unable to check personal data is complete and accurate or that the correct contributions have been credited.
Reaction	The team managed to issue 99.94% of annual benefit statements.
Reported / Not reported	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
Colour rating	
Outcome of report / investigation	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.
Outstanding actions	
Comments	

Number	3
Date	Aug 22
Category	Administration - ABS
Description and cause	Failure to produce 100% of Annual Benefit Statement notifications
Possible effect and wider implications	Members and former members do not 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. Member has been unable to check personal data is complete and accurate or that the correct contributions have been credited.
Reaction	The technical team have issued 92.30% of the statements due. The majority of the deferred ABSs not issued were a result of outstanding leaver calculations which were identified as part of the backlog project contracted to a third party. The remainder relate to leavers 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 as part of their daily process. Members will be contacted once the calculations have been completed.
Reported / Not reported	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
Colour rating	
Outcome of report / investigation	Not reported. 100% for active members were issued. While 86.19% for deferred members were issued, the rest were not produced due to ongoing benefit calculations or transfer calculations where we were awaiting information. These cases are included in BAU work and handled by the Pension Admin Team on a daily process.
Outstanding actions	
Comments	

Number	4
Date	Jan 21
Category	Administration - Backlog
Description and cause	Failure to inform 100% of scheme members of their calculated benefits (refund or deferred) – backlog cases. The original number of backlog cases was 2665. The backlog cases allocated to Hymans have now been completed.
Possible effect and wider implications	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.
Reaction	Historical backlog is impacting performance. Hymans Robertson were engaged to provide administration services to clear this backlog
Reported / Not reported	The issue was 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
Colour rating	
Outcome of report / investigation	Not reported to The Pensions Regulator
Outstanding actions	
Comments	

Number	5
Date	Oct 21
Category	Administration - Minutes
Description and cause	Failure to publish Committee and Board meeting Minutes.
Possible effect and wider implications	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
Reaction	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.
Reported / Not reported	Officers had 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 was done by the Chairs of the Board and Committee. The Committee decided in their meeting of 14 March 2023 to change the designation to green.
Colour rating	
Outcome of report / investigation	Democratic Services are now adequately resourced and are producing the minutes themselves. All outstanding draft Committee minutes have been published and agreed. The three outstanding draft Board minutes have been published and approved by the Board
Outstanding actions	
Comments	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

	<p>agenda for the next meeting. The Governance Team have created a log to record when each set of minutes has been approved. At their meeting on 14 March the Committee agreed to change the rating of this Breach to Green.</p>
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Number	6
Date	Sep 21
Category	Finance - Accounts
Description and cause	Failure of the Fund to publish audited Fund Accounts for year 2019/20 by 30 September 2020
Possible effect and wider implications	Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.
Reaction	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 has now been resolved and agreed and we are awaiting sign off to be completed. The draft Annual Report and Accounts were presented to Pension Committee on 3 December 2021.
Reported / Not reported	The matter had not initially 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 was 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 were published on the website. Update March 2023: Due to the passage of time and the fact that 3 years of accounts are still outstanding, the Chairs of the Board and Committee and Officers have issued a joint report to The Pensions Regulator.

Colour rating	
Outcome of report / investigation	
Outstanding actions	<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. A joint Report has been submitted to the TPR by the Chairs of the Board, Committee and Head of Pensions. The Pension Regulator asked for a timetable for completion which the Head of Pension & Treasury has provided and agreed to keep the Regulator informed of progress.</p>
Comments	

Number	7
Date	Sep 22
Category	Finance - Accounts
Description and cause	Failure to publish the audited Fund Accounts for year 20/21 by 30 September 2021
Possible effect and wider implications	Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.
Reaction	The report and accounts were prepared 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 accounts cannot be signed off until the 2019/20 account have been completed. The draft Annual Report and Accounts were presented to Pension Committee on 3 December 2021
Reported / Not reported	The matter had not been initially 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. Update March 2023: Due to the passage of time and the fact that 3 years of accounts are still outstanding, the Chairs of the Board and Committee and Officers have issued a joint report to The Pensions Regulator
Colour rating	
Outcome of report / investigation	
Outstanding actions	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. A joint Report has been submitted to the TPR by the Chairs of the Board, Committee and Head of Pensions. The Pension Regulator asked for a timetable for completion which the Head of Pension & Treasury has provided and agreed to keep the Regulator informed of progress.
Comments	

Number	8
Date	Sep 22
Category	Finance - Accounts
Description and cause	Failure to publish the audited Fund Accounts for year 21/22 by 30 September 2022
Possible effect and wider implications	Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.
Reaction	The report and accounts are being prepared. The audit of the accounts cannot be started until completion of the 19/20 and 20/21 accounts.
Reported / Not reported	The matter had not been initially reported to the Regulator. The cause of the breach was due to the failure of the Council rather than failure in the administration of the scheme. The Actuary has confirmed that the valuation can still be completed, so the scheme can still comply with its legal requirements on funding. The breach has not resulted in any detrimental effects to members benefits. Update March 2023: Due to the passage of time and the fact that 3 years of accounts are still outstanding, the Chairs of the Board and Committee and Officers have issued a joint report to The Pensions Regulator.
Colour rating	
Outcome of report / investigation	
Outstanding actions	The Fund Accounts form part of the Council Accounts and cannot be signed off separately. A joint Report has been submitted to the TPR by the Chairs of the Board, Committee and Head of Pensions. The Pension Regulator asked for a timetable for completion which the Head of Pension & Treasury has provided and agreed to keep the Regulator informed of progress.
Comments	

Number	9
Date	Mar 23
Category	Administration - Refunds
Description and cause	<p>A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended).</p> <p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p>
Possible effect and wider implications	Member does not receive monies they are entitled to. Possibly causing financial hardship however the amounts due are relatively small. The impact to the Fund is insignificant.
Reaction	Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.
Reported / Not reported	Not Reported. Letters explaining the member's rights to refunds were sent out on 21.8.2018 with reminders being sent on 17.1.2019. No response was received from the member until 2.3.2023 when completed claim forms were sent in. At this point the refund calculations were finalised and requests for ad hoc payments to be made were signed off on 8.3.2023.
Colour rating	
Outcome of report / investigation	The cause is the difficulty in tracing members. An amendment to the regulations is planned which will take away the requirement to make payment within 5 years of active membership in the Fund ceasing. Pension Dashboard requirements may assist members in keeping check on their pension entitlements. The admin

	Team have been told that as soon as they receive a refund claim form for a frozen refund they must act immediately.
Outstanding actions	
Comments	This is an issue across all LGPS funds. The LGA are pushing for the regulations to be changed to eliminate the 5 year payment deadline. It is difficult to trace members if they do not provide us with up to date address information. It would take considerable resources to try to trace address details and issue more reminders for outstanding cases . LGA advice is to wait for the regulatory change to be put into place.

Number	10
Date	Mar 23
Category	Administration - Refunds
Description and cause	<p>A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended).</p> <p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p>
Possible effect and wider implications	Member does not receive monies they are entitled to. Possibly causing financial hardship however the amounts due are relatively small. The impact to the Fund is insignificant.
Reaction	Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.
Reported / Not reported	Not Reported. A letter explaining the member's rights to a refund was sent out on 31.3.2017. No response was received from the member until 13.3.2023 when the completed claim form was sent in. A check needed to be done to ensure that the member was not active before payment could be made due to possible tax implications. Once this had been verified the refund calculations were finalised and the request for ad hoc payment to be made was signed off on 31.3.2023.
Colour rating	
Outcome of report / investigation	The cause is the difficulty in tracing members. An amendment to the regulations is planned which will take away the requirement to make payment within 5 years of active membership in the Fund ceasing. Pension Dashboard

	requirements may assist members in keeping check on their pension entitlements. The admin Team have been told that as soon as they receive a refund claim form for a frozen refund they must act immediately.
Outstanding actions	
Comments	This is an issue across all LGPS funds. The LGA are pushing for the regulations to be changed to eliminate the 5 year payment deadline. It is difficult to trace members if they do not provide us with up to date address information. It would take considerable resources to try to trace address details and issue more reminders for outstanding cases . LGA advice is to wait for the regulatory change to be put into place.

Number	11
Date	Apr 23
Category	Administration - Refunds
Description and cause	<p>A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended).</p> <p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p>
Possible effect and wider implications	<p>Member does not receive monies they are entitled to. Possibly causing financial hardship however the amounts due are relatively small. The impact to the Fund is insignificant.</p>
Reaction	<p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p>
Reported / Not reported	<p>Not Reported. A letter explaining the member's rights to a refund was sent out on 16.5.2017. No response was received from the member until 8.6.2017 when the member requested a transfer quote which was provided on 15.6.2017. The member decided not to proceed with the transfer. No further correspondence was received from the member until 3.3.2023 when another transfer request was received which they were no longer entitled to. A refund form was then issued as that was the only option available to the member.</p>
Colour rating	
Outcome of report / investigation	<p>The cause is the difficulty in tracing members. An amendment to the regulations is planned which will take away the requirement to make payment within 5 years of active membership in</p>

	<p>the Fund ceasing. Pension Dashboard requirements may assist members in keeping check on their pension entitlements. The admin Team have been told that as soon as they receive a refund claim form for a frozen refund they must act immediately.</p>
Outstanding actions	
Comments	<p>This is an issue across all LGPS funds. The LGA are pushing for the regulations to be changed to eliminate the 5 year payment deadline. It is difficult to trace members if they do not provide us with up to date address information. It would take considerable resources to try to trace address details and issue more reminders for outstanding cases . LGA advice is to wait for the regulatory change to be put into place.</p>

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REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Review of Risk Register
LEAD OFFICER:	Matthew Hallett, Acting Head of Pensions and Treasury

1. **RECOMMENDATION**

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

2. **EXECUTIVE SUMMARY**

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

3. **DETAIL**

- 3.1 Best practice recommends that a risk register is maintained by the Pension Board 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 Board 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 Board 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 16 risks on the main register with 9 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 2.

The risk register is attached as Appendix A.

3.5 Since the Board last reviewed the Register:

No new risks have been added.

3 risks have been deleted as follows:

Risk 7 – London CIV Recruitment Difficulties. This has now been resolved and resourcing is stable.

Risk 16 – Russian Invasion of Ukraine. This has now been included in risk 8.

Risk 21 – Liquidity risk relating to inflation This has now been amalgamated into risk 3.

9 risks, numbers 1, 2, 3, 4, 6, 8, 14, 18 and 22 have been updated.

3.6 The Board 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. DATA PROTECTION IMPLICATIONS

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

NO

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

CONTACT OFFICER:

Matthew Hallett, Acting Head of Pensions and Treasury

BACKGROUND DOCUMENTS:

None

APPENDIX:

Appendix A: Risk Register

	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 burden falls on the other employers in the Fund to make good the shortfall.	Governance Risks	As part of the valuation a revised Funding Strategy Statement and separate satellite policies on Contribution Reviews, Academies Funding, Bulk Transfers, Cessation and Prepayments were agreed by the Committee on 14 March 2023. The existing Admissions policy which was agreed by the Committee at their meeting of 3 December 2021 remains in place.	3	3	9	Our Fund actuary will be carrying out a covenant monitoring exercise.	2	3	6

			<p>These policies are designed to mitigate the risk to the Fund. 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. As part of the triennial valuation exercise, individual employer profiles were considered and contribution rates were adjusted to plan for a zero value deficit or surplus at cessation as far as possible.</p>							
2	<p>The Fund's invested assets are not sufficient to meet its current or future liabilities. This would lead to pressure to</p>	Funding - Assets and Liabilities Risks	<p>A formal actuarial valuation is carried out every three years. The Funding position of the Fund has improved to 97%.</p>	4	2	8	<p>Officers are looking at ways of monitoring the funding level on a more frequent basis</p>	4	1	4

	increase contribution rates in the future.		The Funding Strategy for the Fund has been agreed on with help of advice from the Fund's Actuary and is based on the likelihood that there is a 75% chance that the funding target will be achieved. The current Strategy was agreed by the Committee in March 2023.				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.			
3	Liquidity risk - High inflation increases benefits payable at a faster rate and 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	Funding - Assets and Liabilities Risks	The Fund's contribution income is currently enough to cover the short term liabilities and medium term cashflow projections imply that there is no immediate threat to the Fund's liquidity. This is kept under constant review.	3	1	3	No future controls planned	3	1	3

	and medium term liabilities without having to disinvest and thus damage the prospects of generating adequate investment returns.		There are also sufficient income generating assets in the portfolio which can be drawn on to cover any cash requirements. Cash held by the Fund is at 2%, but we are looking to reduce this following implementation of a revised asset allocation following review.							
4	There is a possible risk of scheduled or admitted bodies not paying over contributions, which involves the administering authority in incurring unnecessary costs.	Funding - Assets and Liabilities Risks	A structured process is in place 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	3	3	9	Our administration strategy was agreed by the Committee in their meeting of 20 June 2023. Should engagement with scheme employers to resolve issues not be successful, which is always our	3	2	6

			<p>improving outcomes. In the event of significant issues occurring the authority has retained legal advisors to mitigate this risk, possibly through legal channels. There is still one significant ongoing case in terms of contributions due arising from a dispute concerning valuation which we are working with our legal advisors to resolve.</p>				<p>preferred option, there are opportunities within the strategy to impose financial penalties. This, together with our checking and engagement processes, require more time to administer and resources across the governance and accounts teams are impacted. Additional staffing is in the process of being secured.</p>			
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6	There is a risk that, under any set of circumstances, an asset 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.	Investment Risks	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. The revised asset allocation review recommended an allocation to credit which should increase the diversification of the Fund.	3	3	9	Implement the revised asset allocation.	3	2	6
8	General underlying risk of a global collapse in investment markets. The markets have experienced a continuous	Global Macro-economic Risks	The discount rate assumption is reviewed at every valuation to ensure it gives appropriate views on future return expectations.	4	3	12	No future controls planned	4	3	12

	<p>sequence of such events: Latin American sovereign debt; Black Friday crash; the Dot.com bubble; sub-prime, credit crunch, the Coronavirus pandemic and Russia's invasion of Ukraine. Other crises are inevitable.</p>		<p>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.</p>							
12	<p>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</p>	<p>Operational Risks</p>	<p>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</p>	4	3	12	<p>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.</p>	4	2	8

<p>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.</p>		<p>Heywood and Hymans Robertson both have ISO:270001 which is the international standard for information security management systems (ISMS).</p>							
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13	<p>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</p>	<p>Operational Risks</p>	<p>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</p>	4	3	12	<p>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.</p>	4	2	8
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	data being lost in the event of a system failure.		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.							
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	Operational Risks	The team are working overtime to try and ensure the data quality is as good as it can be and the Scheme Advisory Board has issued guidelines on how to deal with problems caused by data accuracy. We expect the financial impact on the Fund to be small, the impact on members to be small, but the work for the	3	3	9	No future controls planned	3	3	9

	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.		admin team to be high.							
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

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.	Investment Risks	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	Operational Risks	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	4	3	12	Continue detailed planning in respect of legislative changes. Development of IT and automation. Increase to Employer engagement.	4	2	8

	are not met leading to breaches of legislation and pension regulator requirements. Scheme member dissatisfaction. Reputational damage. Financial penalties. Legal action / challenge.		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.							
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	Operational Risks	Actively review/assure in relation to bank controls. Automatic compensation paid for major interruptions	4	3	12	No future controls planned	4	3	12

	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.									
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.	Operational Risks	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

22	<p>Lack of Fund specific Conflicts of interest Policy – This could lead to a lack of clarity around when it is necessary for Committee and Board members to declare / disclose interests that could impact on decisions they are taking. When acting in their capacity as Committee members their priority should be the interests of the Fund. Without appropriate scrutiny and transparency, the interests of the Fund could be compromised.</p>	<p>Governance Risks</p>	<p>There is an existing Board Conflicts of Interest Policy in place and elected members are required to disclose interests in their capacity as Councillors. A standing agenda item is included in every meeting asking if any member has an interest that they need to disclose. A member of Democratic Services attends every meeting and can provide advice on whether a disclosure is needed. The Board Chair regularly attends Committee meetings and will highlight potential items where a disclosure may be appropriate. Democratic Services</p>	4	3	12	<p>A new Fund specific Conflicts of Interest Policy has been drafted and has had legal input on behalf of the Monitoring Officer. A report recommending members to adopt the policy was taken to the June 2023 committee meeting however the committee requested some amendments. A revised version will be presented to the next committee meeting in September 2023. This will</p>	4	2	8
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			keep a log of Member Interests.				provide greater clarity on disclosable items and potential areas where a conflict might arise.			
23	Climate Change	Investment Risks	When setting the funding strategy the Fund included climate scenario stress testing in the contribution modelling exercise for the Council at the 2022 valuation. The results provided some assurance that the funding strategy is resilient to climate risks.	3	5	15	The investment strategy is currently being reviewed with the particular focus on climate change risks and is setting a framework to firstly establish the Fund's current carbon footprint and secondly to enable to future reporting and monitoring of the Fund's exposure to	1	5	5

							climate change risks. A revised strategy will be set by December 2023.			
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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.

16 No of Risks on Register

7	No of Current Green Risks
9	No of Current Amber Risks
0	No of Current Red Risks

14	No of Future Green Risks
2	No of Future Amber risks
0	No Future Red Risks

Risk Matrix		IMPACT				
		1	2	3	4	5
		Insignificant	Minor	Moderate	Major	Catastrophic
LIKELIHOOD	5 Almost Certain	5	10	15	20	25
	4 Likely	4	8	12	16	20
	3 Possible	3	6	9	12	15
	2 Unlikely	2	4	6	8	10
	1 Rare	1	2	3	4	5

Impact is measured on a scale of 1 to 5.
 A score of 1 suggests that the potential impact would be insignificant and a score of 5 would be catastrophic.
 Likelihood is also measured on a scale of 1 to 5.
 In this instance a score of 1 suggests that the occurrence will be rare and score of 5 would be almost certain to happen.

REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Review of Board Training
LEAD OFFICER:	Matthew Hallett, Acting Head of Pensions and Treasury
<p>1. RECOMMENDATIONS</p> <p>1.1 The Board is asked to note the contents of the Pension Board Training Log (Appendix A).</p> <p>1.2 The Board is asked to note the mandatory training items in Appendix B.</p> <p>1.3 The Board is asked to consider what areas of training they would like to be included in any forward training plan.</p>	

2. EXECUTIVE SUMMARY

- 2.1 This report advises the Board of training undertaken by the Pension Board members in Year 2023 /24 and asks them to note the contents of the Log attached to this report as Appendix A.
- 2.2 This report asks the Board to note the mandatory training items attached to this report as Appendix B that they are required to complete.
- 2.3 This report asks for feedback from Board members on their training requirements for inclusion in future training plans.

3 DETAIL

- 3.1 In their 2019 governance review Aon recommended that the scope of the Knowledge and Skills Policy be extended to the Pension Committee and Officers, as well as the Pension 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, Pension Committee Members and Pension Board 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.
- 3.5 This report provides the Board with a summary of the training undertaken by them in Year 2023/24 to 10 July 2023 (attached as Appendix A).
- 3.6 The report includes a summary of the mandatory training that they are required to complete at Appendix B.
- 3.7 Hymans have updated their on-line training provision to reflect the topics covered in the national knowledge assessment; there are now 8 modules. They recommend that members access these modules and repeat the online training annually as items will be continually updated. Therefore all members should please complete all modules in the current year. The 'current issues' section has recently been updated with a presentation concerning the McCloud consultation. Additionally, the videos on the training platform now have subtitle functionality.
- 3.8 Members are asked to please complete the LGE Fundamentals training once every 3 to 4 years.

- 3.9 Hymans produced a report detailing the results of the National Knowledge Assessment. This contained some recommendations around training. The Chair of the Board has recently written to Hymans as the training suggested is not Board / Committee specific. Officers therefore would like some input from Board members on what training they would find useful going forward. Future training opportunities can then be planned.
- 3.10 As any training opportunities arise Officers will notify Members via email.
- 3.11 Members are asked to please inform officers of any training undertaken in order that it can be included on the training log.
- 3.12 The Board is asked to note the contents of this report and feedback on future training opportunities.

4. DATA PROTECTION IMPLICATIONS

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

No.

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

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

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

CONTACT OFFICER:

Matthew Hallett, Acting Head of Pensions and Treasury

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix A: Training Log

Appendix B: Mandatory Training Details

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Member Training Log 2023/24				Postponed				
				21/06/2023	22/06/2023	26-28/06/2023	10/07/2023	
Total Sessions Attended	% Possible Attended	Category	Name	SAB Code of Transparency	TPR Code of Practice Webinar	PLSA LGPS Conference	EDI - Southwark	
0	0	Board	Cllr Margaret Bird	0	0	0	0	
1	30	Board	Mike Ellsmore	0	0	0	1	
0	0	Board	Richard Elliott	0	0	0	0	
1	50	Board	Teresa Fritz	0	0	1	0	
0	0	Board	Ava Payne	0	0	0	0	
0	0	Board	David Whickman	0	0	0	0	
Total Possible Events	Board	2		1	0	1	1 Sthwk	
	Total Numbers Comp	Board		0	0	1	1	
	% Completed	Board		0	0	17	100	

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Mandatory Training

	Facility	Module	Details	Date	Offered To	Form		
	Hymans on-line	Module 1	Committee Role and Pensions Legislation	As required	All Board, Committee and Reserves	On-line		
	Hymans on-line	Module 2	Pensions Governance	As required	All Board, Committee and Reserves	On-line		
	Hymans on-line	Module 3	Pensions Administration	As required	All Board, Committee and Reserves	On-line		
	Hymans on-line	Module 5	Pensions Accounting and Audit Standards	As required	All Board, Committee and Reserves	On-line		
	Hymans on-line	Module 6	Procurement and Relationship Management	As required	All Board, Committee and Reserves	On-line		
	Hymans on-line	Module 7	Investment Performance and Risk Management	As required	All Board, Committee and Reserves	On-line		
	Hymans on-line	Module 8	Actuarial Methods, Standards and Practices	As required	All Board, Committee and Reserves	On-line		

Facility	Module	Details	Either Full Day in person Sessions	Dates	OR Remote 2 Half Day Sessions	Dates	Offered To
LGE Fundamentals	Day 1	Responsibilities of Committee and Board Benefit Structure The Legal Landscape Good Governance	In Person - Westminster	12/10/2023	On-line	19/10/2023 and 26/10/2023	All Board, Committee and Reserves
LGE Fundamentals	Day 2	Investment Classes Investment Risk and Return Investment Sustainability Responsible Investment Growth Opportunities and Risks in the Medium and Long Term	In Person - Westminster	02/11/2023	On-line	16/11/2023 and 23/11/2023	All Board, Committee and Reserves
LGE Fundamentals	Day 3	Responsible Asset Ownership Stewardship Cost Transparency Board / Pension Manager relationship in Administration Role of the Responsible Government Department Issues on the Radar Valuations Funding	In Person - Westminster	05/12/2023	On-line	11/12/2023 and 19/12/2023	All Board, Committee and Reserves

Croydon Council

REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Representation Policy
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury

1. RECOMMENDATION

The Board are:

- asked to note the Representation Policy and comment as appropriate.

2. EXECUTIVE SUMMARY

- 2.1 This report asks the Board to note the Representation Policy (attached as Appendix A) and to comment as appropriate.

3. DETAIL

- 3.1 The Scheme Advisory Board (SAB) commissioned a Good Governance Review to be carried out by Hymans Robertson. They produced 3 reports. The Phase 3 report detailed the list of recommendations which will be reflected in legislation and /or guidance. Officers have been working to ensure compliance with these recommendations in anticipation of their enactment.

- 3.2 One of the recommendations being taken forward is C1:

Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.

- 3.3 The phase 3 report expands on this recommendation as follows:

The intention behind this recommendation is simply that administering authorities prepare, maintain and publish their policy on representation and to require that they provide:

- *the rationale for their approach to representation for non-administering authority employers and local authority and non-local authority scheme members on any relevant committees; and*

- *the rationale as to whether those representatives have voting rights or not.*

The SAB's view is that it would expect scheme managers to have the involvement of employers and member representatives on any relevant committees.

In addition to representation on committees, administering authorities should state other ways in which they engage their wider employer and Scheme membership

- 3.4 Officers have prepared a draft policy document which the Board is asked to comment on.
- 3.5 The policy will be reviewed by the Fund's advisors before being presented to the Committee for consideration.

4. DATA PROTECTION IMPLICATIONS

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

No.

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

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

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

CONTACT OFFICER:

Matthew Hallett – Acting Head of Pensions and Treasury.

BACKGROUND DOCUMENTS:

None.

APPENDIX:

Appendix A: Representation Policy

London Borough of Croydon Pension Fund Representation Policy

The Scheme Advisory Board (SAB) commissioned a Good Governance Review to be carried out by Hymans Robertson. They produced 3 reports. The Phase 3 report detailed the list of recommendations which will be reflected in Legislation and /or guidance.

One of those recommendations is as follows:

C1: Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to representation and voting rights for each party.

The phase 3 report expands on this recommendation as follows:

The intention behind this recommendation is simply that administering authorities prepare, maintain and publish their policy on representation and to require that they provide:

- the rationale for their approach to representation for non-administering authority employers and local authority and non-local authority scheme members on any relevant committees; and*
- the rationale as to whether those representatives have voting rights or not.*

The SAB's view is that it would expect scheme managers to have the involvement of employers and member representatives on any relevant committees.

In addition to representation on committees, administering authorities should state other ways in which they engage their wider employer and Scheme membership

This Policy addresses these requirements.

This Policy was agreed by Committee on XXXX. It will be reviewed annually in line with the annual review of the Constitution.

The Policy recognises all members and employers belonging to the Fund should be appropriately represented in the running of the Fund while at the same time ensuring that the Council, as the body with ultimate responsibility for running the Fund, maintains a majority position on the key governance bodies. To this end the Fund's representation policy and the Council's constitution specify that the Council shall maintain a majority of voting members on the Pension Committee. The present Pension Committee is constituted as follows;

- 4 Voting Councillors from the Labour Group
- 4 Voting Councillors from the Conservative Group
- 1 Voting Pensioner Representative, elected by Fund Pensioners – Ex Council Employee
- 1 Non- Voting Pensioner Representative, elected by Fund Pensioners – Ex Council Employee

1 Staff Side Non-Voting Staff Side Representative, nominated by the Unions – Current Council Employee.

The make-up of the councillor members on the Committee is reflective of political balance of the Council in line with the provisions of the Local Government Act 1972.

The pensioner elections are open to all Fund pensioners to stand, including those former staff of the Fund's admitted and scheduled bodies.

Pensioners make up roughly one third of the Fund membership, as do active members. Only one pensioner member, the one that receives the most votes in the election, is given voting rights; the other non-voting member only has voting rights in the absence of the voting member. This allows pensioner voice and influence in any matter considered by the Committee.

There are currently no voting rights given to the staff side member.

There is currently no employer representative outside of the Council on the Pension Committee.

There is currently no representative for members with deferred benefits; although they make up roughly a third of scheme members it was deemed too difficult to put this into place due to problems with keeping track of members once they have left.

The Pension Board is made up as follows:

1 Non-Voting Independent Chair

3 Voting Employer Representatives, 1 of whom is a Croydon Councillor, 1 is a representative of one of Croydon's scheduled bodies and third position is currently vacant.

3 Voting Employee Representatives, 1 of whom is a current Croydon employee, 1 is an independent member with relevant pensions experience and the third is an ex Croydon Council employee, nominated by the unions.

There are currently no representatives from the Fund's admitted bodies on the Pension Board.

The Pension Board provides oversight and advice to the Pension Committee.

Consultation

The Fund consults with all Fund employers on statutory policies such as the administration strategy.

Officers have consulted with Fund advisors on this policy.

Review

This policy will be reviewed at least annually and in line with any changes to the Council's constitution and Terms of reference of the Pension Committee and Board if earlier. The next expected review date is XXX..

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Croydon Council

REPORT TO:	Pension Board 27 July 2023
SUBJECT:	Local Government Pension Scheme Advisory Board / The Pensions Regulator Update
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury

1. RECOMMENDATION

- 1.1 The Board are asked to note the contents of this report.

2. EXECUTIVE SUMMARY

- 2.1 This report advises the Board 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 advisers.

3 DETAIL

3.1. Local Government Pension Scheme Advisory Board (SAB)

Publication of the tenth Scheme Annual Report

On 26 June 2023 the Board published the [tenth Scheme Annual Report](#). The aim of this Report is to provide a single source of information about the status of the LGPS for its members, employers, and other stakeholders. Continually improving key information about the Scheme as a whole is one of the top priorities of the Board. This report aggregates information supplied in the 86 fund annual reports, as of 31 March 2022.

Climate risk reporting

On 15 June 2023 DLUHC confirmed that [implementation of climate reporting obligations would be delayed at least until next year](#). Presuming regulations are forthcoming in time for 1st April 2024, reports covering the period 1 April 2024 - 31 March 2025 would need to be produced by December 2025.

On 23 May 2023 the Board advised that [TPR have published a review](#) of climate-related disclosures by occupational pension schemes. The paper sets out TPR's preliminary observations and feedback to industry, based on their review of a selection of climate-related disclosures published by occupational pension schemes. The review relates to private pension schemes but contains observations which may be useful for LGPS funds ahead of the implementation of climate risk (TCFD) reporting in the LGPS – which is now expected to commence from 1 April 2024, with first reports due in late 2025.

On 22 February 2023 SAB published the results of their survey to gauge the preparedness of pension funds for the changes being considered by Government as follows:

We received a total of 51 responses to this survey. Approximately 30% of respondents indicated their fund does not have adequate resources to produce a risk report. From those without the adequate resources, 45% indicated they do not have a sufficient project plan in place to deliver a report by the anticipated deadline of December 2024. 25% of respondents do not believe that they have access to sufficient data to populate a risk report and a further 27% of respondents are unsure if they have access to the necessary data. Scope 3 carbon emissions data and carbon emissions data for alternatives and private markets were regularly cited as being extremely difficult to obtain. Although 56% responded that they have a plan in place to produce the data required to an acceptable standard, many funds cited they were dependent on the ability of third parties such as pools and fund managers to source the data and conduct the climate risk analysis.

35% of respondents indicated they had conducted a full assessment on what expertise was required for risk analysis. 27% have not and 35% of funds had undertaken some sort of assessment. 69% of respondents indicated they had a plan to source the resources required for the production of the report. While many funds indicated they were awaiting more certainty before carrying out assessments of what was required for the report, some were pressing ahead with plans as soon as possible.

The Board is working closely with the Department and administering authorities to better understand the challenge and support them through it. We intend to repeat this survey after the Government Response to last year's consultation is published, and the precise requirements are clearer.

Interestingly, the survey also found that 25 funds reported a date of 2050 or sooner for reaching net zero in their asset portfolio, however a substantial number of respondents indicated that risk reporting will not change or will have a limited impact on their asset allocation or choice of investments. Rather they considered it as a means to "show progress" against targets set. Some stated that it provided a focus for engagement both with their asset managers and the underlying companies in order to effect real world change, rather than simply "greening" the portfolio.

On 18 November 2022 the Board submitted its response to DLUHC's climate risk reporting consultation. The response includes some over-arching observations on the role of pension funds (as well as their limitations), the production of climate risk reports as well as responses to the Department's specific questions on governance, scenario analysis, metrics, and risk management. The Board welcomed the opportunity to engage with the Department's proposals and believes that pension funds should be able

to make a positive contribution by supporting the just transition to a sustainable future. The full response [can be found here](#).

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 and report on climate-related risks, in line with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD). The consultation closed on 24 November 2022.

'McCloud' remedy in the LGPS – supplementary issues and scheme regulations consultation

On 30 May 2023 DLUHC [launched a consultation that seeks views on changes to the Local Government Pension Scheme in England and Wales \(LGPS\)](#). This follows a previous consultation that DLUHC undertook in 2020 on proposals to address discrimination found by the courts in the 'McCloud' case. The Court of Appeal ruled in 2018 that younger members of the judicial and firefighters' pension schemes had been unlawfully discriminated against – known as the McCloud judgement. The Department [published the government response in April 2023 confirming the steps it will be taking to resolve the McCloud age gap discrimination in respect of the LGPS in England and Wales](#).

DLUHC are now seeking views on issues relating to the McCloud remedy. This will cover reconsulting on some areas, and consulting on issues not covered in the first consultation. The department are also seeking views on [draft scheme regulations \(see annex A\)](#) which would implement the remedy. The consultation closes at 11:59pm on 30 June 2023.

On 3 March 2023 [SAB has published guidance](#) to assist administering authorities with McCloud data issues. The guidance sets out what options administering authorities may consider if they are unable to collect the data needed to implement the McCloud remedy. It covers both missing data and data that may be inaccurate. The guidance should be read in conjunction with the legal advice provided by Eversheds on McCloud data issues which is referenced within the guidance document.

2021/22 Annual Reports and Audit issues within the LGPS

On 30 May 2023 SAB issued the following statement in respect of the impact of completed triennial valuations on the delayed 2021/22 accounts

Councils may be aware that the delay in finalising accounts for 2021/22 has meant that information from the March 2022 triennial valuations of pension funds has become available before the audit of many accounts has been signed-off. This has led some auditors to request that the accounts are re-done using this more up to date information.

Following discussions between stakeholders, last week the National Audit Office (NAO) issued supplementary guidance to auditors ([guidance note SGN 3](#)) and CIPFA issued supplementary guidance to accounts preparers ([CIPFA Bulletin 14 Supplement](#)). Taken together these make it clear that there is no need for the accounts to be re-stated using the triennial valuations, unless the original valuation in the accounts contained material omissions such as not taking account of an existing large-scale restructuring/redundancy programme. Hopefully, this will now prevent the issue of pension valuations adding further to the delays in finalising accounts.

On 15 February 2023 the Minister for Local Government responded to the letter written to him in August 2022 by SAB on delays in the external audit of local authority accounts, including pension fund accounts. He welcomed the Board's advice and recommendation to consider the separation of main authority accounts and the pension fund accounts and has asked his officials to consider the scope for developing this further.

On 30 November 2022 the Board stated that it is aware that some pension fund audits are likely to be delayed again this year, largely due to issues with auditing the host authority's accounts. There is a statutory duty under regulation 57 of the LGPS Regulations 2013 for administering authorities to publish an annual report 'on or before 1 December'. The Board has [written to the minister](#) with proposals to help improve the timely completion of audit. In the meantime, it urges administering authorities to publish their 2021/22 annual reports based on the best data available to them by the statutory deadline. Ideally, the report would be based on audited data. However, if that is likely to result in a significant delay, the Board asks funds to produce and publish reports based on unaudited data (labelled as draft), and to re-publish an amended annual report with the external auditor's opinion and revised data after audit, where necessary.

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.

DLUHC consultation on changes to the SAB's cost management process (Scheme Cost Assessment – SCA)

On 23 May 2023 the Board issued the following statement:

DLUHC has issued the final regulations and published its response to the [consultation](#) on reforming the SAB's own parallel process for reviewing scheme cost. This is the process set out in Regulation 116 of the 2013 Regulations, which runs during the HM Treasury-led quadrennial scheme valuation process. The changes take into account [SAB's response](#) to the consultation and better align the SCA with HMT's reformed cost control mechanism (CCM).

It helpfully re-iterates that the SAB process operates prior to the HMT CCM and gives the SAB greater flexibility in the making of recommendations to the Secretary of State where there is a breach. However, it leaves open for further discussion the link with the new “economic check” in the CCM.

On 6 March 2023 SAB submitted its response to DLUHC’s consultation. The SAB scheme cost assessment is the part of the cost management process which operates independently of, and prior to, the HM Treasury directed cost management process. The response is generally supportive of the Department’s approach as they have taken on board many of the points made by the Board on how best to re-align the SAB process with the HM Treasury process, which was reformed last year. SAB hope that an opportunity will be found to make the necessary amendments to the 2013 LGPS Regulations ahead of the 2020 scheme valuation process being undertaken. The full response [can be found here](#).

On 30 January 2023 DLUHC launched an 8 weeks consultation on changes to the Scheme Advisory Board’s cost management process – the process that operates separately from, but alongside, the quadrennial scheme-level cost management process, which is based upon HM Treasury legislation and directions. The consultation follows the report from the Government Actuary’s Department into changes to the HM Treasury cost management process, and the resulting policy and legislative changes set out in HM Treasury’s response to that report. It acknowledges the differences between these two processes but proposes measures suggested by SAB in its consultation response to better integrate the SAB process within the statutory HMT mechanism. The consultation closes on 24 March 2023 and [can be found here](#).

SAB statement on Freedom of Information Act requests on climate advice and data (30th March 2023)

“Some funds have raised with the Board the increasing prevalence of requests for information about the responsible investment policies of administering authorities. These may come from interested scheme members or activist groups and can be “round robin” requests that are made to all LGPS funds with a view to collating information across the scheme (and making comparisons between funds’ responses).

“As public authorities, there are duties on all administering authorities to be open and transparent about their policies and actions. However, the resources available to deal with requests are not unlimited and there will be occasions where cost, commercial sensitivity or other considerations will outweigh the public interest in releasing information. [Further guidance](#) on this is available from the Information Commissioner’s Office. Support in how to respond to these requests, especially if they become onerous or vexatious, should be sought from the authority’s legal and FOI advisers.

“If the new climate reporting duties had been brought in by the Government, as consulted on last year, from 1st April 2023 then that may have helped authorities currently considering the request from Carbon Tracker by putting, or at least having a plan to put, a large amount of information into the public domain which may have helped address some of the requests for information that are being received. Despite the delays in DLUHC concluding that consultation, the Board would recommend that all funds consider having a proactive publication scheme in place for climate data, and their stewardship activities, to minimise the volume of ad hoc requests that they have to field.”

Changes to pensions taxation

On 15 March 2023 the Chancellor announced some changes to pensions taxation in the Spring Budget. The Annual Allowance (which is the maximum amount of pensions savings an individual can make each year before incurring a tax charge) will increase from £40,000 to £60,000 from 6 April 2023, with individuals continuing to be able to carry forward unused Annual Allowances from the three previous tax years. Changes were also made to the Lifetime Allowance, the charge for which will be reduced to zero from 6 April 2023, before being fully abolished in a future Finance Bill. Other changes were made to the Money Purchase Annual Allowance and Tapered Annual Allowance. More detail can be found in [the Budget document](#) and [the Pension Tax Limits policy paper](#).

DLUHC consultation on changing the revaluation date

On 10 February 2023 DLUHC issued a consultation on changing the Scheme revaluation date from 1 to 6 April, with effect from 1 April 2023. The proposed change would remove the impact of high inflation on the annual allowance and reduce the number of members incurring a tax charge. The consultation ran for two weeks and closed on 24 February 2023. The consultation can be viewed on the [Scheme consultations page](#).

SAB appear not to have responded to the consultation but the Council has been advised by the LGA of their response as follows:

We have published [our response](#) to DLUHC’s consultation on changing the annual revaluation date in the LGPS. The consultation documents and our response can be viewed on the [scheme consultations page](#) of www.lgpsregs.org.

On 9 March 2023 DLUHC [responded to the consultation](#) on changing the revaluation date. The response confirms that it will be proceeding with the change. [Regulations have been published](#) which take effect on 31 March 2023.

"Edinburgh Reforms"

On 9 December 2022, the Chancellor of the Exchequer announced a set of reforms to drive growth and competitiveness in the financial services sector. It has been confirmed that the Government will be consulting in early 2023 on issuing new guidance on Local Government Pension Scheme asset pooling. The government will also consult on requiring LGPS funds to ensure they are considering investment opportunities in illiquid assets such as venture and growth capital, as part of a diversified investment strategy.

Statement on employer contributions

On 1 November 2022 the Board announced that, at their meeting on 10 October 2022, they discussed emerging results from the current round of triennial fund valuations. Whilst understanding and recognising the extremely challenging position for local government finance, the Board asks that administering authorities and other fund employers have regard to the desirability for long term stability in pension contributions when considering whether reductions in employer contributions are desirable as a result of an improved funding position. [The full statement](#) gives more detail of the Board's discussion, and full reasons for making this statement.

Scheme Advisory Board response to HM Treasury's exit pay consultation

In August 2022, HM Treasury issued a consultation on a new controls process for high value exit payments paid to staff working in central government. Although that will not affect local government workers directly, some LGPS employers are likely to be covered by the new arrangements and on 17 October 2022 the Scheme Advisory Board submitted this [response](#).

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.

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:

Pensions Dashboards compliance and enforcement policy

On 2 March 2023 the Council received the following email from the Local Government Association:

"DWP have today issued a written ministerial statement announcing delays to the delivery of pensions dashboards. A full version of the statement can be seen [here](#).

- In the statement, the government announced its intention to legislate to amend schemes' connection deadlines, to give PDP the time it needs to meet the significant challenges in developing the necessary digital architecture.*
- While this announcement will come as a disappointment to many, we have to recognise that this is a hugely complex project. We owe it to savers to get this right, even if it means taking longer to deliver.*
- DWP, PDP, TPR and FCA remain committed to the delivery of pensions dashboards. We are in continuous discussion with PDP, FCA and DWP on the progress of the project and the impact of any issues or delays which arise.*

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- *We will continue to work with industry to make dashboards happen – to maintain an open dialogue and work collaboratively to meet any challenges which arise.*
- *TPR will not be taking regulatory action if schemes are unable to meet their deadlines because the technological system is not in place.*
- *We recognise the importance of supporting schemes through this process, and we will continue to provide education to support trustees in meeting their duties. We expect industry to continue preparing for dashboards, in particular by getting to grips with members' data.*
- *We will shortly be updating our guidance in light of the recent announcement, and to provide further clarity on the steps schemes should be taking to continue to prepare.*

On 24 November 2022 TPR invited occupational pension schemes, their administrators, providers, and the wider industry, to respond to its newly published [consultation on dashboards compliance and enforcement](#).

The compliance and enforcement policy sets out TPR's expectations on how schemes should comply with new regulations, and its approach to regulating dashboard obligations. TPR is keen to hear from schemes of all sizes, their administrators and integrated service providers to ensure the new policy is understood by, and meets the needs of, the industry.

While TPR already regulates trustees and workplace pensions, a key part of complying with dashboard obligations will rest with third parties, such as administrators, employers and integrated service providers.

New legislation has been introduced enabling TPR to issue third parties with compliance notices. If they do not comply, they could be fined up to £50,000 (and individuals up to £5,000) for each breach. This is alongside other new powers to fine trustees and managers in the case of non-compliance with dashboard regulations. They include an option to issue penalties of up to £5,000 to individuals and up to £50,000 in other cases for any instance of a single compliance breach.

The consultation will close on 24 February 2023 and TPR expects to publish its final policy in spring 2023, ahead of the first schemes' dashboard deadlines in August 2023.

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.

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<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>

Funding Code of Practice for defined benefit pensions schemes

On 16 December 2022 TPR published its [draft funding code of practice for defined benefit \(DB\) pensions schemes](#) and a [consultation document](#).

The 14-week consultation sets out that schemes will be expected to set a long-term objective and a journey plan to get there. It is expected that schemes will reduce reliance on their sponsoring employer as they reach maturity. It will require trustees to improve risk management and raise the bar for evidencing supportable risk taking.

The code will support trustees, sponsoring employers and their advisers to manage their pension schemes and will replace the current code, introduced in 2014. It includes key expectations in relation to:

- trustees setting a plan for how they will achieve low dependency on the employer
- setting a journey plan to reach that point
- assessing the employer covenant as a key underpin for the level of risk that is supportable on that journey – considering cash, prospects and contingent assets
- setting their funding assumptions consistently with those plans
- open schemes allowing for future accrual where they can justify their approach
- assessing reasonable affordability when determining the appropriateness of recovery plans

The final regulations and code are currently planned to come into force in October 2023.

4. DATA PROTECTION IMPLICATIONS

4.1 Will the subject of the report involve the processing of ‘personal data’?

No.

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

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

Approved by:

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

CONTACT OFFICER:

Matthew Hallett – Acting Head of Pensions and Treasury.

BACKGROUND DOCUMENTS:

None.

APPENDICES:

None.