

# 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, 11 April 2024** at **2.00 pm** in **Room 1.01 and 1.02 - Bernard Weatherill House, Mint Walk, Croydon CR0 1EA**

Stephen Lawrence-Orumwense  
Monitoring Officer  
London Borough of Croydon  
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[www.croydon.gov.uk/meetings](http://www.croydon.gov.uk/meetings)  
Tuesday, 2 April 2024

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](http://webcasting.croydon.gov.uk)

N.B This meeting will be paperless. The agenda can be accessed online at [www.croydon.gov.uk/meetings](http://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 - 14)**

To approve the minutes of the meeting held on Wednesday, 17 January 2024 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. Pension Fund Medium Term Business Plan 2024/27 (Pages 15 - 38)**

This report presents to the Board a draft Business Plan for the Fund for financial years 2024/25 to 2026/27 attached as Appendix A. It invites their comments and requests their agreement to the Plan.

**6. Croydon Pensions Administration Team Key Performance Indicators for the Period December 2023 to February 2024 (Pages 39 - 58)**

The report sets out the Key Performance Indicators, measured against the legal requirements and the in for the administration of the Local Government Pension Scheme for the three-month period up to the end of February 2024.

**7. The Pensions Regulator's New General Code Update (Pages 59 - 62)**

This report updates the Board on the Pension Regulator's (TPR) New General Code of Practice and its implementation.

**8. Pension Committee Training Update (Pages 63 - 78)**

This report shows a record of training undertaken by the Pension Board members in Year 2023/24 to 2 April 2024. The report includes a log of training undertaken attached to the report as Appendix A and a log of

training completed accessed through the Hymans Robertson training portal to 31 March 2024 attached to this report as Appendix B.

**9. Review of Breaches of the Law (Pages 79 - 108)**

This report presents the current Breaches of the Law log (in Appendix A) for the Pension Fund and highlights any changes made since the last review carried out at the Pension Board meeting held on 17 January 2024.

**10. Croydon Council Pension Fund Data Retention and GDPR (Pages 109 - 112)**

Croydon Council, as administering authority for the Local Government Pension Scheme, must periodically review and update documentation relating to the UK General Data Protection Regulations (UKGDPR) and the Data Protection Act 2018 (DPA) to ensure compliance with the regulations.

**11. Local Government Pension Scheme Advisory Board/The Pensions Regulator Update (Pages 113 - 126)**

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.

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

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

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

**PART B**

**13. Cyber Security Update (Pages 127 - 130)**

This report updates the Board on progress with the creation and implementation of Cyber security requirements.

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## Pension Board

Meeting held on Wednesday, 17 January 2024 at 2.00 pm in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

### MINUTES

**Present:** Michael Ellsmore (Chair);

Co-optees: Richard Elliott, Teresa Fritz and David Whickman (Employee Representative) (Online)

Councillor Margaret Bird

**Also**

**Present:** Ian Talbot, Mary Lambe (AON, Governance Consultant), Gillian Philip, Matthew Hallett

**Apologies:** Ava Payne (Lateness), Jane West

### PART A

**1/24 Minutes of the Previous Meeting**

The minutes of the meeting held on Thursday, 19 October 2023 were agreed as an accurate record.

**2/24 Disclosure of Interests**

The Chair asked whether members of the board should be minded towards the bespoke conflicts of interest policy which the Committee had previously agreed.

The Chair advised that the members of the board should put in a blanket conflict of interest for any discussion concerning pension board allowances.

**3/24 Urgent Business (if any)**

There were no items of urgent business.

**4/24 Croydon Pensions Administration Team Key Performance Indicators for the period September 2023 to November 2023**

Ava Payne entered at 2.07pm.

The Pensions Manager introduced the report and explained that the administration team had finished their last statutory requirement for the year

which was to issue pension savings statements for anyone who exceeded the annual allowance for 2022/23. The Pensions Manager stated that following changes in regulation they saw a large decrease in the number of cases which they had to investigate. The Pensions Manager confirmed that all savings statements had been issued before the 6 October deadline.

The Pensions Manager explained that the team leaders and the technical team had been focused on how to improve their key performance indicators (KPI's) as they were below expectations. The Pensions Manager informed the Board that they have realised that 50% of their workload is taken up by leavers however they had not allocated 50% of their resources to leavers and this was reflected in the KPI's.

The Pensions Manager stated that following a review of their workload they had identified areas which were causing the team issues such as cases where an employer had changed payrolls providers. The Pensions Manager explained that there was often a debate between the existing and new payroll provider over who would provide legal information, this put officers in a position where they would have to chase to receive the necessary information.

In response to a question from a member, officers informed the Board that:

- Officers had 120 employers in the scheme and the biggest employer was the Council and they had access to their payroll system. The school's payroll was an issue as they used an external provider. Some of these external providers took time to provide officers with the necessary information.
- In the admin strategy officers had the provision to fine employers. They were meeting to discuss resourcing for the governance team. They had found that a lot of employers who signed a contract with payroll providers included the provision that they would handle pensions but they would seek to educate employers.
- Officers could improve communication with employers and they had assessed the structure of their team. They felt as though they had enough members of the team to provide this service.
- Officers had to go through the councils HR procedures as they were employees of the Council.
- All LGPS funds had experienced resourcing issues, there were issues with the structures of existing teams and there had been a growth in the workload for officers and there was a need for an increase in resources.
- The fund paid costs for the resourcing of admin staff; however, their contracts were with the Council. If members wanted to increase their salary budget, then they would have to go through the Councils HR processes.
- The move to separate the funds accounts and the Councils accounts was unlikely to affect the current method of increasing resources as they were not separate legal entities.

- The problem in the past was that issues had all been anecdotal and so officers did not have enough data to assess the issues properly. Officers believed that processing leavers for the Council was more straightforward in comparison with processing with leavers for external employers.
- There were duplicate items in the table within the report as one of the items was in relation to the legal deadline, and the other item was in relation to the Croydon deadline which officers had set themselves to provide a better service.

**RESOLVED:**

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

**5/24 Review of Risk Register**

The Acting Head of Pensions and Treasury introduced the report and explained that there had been some changes to the register. The first change related to the risk to employers ceasing their trading, the second change was an update to the admission policy for academies and other employers as they now allowed passthrough for admitted bodies which created more risk sharing with the Council which lowered the risk for the fund. The Acting Head of Pensions and Treasury stated that officers were still carrying out the covenant reviews of other employers in the fund and the review was set to be completed by the end of January. Another change was in relation to the funding assets and liabilities, officers had spoken with the actuary about the funding update service. The final two changes were the addition of cyber security and resources to the register.

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

- In terms of activity cyber hygiene was one aspect of the cyber policy, there was also data and asset mapping which was still being worked on. Officers needed to set up their own instant response plan for the Fund in conjunction with the Council's instant response plan. Third party reviews needed to be undertaken with those who had been identified on the data and asset map as being the most significant risk. The regulator issued new cyber guidelines in December 2023, and these were a must for fund managers, some of the work had been delayed as officers wanted to ensure that the strategy was in line with the regulator's new guidelines.

The Chair stated that there was a lack of understanding that the passthrough strategy was increasing the risk on the employers and lowering the risk to fund.

**RESOLVED:**

- To note the contents of the Pension Fund Risk Register and comment as appropriate.

## **6/24 Review of Breaches Log**

The Acting Head of Pensions and Treasury introduced the report and explained that the 2019/20 accounts were expected to be signed off in February 2024. The Acting Head of Pensions and Treasury stated that the 2022/23 accounts had been added to the breaches log as they had now become a breach and officers were still in discussion with the Council's HR department regarding the employer discretions policy. The Acting Head of Pensions and Treasury explained that the late repayment of refunds had also been added but it was unavoidable at present until there had been amendments to legislation that removed the requirement for five-year payments.

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

- Officers would liaise further with the Council's HR department again regarding the employers' discretions policy before asking the Board for assistance.
- The employer had to have a discretions policy under the LGPS legislation, and it was the employers responsibility to have it.

### **RESOLVED:**

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

## **7/24 Progress on implementing findings of Governance Review**

The Acting Head of Pensions and Treasury introduced the report and explained that the governance review had been undertaken by AON over several years and in June 2022 officers decided to put all the outstanding actions to create a governance review strategy. The Acting Head of Pensions and Treasury stated that officers had completed most of the outstanding actions. The Acting Head of Pensions and Treasury explained that the constitution changes regarding board member expenses went to Council in December 2023 and was agreed so board member allowances can now be paid to members who were not remunerated by their employer. The Acting Head of Pensions and Treasury informed the Board that the Chairs allowance was £5,000, other members would receive £1000 and these allowances would be escalated based on the CPI in September.

The Acting Head of Pensions and Treasury stated that officers would look at the TPR code and benchmark themselves against it to see where they stood.

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



- The constitution had now been changed but officers now needed to go out and recruit for an employer representative on the Pension Board.
- The team had enough members and a sufficient budget. In terms of other resourcing needs officers would need to include in their business plan.

**RESOLVED:**

- To note the progress achieved in addressing the list of recommendations as presented to the Committee on 11 October 2022.
- To note the progress achieved in addressing the SAB Good Governance Review Phase 3 Report.

**8/24 Local Government Pension Scheme: Next Steps on Investments**

The Acting Head of Pensions and Treasury introduced the report and explained that the Mansion house speech had triggered a consultation which closed in October 2023 and the government had issued a statement on the next steps following the consultation. The Acting Head of Pensions and Treasury did not believe that the responses had any effect on the government's intention to pool investments.

The Acting Head of Pensions and Treasury stated that the desire to accelerate pooling could create a governance issue, from his perspective the legislation that would be implemented could offer scope to opt out of certain aspects. The Acting Head of Pensions and Treasury explained that officers would try and get the Fund's listed assets included in the CIV but he did not believe that any funds would commit to pooling all of their assets by the 31 March 2025. The Acting Head of Pensions and Treasury informed the Board that there was already an allocation to private equity investments. The Acting Head of Pensions and Treasury stated that he would be looking toward investment advisors to see how much of their investments could be defined as a levelling up asset.

The Acting Head of Pensions and Treasury stated that when the government wrote their response to the consultation, they seemed to imply that investments did not matter as much as members benefits were governed by legislation. The Acting Head of Pensions and Treasury accepted that this was true however he explained that the legislation did not state who had to pay the benefits. This was an issue as if the investments failed then the contributions would need to rise in order to compensate for the loss.

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

- The fiduciary duty was similar to what was expected from a trustee, other investments could be considered but they could not detriment returns.

- For passive investment index tracking funds, investment managers generally charged one basis point.
- The government should allow passive funds to sit outside of the pool as it would be cheaper for them to be managed elsewhere.

**RESOLVED:**

- To note the contents of this report.

**9/24      The Audit Findings Report for the London Borough of Croydon Pension Fund for the year ended 31 March 2020**

The Acting Head of Pensions and Treasury introduced the report and explained that the report was presented to the Audit and Governance committee at the end of November 2023 and the auditors stated that there were no issues with the pension fund.

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

- The accounts and valuations were conducted during the covid-19 pandemic, so the values were a result of the conditions at the time.
- Liquid assets were difficult to value until the assets had been sold.

**RESOLVED:**

- To note the contents of the report.

**10/24      Croydon Training Activity and Plan 2024/25**

The Acting Head of Pensions and Treasury introduced the report and explained that officers had been working with AON to create a training plan for 2024/25 and they wanted the Board to comment on the plan before it was presented at the next meeting of the Pension Committee.

Mary Lambe stated that AON had been asked to consider the report which had been presented to the Board from Hymans regarding the national knowledge framework, hot topics which were emerging over the next year and to consider how training was conducted.

Mary Lambe explained that they had spoken to the scheme advisory board (SAB) about pooling, there was a desire to elevate committee requirements around training and the SAB were working with DLUC to determine how to reflect this in statutory governance guidance as well as in the SAB guidance.

Mary Lambe informed the Board that on the assessment of the national knowledge report from Hymans, AON had coded areas where the scores were below 50% and had ensured that these areas had been incorporated in the 2024/25 training plan. Mary Lambe explained that AON would be willing to

conduct training analysis to identify any gaps in the knowledge of the Committee and Board members.

Mary Lambe stated that the list of hot topics included equality, diversity and inclusion; conflict of interest policy; TCFD and carbon foot printing; cost management process; pension dashboard; general code; business planning and scams and frauds.

Mary Lambe explained that the delivery of training section of the report summarised the feedback from their online training sessions. Mary Lambe believed that it may be helpful to get any individuals trained in person to go over some modules they need to cover this would help improve the LOLA figures; April 2024 had been identified as a suitable month as the system update would be completed by then.

Mary Lambe informed the Board that officers would work with Democratic Services to ensure that new Members would receive induction training on mandatory areas in a timely manner.

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

- The training plan would need to be refined and include investment sessions, then they would need to map out other elements which would require training.

The union representative on the Board was usually given time off outside of their day job to accommodate their role on the Pension Board. Officers stated that they would quantify how many hours it would take for members to complete the necessary training before discussing with the employer how it could fit around union duties of the officer.

**RESOLVED:**

- To review the Aon paper titled 'Croydon Training Activity and Plan' and provide comment on the recommended actions as summarised on page 8 of the paper and specifically on the draft Training Plan for 2024/25 included as Appendix B to the paper.

**11/24 Review of Board Training**

The Acting Head of Pensions and Treasury introduced the report and explained that members needed to inform officers about any training conferences they may have attended so that officers could add it to their records.

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

- AON would have a webinar on the 29 January about the new pension regulator code.

- Members would be required to complete training modules annually; the modules would focus on new topics to avoid training becoming repetitive for existing members.

**RESOLVED:**

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

**12/24 Local Government Pension Scheme Advisory Board / The Pensions Regulator Update**

The Acting Head of Pensions and Treasury introduced the report and explained that since the last valuation, many LGPS funds were in a greater surplus due to the movement in gilt yields. The Acting Head of Pensions and Treasury informed the Board that this could put pressure on the Council as the main employer of the fund to review their contribution rates mid cycle. The fund under pressure to do a contribution rate review mid cycle. The Acting Head of Pensions and Treasury stated that the SABs view was that officers should be looking at maintaining stable contribution rates and if they were asked to review contribution rates then they should do so cautiously. The Acting Head of Pensions and Treasury explained that following the last valuation, there was the scope to reduce the contribution rates but they decided not to.

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

- The next valuation was in 2025.
- Long term yields were about 4.5% and the bank rate was at 5%-6%, when this was converted to an LGPS or any defined benefit scheme it would benefit the scheme as it would receive higher investment returns.
- Interest rate expectations were thought to have peaked however a recent announcement had declared that inflation was higher than expected.
- The Fund did not appear on the open democracy list, this may be because the Fund had their investments in a pooled vehicle.

**RESOLVED:**

- To note the contents of the report.

The meeting ended at 3.30 pm

**Signed:**

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**Date:**

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Pension Board Action Log 2023-24

Date of meeting	Action	Agenda ref.	Deadline	Progress
17 January 2024	Benchmark the Fund against the TPR code by Sep 24		September 2024	
17 January 2024	Recruit another employer representative to the Board by Sep 24		September 2024	
17 January 2024	Work with Democratic Services to ensure new members receive induction training		June 2024	

Completed Actions

Date of meeting	Action	Deadline	Progress	
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## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>PENSION BOARD</b>
<b>DATE OF DECISION</b>	<b>11 APRIL 2024</b>
<b>REPORT TITLE:</b>	<b>Pension Fund Medium Term Business Plan 2024/27</b>
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Jane West, Corporate Director of Resources (Section 151 Officer)</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury;</b>
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>NO</b>
<b>WARDS AFFECTED:</b>	<b>N/A</b>

### 1. SUMMARY OF REPORT

- 1.1 This report presents to the Board a draft Business Plan for the Fund for financial years 2024/25 to 2026/27 attached as Appendix A. It invites their comments and requests their agreement to the Plan.

### 2. RECOMMENDATION

The Pension Board is recommended:

- 2.1 to comment on and agree to the recommended Medium Term Business Plan 2024/27.

### 3. REASON FOR RECOMMENDATION

- 3.1 It is best practice for the Pension Board to be invited to comment on and agree to the annual Medium Term Business Plan for the Fund

### 4. BACKGROUND AND DETAILS

- 4.1 At their meeting on 15 September 2020 the Pension Committee considered guidance from The Pensions Regulator and CIPFA, as highlighted by Aon in their Governance Review of the Fund, recommending that “a medium term business plan should be created for the pension fund.” They agreed to note the draft “Medium Term Business Plan 2020/23” as presented to them

- 4.2 The Board and Committee have subsequently reviewed the Plan as it has been developed over the years. The Board considered the Plan for 2023/26 on 23 March 2023.
- 4.3 Attached as Appendix A is a draft Medium Term Business Plan 2024/27 based on the earlier versions but with the more details in respect of the requirements of codes of practice and guidance and projects already completed and to be completed in the future.
- 4.4 On 11 June 2024 the Committee will be asked to consider and agree this draft.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 N/A

## **6. CONSULTATION**

- 6.1 Officers have prepared the business plan having regard to the recommendations made by the Fund's governance advisers Aon.

## **7. IMPLICATIONS**

### **7.1 FINANCIAL IMPLICATIONS**

- 7.1.1. There are no financial considerations arising from this report
- 7.1.2. Comments approved by Matthew Hallett, Acting Head of Pensions on behalf of Allister Bannin, the Director of Finance. (Date 03/04/2024)

## **8. APPENDICES**

- 8.1 Appendix A: Pension Fund Medium Term Business Plan 2024/27

## **9. BACKGROUND DOCUMENTS**

- 9.1 There are no background documents.

## **10. URGENCY**

- 10.1 None

# **CROYDON PENSION FUND**

## **Medium Term Business Plan 2024/27**

**Croydon Pension Fund  
3A Bernard Weatherill House  
8 Mint Walk  
Croydon CRO 1EA**

**Approved by Pension Committee on XXXX (to be reviewed in March 2025)**

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## **1. INTRODUCTION**

- 1.1 The London Borough of Croydon (the Council) is the Administering Authority for the Croydon Pension Fund (the Fund), responsible for the management of the Local Government Pension Scheme (the Scheme) in its area. The Fund is one of about ninety funds in the national Scheme offering benefits on a defined benefits basis and funded by its constituent employers, members and investment income.

## **2. PURPOSE OF THE BUSINESS PLAN**

- 2.1 Although not specifically required under Scheme regulations, it is recommended in guidance and considered best practice to have a business plan setting out the future direction of the Fund. The Local Government Pension Scheme Advisory Board Review requires that the Pension Committee must be included in the business planning process and that both the Committee and the senior officer responsible for the Fund are satisfied that the resources and budget are sufficient to deliver the service.
- 2.2 The Business Plan sets out the aims and objectives of the Fund and provides an overview of its key activities, priorities and improvements to be implemented over the medium term. It includes a review of important developments during 2023/24, the work plan of the Committee, the Board and officers for 2024/25 – 2026/27 and the planned training activity as set out in the Fund training plan. It also includes the estimated financial position over the three years' up to 2026/27.
- 2.3 The Plan enables progress and performance to be monitored in relation to priorities and is reviewed and updated annually.

## **3. GOVERNANCE AND MANAGEMENT**

- 3.1 The Council has delegated responsibility for the governance and management of the Fund to the Pension Committee and the S151 Officer. In the Council's Constitution the Purpose of the Committee is defined as:

*to discharge the responsibilities for Croydon Council in its role as lead authority for the administration of the Croydon Pension Fund*

In its role as administering authority the Council has a fiduciary duty to the employers and members of the Fund and must not compromise this with its own particular interests.

- 3.2 The Committee receives appropriate advice from the S151 Officer, the Fund Actuary, its Investment Adviser and other officers and advisers as necessary.

- 3.3 The Pension Team is managed by the Head of Pensions and Treasury who is supported by two sections.
1. The Administration Section is headed by the Pensions Manager and is responsible for the day-to-day administration of pension benefits.
  2. The Governance and Oversight Section is made up of:
    - the Governance and Compliance Team headed by the Governance and Compliance Manager who is responsible for ensuring the Fund operates within statutory and regulatory requirements,
    - the Pension Fund Investment Manager who is responsible for investment matters including the production of the Annual Report and Accounts, the managing of the fund managers and overseeing the investments made through the London Collective Investment Vehicle (London CIV) and
    - the Fund Accountant who is responsible for Fund accounting.
- 3.4 Since 2015 a Local Pension Board has been in place the purpose of which, as laid down in Regulations, is to help ensure that the Scheme complies with governance and administration requirements. The Committee are required to have regard to advice given by the Board but responsibility for appropriate actions being taken rests with them.
- 3.5 Under the “pooling” guidance and supporting regulations the Fund, along with all other London borough funds, is a member of the London CIV. Over the next few years, it will continue to seek opportunities to transfer investments to the CIV to achieve reductions in investment management costs. It will continue to hold the CIV to account through its role as a shareholder.
- 3.6 As required the Fund will comply with a Government statement that they will:
- set out in revised Investment Strategy Statement (ISS) guidance that funds should transfer all assets to their pool by 31 March 2025, and set out in their ISS assets which are pooled, under pool management and not pooled and the rationale, value for money and date for review if not pooled
  - revise pooling guidance to set out a preferred model of pooling including delegation of manager selection and strategy implementation
  - implement a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy
  - revise guidance on annual reports to include a standard asset allocation, proportion of assets pooled, a comparison between actual and strategic asset allocation, net savings from pooling and net returns for each asset class against their chosen benchmark
  - make changes to LGPS official statistics to include a standard asset allocation and the proportion of assets pooled and the net savings of pooling

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

3.7 Following various governance reviews conducted by the Fund's advisor, Aon, in October 2022 the Pension Committee agreed the 'Governance Review Action Plan' to capture the recommendations of the reviews.

Considerable progress has been made in delivering these recommendations.

- 2 actions concerning the accounts are outside of the control of the Pensions Officers.
- 2 actions regarding the appointment of members to the committee and the review of the structure of the Pensions Function by the section 151 officer are outside of the control of Pensions Officers.
- 18 actions have been completed by Pensions Officers
- 6 actions are in progress by Pensions Officers
- 1 action is not yet due to be taken forward

3.8 Part of the SAB Good Governance requirements is for biennial independent governance reviews. Officers will look to commission the Fund governance advisers to carry out a new review during 2024/25.

3.9 As a result of the new TPR General Code being enacted, officers will carry out a compliance check on areas covered by the code. This will result in an action plan to be taken forward. Officers will incorporate these actions into their work plan for 2024/25.

## **4. AIMS AND OBJECTIVES**

4.1 The primary objective of the Fund is to provide for members' pension and lump sum benefits on their retirement or for their dependents' benefits on death, before or after retirement on a defined benefits basis, as required by the Local Government Pension Scheme Regulations 2013 (as amended from time to time).

4.2 As set out in the Funding Strategy Statement, agreed in March 2023 and reviewed in December 2023, the Fund's funding strategy objectives are to:

- take a prudent long-term view to secure the regulatory requirement for long-term solvency, with sufficient funds to pay benefits to members and their dependants;
- use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency;
- where appropriate, ensure stable employer contribution rates;

- reflect different employers' characteristics to set their contribution rates, using a transparent funding strategy; and
- use reasonable measures to reduce the risk of an employer defaulting on its pension obligations.

4.3 The key administration objectives of the Fund are to optimise performance in respect of:

- Providing all active and deferred members with annual benefits statements each year;
- Advising new Scheme members of their entry into the Scheme;
- Advising members of their calculated benefits;
- Administering transfer in and transfer out of members as required;
- Providing details of retirement benefits on request; and
- Notifying dependents of death benefits.

## **5. STATISTICS**

5.1 Key statistics as at 31 March 2023 were as follows:

- Assets of the Fund were £1,673m predominantly invested in equities, bonds, property, infrastructure and private equity;
- The Fund was 97% funded (based on 31 March 2022 valuation data);
- The Fund had approximately 110 contributing employers;
- 9,889 members were contributing to the Fund;
- 11,813 former employees had their benefits deferred;
- 9,439 members were in receipt of a pension;
- Benefit payments in the previous year totalled £62.4m;
- Contributions from members in the previous year were £15.1m; and
- Contributions from employers in the previous year totalled £50.1m.

5.2 As at 31 March 2024 the statistics are expected to be similar apart from a large increase in asset value of the Fund to over £1.8bn and a large increase in benefit payments as pension payments increase in line with higher than normal inflation of 10.1% at September 2022. Benefit payments are expected to exceed contributions for the first time.

## **6. REVIEW OF 2023/24**

6.1 During the year four meetings of the Committee and three of the Board were held. The auditors have not yet completed their reviews of the 2019/20, the 2020/21, the 2021/22 or the 2022/23 Statements of Accounts.



6.2 Most of the normal routines were successfully completed including the regular monitoring of investment and administration performance, the distribution of annual benefit statements and the consideration of various policy statements, the Risk Register and the Breaches of the Law log.

Specific projects included:

- Conflicts of Interest Policy – June and September 2023
- Governance Policy - June 2023
- Governance Best Practice Compliance Statement - June 2023
- Administration Strategy - June 2023
- Representation Policy – September 2023
- Risk Management Policy – September 2023
- London CIV Pooling and Savings – September 2023
- Investment Strategy Statement – September 2023
- Responsible Investment Policy – September 2023
- Admissions Policy – December 2023
- Academies Policy – December 2023
- Funding Strategy Statement – December 2023
- Cyber Security Strategy – December 2023
- London CIV Sustainable Equity Exclusion Fund – December 2023
- Aon Governance Review Update – January 2024
- Audit Findings Report 2019/20 – January 2024
- Training Activity – January 2024
- Business Plan – March 2024
- Communications Policy Statement – March 2024
- Data Retention Policy March 2024
- Training Plan 2024/25 – March 2024
- Training Activity – March 2024

## **7. WORK PROGRAMME**

7.1 The work programme for Members, officers and advisers can be separated between routine day to day duties and ongoing projects, action plan implementations and less frequent one-off tasks. Paragraph 7.2 provides details of the former and Paragraph 7.3 details of the latter. Each of these is split into one of the following categories - “Governance,” “Funding,” “Investments” and “Administration.”

### **7.2 Routine duties, ongoing projects and action plan implementations**

#### Governance

- Support, including the preparation of reports, for the Pension Committee and Pension Board;
- Implement the Governance Action Plan;
- Prepare and publish the Fund’s Annual Report and Accounts;
- Assist in the preparation of the Pension Board Annual Report;

- Monitor the Fund's revenue budget;
- Monitor achievement of the Fund's Business Plan;
- Carry out routine accountancy duties including cash flow and treasury management, monitoring of income and expenditure and preparing statutory and non-statutory returns;
- Create, maintain, review and implement various governance policies including Training Policy, Risk Management Policy, Breaches of the Law Policy and relevant codes of practice;
- Create and implement a training plan for the Committee and Board;
- Answer audit and Freedom of Information Act queries;
- Complete the annual "The Pensions Regulator" return;
- Make arrangements for bulk transfers, process academy conversions, and new scheduled and admitted bodies;
- Organise and facilitate Employers Forum, other communications and advice and other relevant relationships;
- Manage, monitor and report on contributions, create and review schedule templates and recording sheets, liaise with employers and payroll providers to resolve queries.
- Facilitate arrangements for the appointment of non-Councillor representatives on the Pension Committee and Pension Board;
- Deal with invoicing and payments to and from the Fund;
- Facilitate employers joining and leaving the Scheme, including arranging valuations and admission agreements (including bond and guarantee agreements);
- Monitoring employer covenants.
- Liaise with Fund Actuary to provide relevant information for the Fund Triennial Valuation and other projects;
- Contract letting, review and monitoring; and
- Maintain the Fund's Internal Disputes Resolution Procedure.

### Funding

- Agree funding strategy with actuary;
- Consult with employers as appropriate
- Assist the Actuary by providing data as required;
- Provide data to Government Actuary's Department as required; and
- Monitor employers' covenants as required;

### Investments

- Monitor investment performance and produce quarterly review reports for Committee;
- Appoint, monitor and dismiss fund managers as appropriate;
- Monitor the Fund's investment risk management framework;
- Work with all other London boroughs as a member of the London CIV;
- Meet investment managers in rotation;

- Implement Scheme Advisory Board Code of Transparency and analysis of investment costs; and
- Engage with fund managers on their approach to responsible investment.

### Administration

- Provide information to Scheme members and their beneficiaries as they join, leave or change their status in the Fund;
- Calculate and notify entitlements to retirement, leaving and death benefits;
- Process individual transfers into and out of the Fund;
- Provide ad hoc information to members, their representatives or their beneficiaries;
- Maintain accurate scheme member records;
- Provide data for employers under FRS102;
- Administer pension increase;
- Issue Annual Benefit Statements;
- Develop information technology efficiencies;
- Maintain and operate auto-enrolment arrangements;
- Maintain and publicise members self-service facilities; and

7.3 The more “project” based work programme for Members, officers and advisers envisaged over the next three years will be along the following lines.

<b>Area</b>	<b>Item</b>	<b>Date</b>
Administration	Academies Funding Policy Review	Sep-25
Governance	Administration Strategy Review	Jun-26
Administration	Admission Policy Review	Sep-25
Governance	Annual Report and Accounts	As required
Governance	Appointments to vacancies on Board and Committee	As required
Investments	Asset Allocation Review (including Investigation of new Investment Vehicles)	Ongoing
Governance	Breaches of the Law Policy and Procedure Review	Sep-25
Governance	Budget Review (including CIV costs)	Mar-25
Governance	Budget Review (including CIV costs)	Mar-26
Governance	Budget Review (including CIV costs)	Mar-27
Administration	Bulk Transfer Policy Review	Sep-25
Administration	Business Continuity Plan Review	Jun-24
Administration	Business Continuity Plan Review	Jun-25
Administration	Business Continuity Plan Review	Jun-26
Governance	Business Plan Review	Mar-25
Governance	Business Plan Review	Mar-26
Governance	Business Plan Review	Mar-27
Administration	Cessation Policy Review	Sep-25

Investments	CIV Savings Review	Jun-24
Investments	CIV Savings Review	Jun-25
Investments	CIV Savings Review	Jun-26
Governance	Communications Policy Review	Mar-25
Governance	Conflicts of Interest Policy	Sep-26
Governance	Contract Review - Actuarial Services	Mar -29
Governance	Contract Review – Global Custodian Services	Jun-24
Governance	Contract Review - Governance Consultancy	Jun-24
Governance	Contract Review - Investment Adviser	Jun -24
Governance	Contract Review – Legal Services	Sep-24
Investments	Contract Review - Pensions Enquiry Service	Dec-25
Administration	Contribution Review Policy	Sep-25
Administration	Cyber Security Mapping and Procedures	Ongoing
Administration	Data Dashboard Implementation Progress	Ongoing
Administration	Data Improvement Plan	Sep-24
Administration	Data Retention Policy	Mar-27
Administration	Employer Relationship Management Development	Ongoing
Governance	Equality, Diversity and Inclusion Policy	Jun-24
Funding	Funding Strategy Statement Preparation	Sep-25
Governance	Governance Best Practice Compliance Statement Review	Jun-24
Governance	Governance Best Practice Compliance Statement Review	Jun-25
Governance	Governance Best Practice Compliance Statement Review	Jun-26
Governance	Governance Policy Review	Mar -26
Governance	Governance Review	Dec-24
Governance	Governance Review Updates	Ongoing
Administration	I-Connect Roll Out	Ongoing
Governance	IDRP Review	Mar-27
Administration	Information Technology Efficiencies	Ongoing
Governance	Investment Adviser - Performance Monitoring	Ongoing
Investments	Investment Strategy Statement Review	Sep-25
Administration	Key Performance Indicators Monitoring	Ongoing
Governance	Knowledge and Skills Policy Review	Jun-25
Governance	Legislative Changes Responses	As Required
Governance	Mandatory Discretions Policy (Administrative Authority)	Jun-25
Administration	McCloud Implementation	As Required
Investments	Pooling Requirements - Compliance	Ongoing
Administration	Prepayments Policy Review	Sep-25
Administration	Record Management Policy Review	Sep 24
Governance	Responsible Investment Policy	Sep-26
Governance	Representation Policy	Sep-24

Governance	Risk Management Policy and Strategy Review	Mar-26
Governance	Roles and Responsibilities Matrix	Dec-24
Governance	Scheme Advisory Board Good Governance Review	Ongoing
Governance	Scheme Advisory Board Reports Responses	As Required
Governance	The Pensions Regulator Reports Responses	As Required
Governance	The Pensions Regulator General Code of Practice Implementation	Ongoing
Governance	Training Plan	Mar-25
Governance	Training Plan	Mar-26
Governance	Training Plan	Mar-27
Governance	Triennial Valuation Consultations and Calculations	Jun-25
Governance	Triennial Valuation - Consultation with and Results Issued to Employers	Dec-25
Governance	Triennial Valuation Rates and Adjustments Certificate Issued	Mar-26

7.4 Progress on relevant parts of the Programme will be regularly reported to meetings of the Committee and Board.

## 8. INVESTMENTS

8.1 As at 31 December 2023 the Fund had £1,782m assets under management. Funds are invested across 15 different fund managers investing in equities, bonds, property, infrastructure and private equity.

8.2 The Fund's asset allocation is shown in the table below.

<b>Fund Manager</b>	<b>Managed by CIV</b>	<b>Value at 31 December 2023</b>	<b>Actual Allocation</b>	<b>Strategic Allocation</b>
		<b>£m</b>	<b>%</b>	<b>%</b>
<b>Equities</b>				
LGIM	Counts towards allocation	759.7		
RBC	Yes	82.1		
<b>Total</b>		<b>841.8</b>	<b>47.2</b>	<b>42.0</b>
<b>Fixed Interest</b>				
Aberdeen		131.7		
Wellington		57.9		
PIMCO	Yes	86.6		
<b>Total</b>		<b>276.2</b>	<b>15.5</b>	<b>23.0</b>

<b>Property</b>				
Schroders		137.5		
M & G		61.9		
<b>Total</b>		<b>199.4</b>	<b>11.2</b>	<b>12.0</b>
<b>Private Equity</b>				
Pantheon		66.3		
Knightsbridge		57.6		
Access		16.8		
North Sea Capital		21.4		
<b>Total</b>		<b>162.1</b>	<b>9.1</b>	<b>10.0</b>
<b>Infrastructure</b>				
Equitix		73.7		
Temporis		81.4		
GIGM		20.5		
Access		37.9		
I Squared		30.0		
<b>Total</b>		<b>243.5</b>	<b>13.7</b>	<b>12.0</b>
<b>Cash</b>		<b>58.8</b>	<b>3.3</b>	<b>1.0</b>
<b>TOTAL</b>		<b>1,781.8</b>	<b>100.0</b>	<b>100.0</b>

## 9. CASHFLOW

9.1 The table below summarises the income and expenditure in the Fund Annual Accounts.

	<b>2021/22 Actual</b>	<b>2022/23 Actual</b>	<b>2023/24 Forecast Actual</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Contributions receivable	62,124	65,155	68,000	69,000	70,000	71,000
Benefits payable	-48,778	-51,780	-56,958	-60,375	-62,190	-64,050
Transfers In/out (net)	15,758	-9,948	2,120	-	-	-
Lump sums	-11,413	-10,642	-11,000	-11,500	-12,000	-12,000
Management expenses*	-505	-604	-550	-600	-650	-700
Investment income	10,000	11,100	12,000	15,000	20,000	25,000
<b>Net income/ deficit (-)</b>	<b>27,186</b>	<b>3,281</b>	<b>13,612</b>	<b>11,525</b>	<b>15,160</b>	<b>19,250</b>

\*The management expenses in the above table are those that are invoiced to the Fund and paid from the Fund's cashflow. The majority of Investment Manager fees are charged within the Fund's investment holdings. See table in paragraph 10.1.

In the table above the estimates for transfers in and transfers out are assumed to cancel each other out as they cannot be predicted with any degree of accuracy. The figures for investment income take into account RBC, PIMCO, Schrodgers and M&G which is currently reinvested. Dividend income for L&G, Aberdeen and Wellington is included within the unit pricing for the Funds and is not separately identified. The calls and distributions for the Private Equity and Infrastructure managers are assumed to be cash neutral.

To summarise, although the Fund is now at the point where the cashflow from contributions versus benefits is now negative, there is still enough scope within the Fund's investments to be able to draw further investment income which means the Fund should not become a forced seller of assets.

## 10. RESOURCES

### Finance

10.1 The following table provides actuals and estimates of the Fund Management Expenses over the six years from 2021/22.

	<b>2021/22 Actual</b>	<b>2022/23 Actual</b>	<b>2023/24 Forecast Actual</b>	<b>2024/25 Estimate</b>	<b>2025/26 Estimate</b>	<b>2026/27 Estimate</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Administration</b>						
System fees	535	400	437	500	530	560
Staff costs	750	810	898	963	1,000	1,030
Payroll administration	170	90	100	110	120	130
Central recharge	91	35	50	60	70	80
Backlog work	154	54	-	-	-	-
<b>Total</b>	<b>1,700</b>	<b>1,389</b>	<b>1,485</b>	<b>1,633</b>	<b>1,720</b>	<b>1,800</b>
<b>Governance and Oversight</b>						
Staff costs	492	443	499	594	615	635
Actuarial costs (net)	241	297	250	250	300	250
External audit fees	17	20	50	55	60	65
Memberships	20	20	20	20	20	20

Investment and governance advice	137	106	180	200	220	250
Legal advice	162	270	150	100	100	100
Other	5	10	10	10	10	10
<b>Total</b>	<b>1,074</b>	<b>1,166</b>	<b>1,159</b>	<b>1,229</b>	<b>1,325</b>	<b>1,330</b>
<b>Investment Management</b>						
Management fees	14,580	15,600	16,400	17,200	19,000	20,000
Custodian fees	96	102	105	108	108	108
<b>Total</b>	<b>14,676</b>	<b>15,702</b>	<b>16,505</b>	<b>17,308</b>	<b>19,108</b>	<b>20,108</b>
<b>TOTAL</b>	<b>17,450</b>	<b>18,257</b>	<b>19,149</b>	<b>20,170</b>	<b>22,153</b>	<b>23,238</b>

## Staff

10.2 In 2024/25 the Fund has budget for the following staffing resource available to deliver the Plan.

	FTE	Vacancies	Total
Administration	16	1	17
Governance and Oversight	5	3	8
<b>TOTAL</b>	<b>21</b>	<b>4</b>	<b>25</b>

10.3 There are currently a number of developing issues each having or likely to have a significant impact on the management of the Scheme including:

- Implications of the McCloud judgement;
- Exit cap changes;
- Annual Report and Accounts for several years;
- Scheme Advisory Board Good Governance Review;
- The Pensions Regulator's General Code of Practice;
- CIPFA Knowledge and Skills Framework;
- Goodwin case;
- Section 114 impact;
- Severance / Redundancy exercises;
- Cyber security requirements / scams;
- Data dashboards;
- Climate / Green Investment Reporting/TFCDs;
- Pooling requirements;
- EDI guidance;
- Outsourcing exercises / Schools converting to academies; and
- Contract reviews



- 10.4 Arrangements for staff recruitment and retention, succession planning, procurement and the provision of specialist services will be reviewed.
- 10.5 In order to make the optimum contribution to the delivery and administration of Fund services staff have:
- Regular one-to-one meetings to review progress and to identify development issues
  - Opportunities to put forward ideas and suggestions to help to shape the future development of the service

## **11. TRAINING AND DEVELOPMENT**

- 11.1 A Knowledge and Skills Policy incorporating the CIPFA Knowledge and Skills Framework requirements for Board and Committee members and Officers and the TPR knowledge requirements and a Training Plan have been adopted by Fund. These requirements will need to be reviewed in the light of TPR's General Code of Practice.
- 11.2 Members of both the Pension Committee and Board and Officers are given a range of opportunities to develop their skills in keeping with the Framework. These include, but are not limited to, on-line programmes provided by Hymans Robertson, induction training and events hosted by the Local Government Association and other relevant bodies as well as sessions delivered by Fund Advisors. Access to webinars on specified subjects and many sessions are available both in person and remotely.
- 11.3 Training opportunities and updates on training undertaken are provided at meetings of the Committee and Board.
- 11.4 The Fund is a member of the CIPFA Pensions Network which gives officers access to an extensive programme of events, training, weekly newsletters and documentation including briefing notes on the latest topical issues. Officers attend quarterly forum meetings with peers from other London boroughs which provide further access to opportunities for knowledge sharing and benchmarking data.
- 11.5 Officers also attend seminars arranged by fund managers and other third parties who specialise in public sector pensions. Any relevant sessions are shared with the Committee and Board members. Regular updates on training undertaken by members are reported to the Committee and Board. Officers will be looking to undertake a knowledge assessment for members in 2024/25 and seek to address gaps in knowledge via targeted training.

## 12. KEY POLICY DOCUMENTS

12.1 Key policy documents which support the Business Plan and, in turn, are supported by it which can be found on the Fund's website include:

- Academies Funding Policy
- Administration Strategy
- Admission Policy
- Annual Report and Accounts
- Breaches of the Law Policy
- Bulk Transfers Policy
- Business Plan
- Communications Policy Statement
- Conflicts of Interest Policy
- Contribution Review Policy
- Cessation Policy
- Funding Strategy Statement
- Governance Compliance Policy
- Governance and Compliance Statement
- Internal Disputes Resolution Procedure
- Investment Strategy Statement
- Knowledge and Skills Policy
- Administrating Authority Mandatory Discretions Policy
- Prepayments Policy
- Record Management Policy
- Representation Policy
- Responsible Investment Policy
- Risk Management Strategy
- Training Plan
- Triennial Valuation Report



## Governance Review Recommendations Progress

Category	Action	Comments	Status
Finance and Business Planning	That the Fund Annual Report and Accounts be reported to the Pension Committee prior to being reported to the General Purposes and Audit Committee	There are currently 3 years of accounts where the audit is still to be completed. When the backlog has been removed this will be incorporated in the normal cycle of reporting.	Accounts Issue – beyond our control
Finance and Business Planning	To report when the 2019/20 pension fund report and accounts have been signed off by audit	Not yet signed off - expected March 2024	Accounts Issue – beyond our control
Constitutional Actions	To review voting rights of categories of Pension Committee Members. Board would like to see inclusion of a non-council employer representative and a voting member representative	Agreed by Committee. Monitoring Officer to action	Completed
Constitutional Actions	To create a Fund wide Conflicts of Interest Policy covering Committee, Board and Senior Officers and incorporating work with the LCIV	Agreed by Committee September 2023	Completed
Constitutional Actions	Clearly documented Scheme of Delegation – to include greater detail regarding the delegation to the Director of Finance Investment and Risk and Section 151 Officer in the next update to the constitution		Completed
Constitutional Actions	That a small annual allowance should be paid to Pension Board members to reflect the increasingly onerous skills and training requirements	Agreed by Committee.	Completed
Constitutional Actions	To include LCIV relationships structures in the constitution	Agreed by Committee. Monitoring Officer to action	Completed

<b>Constitutional Actions</b>	Update Part 3 of the Constitution to be consistent to avoid any confusion around the responsibilities of the Pension Board	Agreed by Committee. Monitoring Officer to action	Completed
<b>Policy and Process</b>	Regularly review Knowledge and Skills requirements as a standing agenda item for Board and Committee meetings	Agreed by Committee June 2022	Completed
<b>Policy and Process</b>	To review the Investment Strategy Statement- to include compliance statement against the Myners Principles	Agreed by Committee September 2023	Completed
<b>Policy and Process</b>	To review the Breaches of the Law Policy	Agreed by Committee September October 2022	Completed
<b>Policy and Process</b>	To review the Administration Strategy	Agreed by Committee September 2023	Completed
<b>Policy and Process</b>	To review the Communications Policy	Presented to Committee March 2024	Completed
<b>Policy and Process</b>	To review the Governance and Compliance Policy	Agreed by Committee June 2023	Completed
<b>Policy and Process</b>	To review the IDRP procedure to include details on what is exempt (as per section 50(9) of the 1995 Pensions Act	Done	Completed
<b>Resourcing</b>	To review the operation of procurement and recruitment for the Fund	This will be worked on over the year and reported back.	Completed
<b>Resourcing</b>	Where services are provided by the Council, including the provision of payroll and meeting support services, to put in place service level agreements covering delivery times, volumes and price.	It was felt that the service had improved, so no formal SLA's were required at this stage. This is to be reviewed in six months	Completed

<b>Resourcing</b>	That the administering authority should proactively consider the use of third party suppliers to increase the resources available to the Fund	The Fund used Hymans to assist with backlog work and continues to benefit from governance consultancy provision from AON. Additionally, Burges Salmon now undertake legal comment for reports.	Completed
<b>Website</b>	Consider adding additional information from Code of Practice paragraph 96 about the Pension Board and Pension Committee members onto the Fund website	Agreed by Board January 2023. Website has been updated with this information	Completed
<b>Finance and Business Planning</b>	To compile a 3-year financial plan covering admin, fund management and other overhead costs	This was presented to the Committee in June 2022. The business plan for 2024/25 including a new 3 yr financial plan presented to Committee March 2024	Completed
<b>Policy and Process</b>	To create a Data Improvement Plan	Checks are currently carried out on data but officers will formalise this in a policy document September 2024	In Progress
<b>Policy and Process</b>	To create a Record Management Policy	Checks are currently carried out on records but officers will formalise this in a policy document September 2024	In Progress
<b>Resourcing</b>	That the resourcing required in order to provide an efficient service be reviewed especially considering McCloud and Pension Dashboards. The Board receive a report on resourcing twice a year	Resourcing funding is adequate.	Completed
<b>Website</b>	That the Committee receive a report on compliance with the Aon report on publication of the Fund's policies and documents by September 2023	Officers have updated the website. A report will go to Committee in June 2024 due to lack of room on the March 2024 agenda	In Progress

<b>Projects</b>	That the Committee is provided with an evaluation against the new TPR Code requirements in due course and will address areas of partial compliance and noncompliance in a timely manner	The TPR Code is due to be effective from 27 March 2024. Officers have begun to look at the draft document and are in the process of comparing compliance assessment tools from two providers to enable a full assessment of Fund compliance to be carried out.	In Progress
<b>Non-Pension Officer Actions</b>	That the Committee recommends that the Council looks at appointing members to the Committee and the Board for a period of 4 years within the electoral cycle	Request Made	Completed
<b>Non-Pension Officer Actions</b>	The Section 151 Officer to review the structure of the Pensions Function and how that sits within the Council structure.	The Section 151 Officer is content that the structure includes the Treasury function with Pensions due to the skills required for the roles.	Completed

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## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>Pension Board</b>
<b>DATE OF DECISION</b>	<b>11 April 2024</b>
<b>REPORT TITLE:</b>	<b>Croydon Pensions Administration Team Key Performance Indicators for the Period December 2023 to February 2024</b>
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury</b>
<b>KEY DECISION?</b> [Insert Ref. Number if a Key Decision]  <i>Guidance: A Key Decision reference number will be allocated upon submission of a forward plan entry to Democratic Services.</i>	<b>No</b>
<b>CONTAINS EXEMPT INFORMATION?</b>  <i>(* See guidance)</i>	<b>NO</b>
<b>WARDS AFFECTED:</b>	<b>'N/A'</b>

### 1. SUMMARY OF REPORT

- 1.1 The report sets out the Key Performance Indicators, measured against the legal requirements and the in for the administration of the Local Government Pension Scheme for the three-month period up to the end of February 2024.

### 2. RECOMMENDATIONS

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

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1** To ensure good governance of the scheme the Committee should be informed of the performance of the administration of the Local Government Pension Scheme and monitor performance against legal deadlines and team performance targets. This report has been developed using guidance published by CIPFA (Administration in the LGPS: A Guide for Pension Authorities).

### **4. BACKGROUND AND DETAILS**

- 4.1** This report covers the period December 2023 to February 2024 and covers legal deadlines; team performance targets, case levels and take up of the member self-service portal. The indicators and performance against these are detailed in Appendix A of this report.
- 4.2** The team have generally met targets for most indicators during this period with only a few cases missing legal and team targets for each category.
- 4.3** Targets continue to be missed for leaver calculations throughout this period. We acknowledge, despite auto aggregation and interfund transfers causing delays, our KPIs for leaver calculations still require improvement. The Pension Manager met with the Team Leaders to discuss potential changes to the way we allocate work to the team to ensure leavers are properly resourced. The topic was discussed with the wider team to obtain their views on what was causing delays and where they feel improvements could be made.
- 4.4** Data from the pass/fail functionality we added to the workflow system is now available for the last three months. Analysis from this data has also fed into the discussions and helped us to understand areas where improvements can be made.
- 4.5** We have identified several areas to be developed over the next few months. These include streamlining processes (including the use of automation), a more thematic approach to work allocation, improved information from employers and payroll providers and a review and update of internal and external forms and documentation.
- 4.6** Work has already begun on these areas of improvement. The Team Leaders and Technical Team have worked on improving the use of mnemonics within our documentation to further imbed calculation results directly into letters and forms. A new process has been devised to improve the efficiency of next day transfers for those employers using i-Connect. Extensive testing has been carried out and the new process is due to go live following staff training scheduled for April 2024. Please refer to appendix B – Action Plan for Leavers 2024 for further details.
- 4.7** Since June 2023 we have been working with the Fraud Team to use the National Fraud Initiative (NFI) Hub for monthly mortality screening. We believe we have identified on average 2-4 death cases per month we would not otherwise have been informed of. This has prevented potential overpayment of pension benefits and saved on resources used to recover overpayments.
- 4.8** We met with the Fraud Team in March to discuss the Pension Team taking over the uploading of data to the NFI Hub which was being done by the Fraud Team. This will bring the whole process within the Pension Team's remit and allow greater flexibility and

control over the process. Initial testing was successful and the Pension Team is now in control of the full process.

- 4.9 The Technical Team have successfully on-boarded another multi academy trust, comprising of 7 schools, to monthly i-Connect reporting. Work on i-Connect test files continues with Strictly Education and Liberata. Both payroll providers provide services for Croydon maintained schools and academies requiring multiple reports to be tested before we can move to on-boarding. As we approach End of Year (EOY) resources will be diverted towards EOY processes, so we do not expect on-boarding until later in the year.
- 4.10 Initial communications have been sent to all scheme employers regarding the End of Year processes outlining their responsibilities and our timelines for receiving data. Further communications went out in March and more are planned for April.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 N/A

## **6. CONSULTATION**

- 6.1 Officers have previously consulted with both the Pension Committee and Pension Board on the template for the key performance indicators report which forms the basis of Appendix A.

## **7. IMPLICATIONS**

### **7.1 FINANCIAL IMPLICATIONS**

- 7.1.1. There are no financial considerations arising from this report
- 7.1.2. Comments approved by Matthew Hallett, Acting Head of Pensions on behalf of Allister Bannin, the Director of Finance. (Date 03/04/2024)

## **8. APPENDICES**

- 8.1 Appendix A: Croydon Pensions Administration Team Performance Report, December 2023 to February 2024.
- 8.2 Appendix B: Action Plan for Leavers 2024

## **9. BACKGROUND DOCUMENTS**

- 9.1 There are no background documents.

## **10. URGENCY**

- 10.1 None

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# Croydon Pensions Admin Team Performance Report

April 2024



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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
		December 2023		January 2024		February 2024			
<b>Send a notification of joining the LGPS to a scheme member</b>	Two months from the date of joining the scheme or earlier if within one month of receiving jobholder information where the individual is being automatically enrolled/re-enrolled	209	100%	185	100%	150	100%		
<b>Inform a scheme member of their calculated benefits (refund or deferred)</b>	As soon as practicable and no more than two months from the date of notification (from employer or scheme member)	65	73.85%	86	80.23%	69	84.06%		Processing leaver calculations within legal and fund level timeframes remains a challenge for the team. Leaver calculations are particularly vulnerable to delays caused by interfund transfers, aggregations and TUPE transfers. Spikes in other workload areas do draw resource away from leaver calculations. We recognise the issue and leavers are forming a key part of our work plan for 2024. Leavers account for approx 50% of our workload and we need to ensure this is resources accordingly. A review of work allocation and resources has been planned for early January.



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
		December 2023		January 2024		February 2024			
<b>To process and pay a refund</b>	Two months from the date of request	10	100%	11	90.91%	8	100%	➡	
<b>Obtain transfer details for transfer in, calculate and provide quotation to member</b>	Two months from the date of request	6	100%	0	N/A	4	100%	➡	
<b>Notify the amount of retirement benefits</b>	One month from the date of retirement if on or after normal pension age or two months from the date of retirement if after normal pension age	52	100%	56	100%	55	100%	➡	
<b>Provide a retirement quotation on request</b>	As soon as practicable but no more than two months from the date of request unless there has already been a request in the last 12 months	52	100%	78	100%	72	100%	➡	

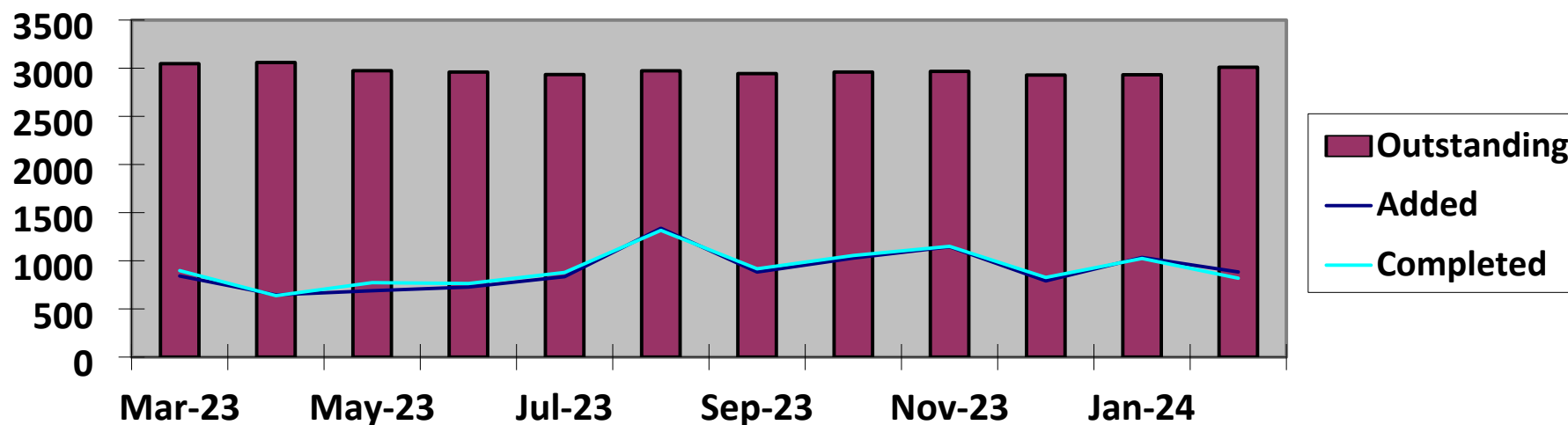
Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		December 2023		January 2024		February 2024			
<b>Calculate and notify (dependent(s) of amount of death benefits</b>	As soon as possible but in any event no more than two months from date of becoming aware of death or from date of request from a third party (e.g. personal representative)	22	100%	32	100%	32	100%		
<b>Provide all active and deferred members with annual benefit statements each year</b>	By 31 <sup>st</sup> August								

# Team Performance Targets

Process	Team Target	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Direction of Travel	Comments
		December 2023			January 2024			February 2024				
<b>Send a notification of joining the LGPS to a scheme member</b>	30 days from date of notification of joining member	209	98.56%	2	185	100%	1	150	100%	1		3 cases missed target in December 2023.
<b>Inform a scheme member of their calculated benefits (refund or deferred)</b>	40 working days from date of notification (from employer or scheme member)	65	69.23%	137	86	75.58%	47	69	84.06%	33		Processing leaver calculations within legal and fund level timeframes remains a challenge for the team. Leaver calculations are particularly vulnerable to delays caused by interfund transfers, aggregations and TUPE transfers. Spikes in other workload areas do draw resource away from leaver calculations. We recognise the issue and leavers are forming a key part of our work plan for 2024. Leavers account for approx 50% of our workload and we need to ensure this is resources accordingly. A review of work allocation and resources has been planned for early January.

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
		December 2023			January 2024			February 2024				
<b>To process and pay a refund</b>	40 working days from the date of request	10	100%	1	11	90.91%	43	8	100%	3	↑	One case missed target in January 2024. After investigating it has been established the incorrect task type was created and not terminated properly.
<b>Obtain transfer details for transfer in, calculate and provide quotation to member</b>	40 working days from the date of request	6	83.33%	9	0	N/A	N/A	4	100%	2	↑	One case missed target in December 2023.
<b>Notify the amount of retirement benefits</b>	20 working days from date of retirement	52	100%	1	56	100%	2	55	100%	1	→	
<b>Provide a retirement quotation on request</b>	15 working days from date of request	52	100%	2	78	93.59%	4	72	100%	2	↑	5 cases missed target in January 2024.
<b>Calculate and notify (dependent(s) of amount of death benefits</b>	20 working days from receipt of all information	22	100%	2	32	96.88%	5	32	100%	2	↑	One case missed target in January 2024. This was a very complex case involving different overseas parties.

## 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

		Increase from previous Q
Total Scheme members registered	6608 (24.84%)	↑
Number scheme members who accessed annual benefit statement in Q3 (Oct-Dec) 2023/24	556	
Breakdown by member status		
• Actives	32.16%	↑
• Deferred	21.90%	↑
• Pensioners & Dependents	21.05%	↑

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Action Plan for Leavers 2024

Areas of concern	Plan for improvement	Due completion	Progress
Documentation	<p>Review of documentation used throughout the leaver process, including the following documents.</p> <ul style="list-style-type: none"> <li>• Employer leaver forms</li> <li>• Employer communications and guidance</li> <li>• Internal leaver forms (final pay, CARE pay and service history calculations)</li> <li>• Member communications including letters and guidance notes. Reduce member queries by providing clear information and sign posting to further information.</li> <li>• Website and member self-service</li> </ul>	<p>Employer leaver form – 30 April 2024                      Employer comms - 30 April 2024                      Internal leaver forms – Mid April 2024                      Member coms – 31 March 2024                      Website and member self-service – TBC</p>	<p><u>Progress 02 April 2024</u></p> <p>A new Employer Leaver form was developed last year and issued to a sample of employers for testing and feedback. Feedback from employers collated and adjustments to be made. Feedback from Team about regular issues they encounter will also be considered. Employer guidance will be issued with the revised Leaver form.</p> <p>A new internal leaver form was developed last year and issued to the team. Following feedback from the team and developments in the use of mnemonics within Altair this will be reviewed.</p> <p>New deferred benefit letter and explanatory notes produced including more details about MSS completed. With Pension Manager for sign off.</p> <p>A new Frozen Refund leaver form has been developed for use by the team (for cases that</p>

			<p>cannot be processed as part of the bulk calculations). The form pulls through data from the Altair record using mnemonics saving the team time inputting whilst still ensuring there is a clear audit trail. This form has been tested and is with the Pensions Manager for sign off.</p> <p>The mnemonics for the refund form will also be used on the CARE only benefits leaver form used by the team so this will be looked at in April to improve this form.</p> <p>MSS wording – this will be included in the new MSS project. Contract is currently with legal.</p>
<p>Automation</p>	<p>Further develop the use of automation within the Altair system including leaver calculation for deferred benefits and frozen refunds.</p> <p>Deferred benefit calculations.</p> <ul style="list-style-type: none"> <li>• These had been put on hold while the delayed backdated pay award, paid in December, was uploaded through iConnect.</li> <li>• Review process to ensure any issues were resolved</li> <li>• Improve checks using Insight reporting.</li> </ul>	<p>Deferred benefits – bulk running April 2024</p> <p>Frozen refunds – process testing March/April 2024. Fully running June 2024.</p> <p>Further automation – Competing priorities with other projects. Autume 2024.</p>	<p><u>Progress 02 April 2024</u></p> <p>Very simple bulk leaver calculations run in April. Some additional reporting enhancements using Insights have been developed to identify more complex cases. Testing of the new reporting pushed back as the scheduled Insights training was moved from March to May due to technical issues for Heywoods and trainer availability.</p>



	<p>Frozen Refunds</p> <ul style="list-style-type: none"> <li>Recent software updates to Altair will allow us to run bulk calculations for frozen refunds that include Cash Transfer Value amounts.</li> <li>Create process including documentation and workflow.</li> </ul> <p>Further automation</p> <ul style="list-style-type: none"> <li>Review other automation processes available through Altair (such as automated MSS invitation letters for new starters).</li> </ul>		<p>New process developed for running bulk frozen refund calculations. Testing underway.</p>
<p>Internal Processes</p>	<p>The team leaders, seniors and administrators have contributed to areas where internal process can be improved.</p> <ul style="list-style-type: none"> <li>Refresher training for the team about gathering information before processing a leaver calculation. This will include contribution schedules, SharePoint sites, iConnect files and the different payroll systems (legacy and current) the team have to use.</li> <li>Next Day transfer process. Currently i-connect sets up new starters and leavers following an internal promotion. This causes unnecessary work with additional starters, aggregation and leaver calculations. Effectively dealing with next day transfers will free up resources. Members will also benefit from clearer, more straightforward pension records.</li> </ul>	<p>Refresher training – monthly 1:1s, monthly team meetings.</p> <p>Next Day transfers – end of April</p>	<p><u>Progress 02 April 2024</u>  Next Day transfers  Extensive testing between the technical team and team leaders has taken place to track how the iConnect system deals with internal promotions. The testing has been completed and the process have almost been completed. Team training to take place in April (moved from March due to end of year staff absences (annual leave year runs April to March). This process is nearly finished and will be finalised by the end of April.</p>

Employer Engagement	<p>The information we receive from some of our employers and their payroll providers is incomplete or inaccurate. The team spends a lot of time clarifying or requesting information. In some cases even basic information such as a date of leaving.</p> <p>Improved leaver forms will assist employers/payroll providers to provide us with the information we need in a concise and timely way.</p> <p>We need to clearly set out our expectations (beyond those set out in the Administration strategy) in key areas of employer responsibilities.</p> <p>The administration, technical and governance teams will need to work together on this.</p> <p>Improve the way we communicate with employers and payroll providers. Training for the team will be provided to ensure we are asking the correct questions in a clear and understandable way.</p> <p>Employer training videos on the LGPS Regs website will be signposted to all employers again.</p>	<p>Improved leaver forms – 30 April 2024</p> <p>Employer expectations – to be communicated to employers with new forms.</p> <p>Employer training – to be communicated to employers with new forms.</p> <p>Team training – monthly 1:1s and team meetings.</p>	<p>A new Employer Leaver form was developed last year and issued to a sample of employers for testing and feedback. Feedback from employers collated and adjustments to be made. Feedback from Team about regular issues they encounter will also be considered. Employer guidance will be issued with the revised Leaver form.</p>
Work Allocation	<p>Work is currently allocated on a daily basis with priority given to life event cases such as retirement, estimates and deaths.</p> <p>Our KPIs demonstrate the team are strong on these events frequently hitting 100% of cases within target and well within the permitted timeframe.</p>	<p>New allocating will commence in April 2024 to allow for staff leave during March and the Easter period.</p> <p>We acknowledge that on some occasions this way of working will not be possible. We will monitor team performance and adjust allocating where necessary.</p>	

	<p>However, leavers account for 50% of the workload and consistently fall below the target KPIs. We often rely on Blitz Days to clear leaver calculations.</p> <p>We will allocate one member of the team to do leavers for the whole week each week. We will still give out leavers to other members of the team where there is capacity.</p> <p>Where possible we will allocate leavers from the same employer so the team can be more efficient in data collection and employer communications if needed.</p> <p>The team is expected to be able to do all case types (cradle to grave administration). Cradle to grave allows an administrator to become skilled in all areas of LGPS administration. However, it does not lend itself to specialisation.</p>		
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We will work on this action plan and monitor if this alleviates the issue and adjust the plan accordingly.

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## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>Pension Board</b>	
<b>DATE OF DECISION</b>	<b>11 April 2024</b>	
<b>REPORT TITLE:</b>	<b>The Pensions Regulator’s New General Code Update</b>	
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Jane West, Corporate Director of Resources (Section 151 Officer)</b>	
<b>LEAD OFFICER:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury</b>	
<b>CONTAINS EXEMPT INFORMATION?</b> <i>(* See guidance)</i>	<b>NO</b>	
<b>WARDS AFFECTED:</b>	N/A	

### 1. SUMMARY OF REPORT

- 1.1 This report updates the Board on the Pension Regulator’s (TPR) New General Code of Practice and its implementation.

### 2. RECOMMENDATIONS

- 2.1 To note and comment on the contents of this report..

### 3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Fund is working towards achieving compliance with the TPR’s New General Code, enabling it to demonstrate good governance.

### 4. BACKGROUND AND DETAILS

- 4.1 The Pension Regulator laid its new General Code of Practice before Parliament on 10 January 2024. It is effective from 27 March 2024. A link to the code can be found at: [general-code-of-practice](#)
- 4.2 The New Code replaces the previous 10 different codes (including Code of Practice No 14 for Public Services Pension Schemes), consolidating them into a single document.

- 4.3 As the New Code now applies to all governing bodies of all defined benefit, defined contribution, personal pension and public service pension schemes it is no longer possible to determine scheme specific requirements from a dedicated document.
- 4.4 In order to ensure compliance with the Code, it is necessary to determine which elements in the Code relate to the Local Government Pension Scheme (LGPS).
- 4.5 The New Code extends to 171 pages and is by no means clear on which elements are required to be complied with by the LGPS.
- 4.6 Aon, our governance advisors, and Hymans Robertson, our Fund Actuary, both produced compliance checker models to enable Funds to identify which elements of the code apply to the LGPS and to enable them to assess which elements they are already compliant with and which elements will need to be addressed.
- 4.7 Officers have looked at both models and have decided that due to the additional inclusion of compliance with the Scheme Advisor Board Good Governance Review and the plan to update the checker with new developments going forward, the Aon model will be used by the Croydon Fund.
- 4.8 Officers have procured the model and are currently working on assessing compliance. However, this is a significant task and will take some time to complete within the current staffing resourcing available.
- 4.9 A training session for the Pension Board and Committee on the TPR single code has been scheduled into the training plan.
- 4.10 Officers will update the Board on progress going forward.

## **5. ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 There is no alternative to ensuring compliance with the New Single Code. An alternative compliance checker supplied by Hymans Robertson was considered but officers felt that it had less functionality in terms of compliance checking against other requirements and there were no plans to update it with any future regulatory or guidance requirements.

## **6. CONSULTATION .**

- 6.1 The Fund governance advisers, Aon, are available to provide advice on areas within the Code.

## **7. IMPLICATIONS**

### **7.1 FINANCIAL IMPLICATIONS**

7.1.1. There is a fee of £5000.00 plus VAT for the model. However, non-compliance could result in fines from the TPR.

7.1.2. Comments approved by Acting Matthew Hallett, Head of Pensions, on behalf of Allister Bannin, the Director of Finance. (Date 06/03/2024)

## **8. APPENDICES**

8.1 None

## **9. BACKGROUND DOCUMENTS**

9.1 NONE

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## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	Pension Board	
<b>DATE OF DECISION</b>	11 April 2024	
<b>REPORT TITLE:</b>	Pension Committee Training Update	
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	Jane West, Corporate Director of Resources (Section 151 Officer)	
<b>LEAD OFFICER:</b>	Matthew Hallett – Acting Head of Pensions and Treasury	
<b>CONTAINS EXEMPT INFORMATION?</b>	NO	[Public]
<b>WARDS AFFECTED:</b>	N/A	

### 1. SUMMARY OF REPORT

- 1.1 This report shows a record of training undertaken by the Pension Board members in Year 2023/24 to 2 April 2024. The report includes a log of training undertaken attached to the report as Appendix A and a log of training completed accessed through the Hymans Robertson training portal to 31 March 2024 attached to this report as Appendix B.

### 2. RECOMMENDATIONS

Each Pension Board Member is recommended:

- 2.1 To review the training log to ensure it is an accurate record of training undertaken.
- 2.2 To advise Officers to update the log for any training not recorded.

### 3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure an accurate record of training is kept helping demonstrate good governance.

### 4. BACKGROUND AND DETAILS

- 4.1 In their 2019 governance review Aon recommended that the scope of the Knowledge and Skills Policy be extended to the Pensions Committee and Officers, as well as the Pensions Board. They further recommended that the policy should incorporate knowledge of the work of the London Collective Investment Vehicle (London CIV) and have regard to CIPFA guidance. The current policy was agreed by the Committee in their meeting of 14 June 2022.

- 4.2** Following the introduction of the Markets in Financial Instruments Directive (MiFID II) 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.
- 4.3** All officers and Pension Committee Members charged with management operations and decision-making with regard to the Fund must have 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.
- 4.4** 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
  - Pensions accounting and audit standards
  - Pensions administration
  - Pension services procurement and relationship management
  - Investment performance and risk management
  - Financial markets and products knowledge
  - Actuarial methods, standards and practice
- 4.5** In line with the Scheme Advisory Board (SAB) Good Governance Review recommendations, the training log shows training hours completed and the knowledge area covered by the training.
- 4.6** There have been 17 training events open to one or more members of the Board in the current year to 2 April 2024, SAB Code of Transparency, EDI Southwark, PLSA LGPS Conference, Southwark Cost Transparency, LGA Fundamentals Day 1 In Person, Cyber Training, LGA Fundamentals Day 1 On-line, LGA Fundamentals Day 2, In Person, CIPFA Pension Board Webinar, LGA Fundamentals Day 2 On line,. LGA Fundamentals Day 3 In person, LGA Fundamentals Day 3 On line, Investment Training, PLSA LA Forum, LGA Governance Conference, AON TPR Code webinar and Conflicts of Interest Training.
- 4.7** Members are reminded to inform Pension Officers of any training they undertake, including the number of hours the event covered so that this can be recorded in the log.
- 4.8** The latest report on the Hymans on-line training uptake shows that 3 Board members have completed any of the modules and 1 Board member has started any of the modules. Login details were resent by Hymans and reminder emails were sent by officers to all members encouraging them to engage with the learning platform.

- 4.9** The platform is accessible at any time that is convenient and for as little or as long as required. Progress will be saved so that whole modules do not have to be completed at once. Hymans have provided details of the time each module takes to be completed as follows:

Introduction module – 2 mins
Current issues – 1 hr and 11 mins (total)
Module 1 – 27mins (total)
Module 2 – 50 mins (total)
Module 3 – 51 mins (total)
Module 4 – 11 mins (total)
Module 5 – 11 mins (total)
Module 6 – 50 mins (total)
Module 7 – 31 mins (total)
Module 8 – 53 mins (total)

This is a good source of information and Members are asked to log in and take a look at the material available on this resource.

- 4.10** In line with the training plan agreed by the Committee on 19 March 2024, Officers are planning to run sessions for members to attend to focus on completing the outstanding Hymans modules. This will address some of the gaps in knowledge identified in the National Knowledge Assessment.

## **5. CONSULTATION**

- 5.1** The Knowledge and Skills Training Policy has been agreed by Committee. This is reviewed every 3 years by the Pension Committee. The Aon governance review recommendations and CIPFA knowledge and skills requirements as well as action points from Board and Committee minutes have been incorporated into the plan.

## **6. IMPLICATIONS**

### **6.1 FINANCIAL IMPLICATIONS**

- 6.1.1.** There are no direct financial implications arising from this report.
- 6.1.2.** Comments approved by Matthew Hallett, Acting Head of Pensions, on behalf of Allister Bannin, the Director of Finance. (Date 02/04/2024)

## **7. APPENDICES**

**7.1** A Pension Committee Training Log 2 April February 2024

**7.2** B Hymans Robertson Training Portal Log 31 March 2024

## **8. BACKGROUND DOCUMENTS**

**8.1** None

**Pension Board Training Log**

**To 2 April 2024**

**Key**

<b>A</b>	<b>Administration</b>
<b>G</b>	<b>Governance</b>
<b>I</b>	<b>Investment</b>
<b>M</b>	<b>Mixed</b>
<b>NP</b>	<b>Not Possible to attend - Not offered</b>



## Individual Member Statistics

Category	Name	Possible Sessions				Possible Hours				Sessions Completed					Hours Completed					% Possible Sessions Completed					% Possible Hours Completed						
		A	G	I	M	TOTAL	A	G	I	M	TOTAL	A	G	I	M	TOTAL	A	G	I	M	TOTAL	A	G	I	M	TOTAL					
Board	Cllr Margaret Bird	0	3	2	0	5	0	3	2.5	0	5.5	0	2	1	0	3	0	2	1	0	3	#DIV/0!	67	50	#DIV/0!	60	#DIV/0!	67	40	#DIV/0!	55
Board	Mike Ellsmore	0	5	3	7	15	0	19	3.5	45.5	68	0	5	2	1	8	0	19	2.5	3.5	25	#DIV/0!	100	67	14	53	#DIV/0!	100	71	8	37
Board	Richard Elliott	0	3	2	6	11	0	3	2.5	42	47.5	0	3	0	0	3	0	3	0	0	3	#DIV/0!	100	0	0	27	#DIV/0!	100	0	0	6
Board	Teresa Fritz	0	4	2	2	8	0	17	2.5	19	38.5	0	4	0	2	6	0	17	0	19	36	#DIV/0!	100	0	100	75	#DIV/0!	100	0	100	94
Board	Ava Payne	0	3	2	6	11	0	3	2.5	42	47.5	0	2	0	3	5	0	2	0	21	23	#DIV/0!	67	0	50	45	#DIV/0!	67	0	50	48
Board	David Whickman	0	3	2	0	5	0	3	2.5	0	5.5	0	2	0	0	2	0	2	0	0	2	#DIV/0!	67	0	#DIV/0!	40	#DIV/0!	67	0	#DIV/0!	36
Board	Vacant	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!



### Event Statistics

Date	25/04/2023	21/06/2023	10/07/2023	26/06/2023	11/10/2023	12/10/2023	17/10/2023	19/10/2023	19/10/2023	02/11/2023	08/11/2023	15/11/2023	16/11/2023	05/12/2023	11/12/2023	12/12/2023	14/12/2023	18/01/2024	29/01/2024	14/02/2024	22/02/2024	19/03/2024	
Training Hrs	2.00	1.50	2.00	14.00	1.00	7.00	14.00	1.00	7.00	7.00	7.00	3.50	8.50	7.00	7.00	7.00	1.00	5.00	14.00	1.00	1.00	1.00	1.00
Category	I	I	G	M	I	M	M	G	I	M	M	M	G	M	M	M	I	M	G	G	I	I	G
	Mercers ESG	SAB Code of Transparency	EDI Southwark	PLSA LGPS Conference	Southwark Cost Transparency	Fundamentals Day 1 - In Person	PLSA Annual Conference	Cyber Training	SPS LGPS Sustainable Investment	Fundamentals Day 1 - On Line	Fundamentals Day 2 - In Person	CIPFA Pension Board webinar	Cyber Security and Data Protection	Fundamentals Day 2 - On Line	Fundamentals Day 3 - in Person	Fundamentals Day 3 - On Line	Investment Training	PLSA LA Forum	LGA Governance Conference	Aon Webinar TPR Code	CIV Fixed Income	CIV Cashflow and Business update	Conflicts of Interest
Sessions Completed																							
Board	0	1	1	1	1	0	0	6	0	1	0	1	0	1	0	1	1	1	2	6	0	0	3
Hours Completed																							
Board	0	1.5	2	14	1	0	0	6	0	7	0	3.5	0	7	0	7	1	5	28	6	0	0	3
Possible Attendance																							
Board	0	6	1	1	1	3	0	6	0	3	3	1	0	3	3	3	6	1	2	6	0	0	6
% Possible Completed																							
Board	#DIV/0!	17	100	100	100	0	#DIV/0!	100	#DIV/0!	33	0	100	#DIV/0!	33	0	33	17	100	100	100	#DIV/0!	#DIV/0!	50

**Totals**

Possible Sessions					Sessions Completed					% Possible Sessions Completed							
	A	G	I	M	TOTAL		A	G	I	M	TOTAL		A	G	I	M	TOTAL
Board	0	21	13	21	55	Board	0	18	3	6	27	Board	#DIV/0!	86	23	29	49
Possible Hours					Hours Completed					% Possible Hours Completed							
	A	G	I	M	TOTAL		A	G	I	M	TOTAL		A	G	I	M	TOTAL
Board	0	48	16	148.5	212.5	Board	0	45	3.5	43.5	92	Board	#DIV/0!	94	22	29	43

**Hymans On- line Training Modules Progress for Committee and Reserve Committee 2023/24 to 31/03/2024**

**Modules Not Started**

<b>LGPS Role</b>	<b>Fullname</b>		<b>Course Name</b>	<b>Course Enrolment Status</b>
Pension Board	Ava Payne		Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Board	Ava Payne		Module 2 - Pensions Governance	Enrolled
Pension Board	Ava Payne		Module 3 - Pensions Administration	Enrolled
Pension Board	Ava Payne		Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Board	Ava Payne		Module 5 - Procurement and Relationship Management	Enrolled
Pension Board	Ava Payne		Module 6 - Investment Performance and Risk Management	Enrolled
Pension Board	Ava Payne		Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Board	Ava Payne		Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Board	David Whickman		Module 3 - Pensions Administration	Enrolled
Pension Board	David Whickman		Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Board	David Whickman		Module 5 - Procurement and Relationship Management	Enrolled
Pension Board	David Whickman		Module 6 - Investment Performance and Risk Management	Enrolled
Pension Board	David Whickman		Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Board	David Whickman		Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Board	Margaret Bird		Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Board	Margaret Bird		Module 2 - Pensions Governance	Enrolled
Pension Board	Margaret Bird		Module 3 - Pensions Administration	Enrolled
Pension Board	Margaret Bird		Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Board	Margaret Bird		Module 5 - Procurement and Relationship Management	Enrolled
Pension Board	Margaret Bird		Module 6 - Investment Performance and Risk Management	Enrolled
Pension Board	Margaret Bird		Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Board	Richard Elliott		Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Board	Richard Elliott		Module 2 - Pensions Governance	Enrolled
Pension Board	Richard Elliott		Module 3 - Pensions Administration	Enrolled

Pension Board	Richard Elliott		Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Board	Richard Elliott		Module 5 - Procurement and Relationship Management	Enrolled
Pension Board	Richard Elliott		Module 6 - Investment Performance and Risk Management	Enrolled
Pension Board	Richard Elliott		Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Board	Richard Elliott		Module 8 - Actuarial methods, Standards and Practices	Enrolled

#### Modules Not Started Totals

Course Enrolment Status	Fullname	LGPS Role	Total Not Started	Total	% Not Started
				Possible	
Enrolled	Ava Payne	Pension Board	8	8	100
Enrolled	David Whickman	Pension Board	6	8	75
Enrolled	Margaret Bird	Pension Board	7	8	88
Enrolled	Richard Elliott	Pension Board	8	8	100

**Modules In Progress**

<b>LGPS Role</b>	<b>Fullname</b>		<b>Course Name</b>	<b>Course Enrolment Status</b>
Pension Board	Margaret Bird		Module 7 - Financial Markets and Product Knowledge	In Progress

**Modules In Progress Totals**

<b>Course Enrolment Status</b>	<b>Fullname</b>	<b>LGPS Role</b>	<b>Total In Progress</b>	<b>Total</b>	<b>% In</b>
				<b>Possible</b>	<b>Progress</b>
In Progress	Margaret Bird	Pension Board	1	8	13

**Modules Completed**

<b>LGPS Role</b>	<b>Fullname</b>		<b>Course Name</b>	<b>Course Enrolment Status</b>
Pension Board	David Whickman		Module 1 - Committee Role and Pensions Legislation	Completed
Pension Board	David Whickman		Module 2 - Pensions Governance	Completed
Pension Board	Mike Ellsmore		Module 1 - Committee Role and Pensions Legislation	Completed
Pension Board	Mike Ellsmore		Module 2 - Pensions Governance	Completed
Pension Board	Mike Ellsmore		Module 3 - Pensions Administration	Completed
Pension Board	Mike Ellsmore		Module 4 - Pensions Accounting and Audit Standards	Completed
Pension Board	Mike Ellsmore		Module 5 - Procurement and Relationship Management	Completed
Pension Board	Mike Ellsmore		Module 6 - Investment Performance and Risk Management	Completed
Pension Board	Mike Ellsmore		Module 7 - Financial Markets and Product Knowledge	Completed
Pension Board	Mike Ellsmore		Module 8 - Actuarial methods, Standards and Practices	Completed
Pension Board	Teresa Fritz		Module 1 - Committee Role and Pensions Legislation	Completed
Pension Board	Teresa Fritz		Module 2 - Pensions Governance	Completed
Pension Board	Teresa Fritz		Module 3 - Pensions Administration	Completed
Pension Board	Teresa Fritz		Module 4 - Pensions Accounting and Audit Standards	Completed
Pension Board	Teresa Fritz		Module 5 - Procurement and Relationship Management	Completed
Pension Board	Teresa Fritz		Module 6 - Investment Performance and Risk Management	Completed
Pension Board	Teresa Fritz		Module 7 - Financial Markets and Product Knowledge	Completed
Pension Board	Teresa Fritz		Module 8 - Actuarial methods, Standards and Practices	Completed

**Modules Completed Totals**

<b>Course Enrolment Status</b>	<b>Fullname</b>	<b>LGPS Role</b>	<b>Total Completed</b>	<b>Total Possible</b>	<b>% Completed</b>
Completed	David Whickman	Pension Board	2	8	25
Completed	Mike Ellsmore	Pension Board	8	8	100
Completed	Teresa Fritz	Pension Board	8	8	100

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## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	Pension Committee	
<b>DATE OF DECISION</b>	11 April 2024	
<b>REPORT TITLE:</b>	Review of Breaches of the Law	
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	Jane West, Corporate Director of Resources (Section 151 Officer)	
<b>LEAD OFFICER:</b>	Matthew Hallett – Acting Head of Pensions and Treasury	
<b>CONTAINS EXEMPT INFORMATION?</b>	NO	[Public]
<b>WARDS AFFECTED:</b>	N/A	

### 1. SUMMARY OF REPORT

- 1.1 This report presents the current Breaches of the Law log (in Appendix A) for the Pension Fund and highlights any changes made since the last review carried out at the Pension Board meeting held on 17 January 2024.

### 2. RECOMMENDATIONS

The Board is recommended:

- 2.1 To review and note the contents of the Pension Fund Breaches of the Law Log.

### 3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure an accurate record of Breaches of the Law is kept helping demonstrate good governance.

### 4. BACKGROUND AND DETAILS

- 4.1 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, Code of Practice No, 14 and the new Pensions Regulator's General Code of Practice (described in more detail below) a Breaches Log is maintained by the Fund. It was last reviewed on 13 December 2023. An extract from the current Breaches Log is attached (Appendix A).

**4.2** 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:

- to do anything required under the regulations which govern the LGPS (including in particular the requirements of the Local Government Pension Scheme Regulations 2013);
- 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 General Code of Practice replacing the Code of Practice No. 14 (Governance and administration of public service pension schemes) with effect from 28 March 2024

**4.3** The extract of the current Breaches Log includes 12 items reported to the Board. Since the Board last reviewed the no new entries have been added, 1 entry has been amended and no entries have been deleted.

**4.4** Breach 6 concerning failure to publish audited fund accounts has been amended to reflect that the 2019/20 accounts have been agreed by the Audit Committee on 14 March 2024..

**4.5** The Board is asked to consider the contents of the Breaches of the Law log as attached in Appendix A.

## **5. CONSULTATION**

**5.1** 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 Appendix A.

## **6. IMPLICATIONS**

### **6.1 FINANCIAL IMPLICATIONS**

**6.1.1.** There are no direct financial implications arising from this report.

**6.1.2.** Comments approved by Matthew Hallett, Acting Head of Pensions, on behalf of Allister Bannin, the Director of Finance. (Date 02/04/2024)

## **7. APPENDICES**

**7.1** A Pension Fund Breaches of the Law Log.

## **8. BACKGROUND DOCUMENTS**

**8.1** None.

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Appendix A  
Pension Fund Breaches of the Law Log  
April 2024

Number	<b>2</b>
Date	<b>Aug 21</b>
Category	<b>Administration - ABS</b>
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. Noncompliance 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	<b>3</b>
Date	<b>Aug 22</b>
Category	<b>Administration - ABS</b>
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. Noncompliance 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	<b>6</b>
Date	<b>Sep 21</b>
Category	<b>Finance - Accounts</b>
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	<p>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. <b>Update March 2023:</b> 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. <b>Update April 2024:</b> The 19/20 accounts were agreed at the Audit Committee meeting on 14 March 2024.</p>
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 &amp; Treasury has provided and agreed to keep the Regulator informed of progress. <b>Update October 2023:</b> The 2019/20 accounts have been published and are expected to be signed off in March 2024.</p>
Comments	

Number	<b>7</b>
Date	<b>Sep 22</b>
Category	<b>Finance - Accounts</b>
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. <b>Update March 2023:</b> 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	

<p>Outstanding actions</p>	<p>The Fund Accounts form part of the Council Accounts and cannot be signed off separately. The Head of Pensions will continue to liaise with Audit on progress on signing off the Council accounts. A joint Report has been submitted to the TPR by the Chairs of the Board, Committee and Head of Pensions.</p> <p>The Pension Regulator asked for a timetable for completion which the Head of Pension &amp; Treasury has provided and agreed to keep the Regulator informed of progress. <b>Update October</b></p> <p><b>2023:</b> The Corporate Director of Resources and Section 151 Officer is expecting the 2020/21 accounts to be finalised by June 2024.</p>
<p>Comments</p>	

Number	<b>8</b>
Date	<b>Sep 22</b>
Category	<b>Finance - Accounts</b>
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	<p>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.</p> <p><b>Update March 2023:</b> 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.</p>
Colour rating	
Outcome of report / investigation	

<p>Outstanding actions</p>	<p>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.</p> <p>The Pension Regulator asked for a timetable for completion which the Head of Pension &amp; Treasury has provided and agreed to keep the Regulator informed of progress. <b>Update</b></p> <p><b>October 2023:</b> The Corporate Director of</p>
	<p>Resources and Section 151 Officer is expecting the 2021/22 accounts to be finalised by June 2024.</p>
<p>Comments</p>	

Number	9
Date	Mar 23
Category	Administration - Refunds
Description and cause	A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended). 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.
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	<b>10</b>
Date	<b>Mar 23</b>
Category	<b>Administration - Refunds</b>
Description and cause	A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended). 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.
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	<b>11</b>
Date	<b>Apr 23</b>
Category	<b>Administration - Refunds</b>
Description and cause	A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended). 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.
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 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.
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	<b>12</b>
Date	<b>Sep 23</b>
Category	<b>Governance – Employer Discretions</b>
Description and cause	<p>The Council in their capacity as a Scheme Employer has failed to prepare a statement of its policy in respect of the mandatory discretions as required under regulation 60 of the regulations. A policy in respect of the administering authority mandatory discretions was agreed by the committee on 8 July 2014. It appears that there may have mistakenly been an assumption that this satisfied the requirements of the Council as employer.</p>
Possible effect and wider implications	<p>Failure to satisfy the requirements of the regulations constitutes a breach of the law. If the situation is not rectified then the matter may need to be reported to the regulator who has the power to impose a fine.</p> <p>Any decisions made in relation to discretionary items could be open to challenge as the Council as employer has no policy to inform decision making therefore no consistency of approach and justification for application of discretions. This could lead to legal challenge and possible financial costs, both legal fees and in terms of benefit amounts payable.</p> <p>This could result in detriment to the Council's reputation and delays and distress to members when their benefits are put into payment, possibly resulting in financial hardship.</p>

Reaction	<p>The Pensions Team have been in contact with the HR Team to assist them in producing an employer discretions policy. A template has been provided and officers have provided advice to HR.</p> <p>The Head of Pensions has told the Chief People Officer and Corporate Director of Sustainable Communities, Regeneration and Economic Recovery to provide the Council Employer Policy within 2 months.</p> <p><b>Update December 2023:</b> Policy is not yet in place and HR have been given more time to engage with Pension fund Officers in order to improve their understanding of the policy which has been drafted with a view to publishing a policy in Q1 2024.</p>
Reported / Not reported	<p>Not Reported. The Head of Pensions has concluded that the breach is not of material significance to The Pension Regulator as long as the Council produces an employer discretions policy within a reasonable timeframe. <b>Update December 2023:</b> Policy is not yet in place and HR have been given more time to engage with Pension fund Officers in order to improve their understanding of the policy which has been drafted with a view to publishing a policy in Q1 2024.</p>
Colour rating	
Outcome of report / investigation	
Outstanding actions	<p>Officers to check that the policy is produced with a 2 month timeframe. <b>Update December 2023:</b> Policy is not yet in place and HR have been given more time to engage with Pension fund officers in order to improve their understanding of the policy which has been drafted with a view to publishing a policy in Q1 2024.</p>
Comments	

Number	<b>13</b>
Date	<b>Aug 23</b>
Category	<b>Administration - ABS</b>
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. Noncompliance 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 99.33% 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.
Outstanding actions	
Comments	



Number	14
Date	<b>Nov 23</b>
Category	<b>Administration - Refunds</b>
Description and cause	A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended). 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.
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 completed claim form was sent in on 6 November 2023. 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 on 21.11.2023.
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	15
Date	October 23
Category	<b>Finance - Accounts</b>
Description and cause	Failure to publish the audited Fund Accounts for year 22/23 by 30 September 2023
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, 20/21, 21/22 accounts.
Reported / Not reported	The matter has not been reported to the Regulator. The failure to complete prior years accounts has been reported to The Pensions 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.
Colour rating	
Outcome of report / investigation	
Outstanding actions	Resources and Section 151 Officer is expecting the accounts to be back on track by March 2025.

Comments	
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## Breaches Log Ratings Categorisation Table

Rating	Description	Breach Occurred		Breach Identified		Action Taken	Decision
	Cause, effect, reaction and wider implications considered together <b>ARE LIKELY</b> to be of material significance	Error has occurred	<b>PLUS</b>	Errors not recognised	<b>PLUS</b>	No action taken to rectify and tackle the cause	<b>MUST</b> report to TPR
	Cause, effect, reaction and wider implications considered together <b>MAY</b> be of material significance	Error has occurred	<b>PLUS</b>	Error rectified	<b>PLUS</b>	Systemic cause not addressed so issue may arise again	<b>MAY</b> report to TPR – consider the evidence and make a decision
	Cause, effect, reaction and wider implications considered together <b>ARE NOT LIKELY</b> to be of material significance	Error has occurred	<b>PLUS</b>	Error rectified	<b>PLUS</b>	Systemic causes addressed to mitigate against issue arising again	<b>DO NOT</b> report to TPR



## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>Pension Board</b>
<b>DATE OF DECISION</b>	<b>11 April 2024</b>
<b>REPORT TITLE:</b>	<b>Croydon Council Pension Fund Data Retention and GDPR</b>
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury</b>
<b>KEY DECISION?</b> [Insert Ref. Number if a Key Decision]  <i>Guidance: A Key Decision reference number will be allocated upon submission of a forward plan entry to Democratic Services.</i>	<b>No</b>
<b>CONTAINS EXEMPT INFORMATION?</b>  <i>(* See guidance)</i>	<b>NO</b>
<b>WARDS AFFECTED:</b>	<b>‘N/A’</b>

### 1. SUMMARY OF REPORT

- 1.1 Croydon Council, as administering authority for the Local Government Pension Scheme, must periodically review and update documentation relating to the UK General Data Protection Regulations (UKGDPR) and the Data Protection Act 2018 (DPA) to ensure compliance with the regulations.

### 2. RECOMMENDATIONS

- 2.1 The Board is asked to note the content of the report.

### 3. REASONS FOR RECOMMENDATIONS

- 3.1** The UKGDPR is the version of the General Data Protection Regulation (EU) 2016/679) as retained by UK law under section 3 of the European Union (Withdrawal) Act 2018 and as amended by Schedule 1 of the Data Protection, Privacy and Electronic Communications (Amendments etc) (EU Exit) Regulations 2019 (SI 2019/419). The UKGDPR requires organisations to give individuals certain information about how their personal data is collected and used. The DPA also contains obligations in relation to personal data.
- 3.2** To demonstrate compliance with UK GDPR and the DPA we are required to publish and keep under review certain documentation that should be made available to all members and their dependents.

## **4. BACKGROUND AND DETAILS**

- 4.1** We use personal data, provided by scheme members and scheme employers, to administer the scheme and calculate member and dependent pension benefits.
- 4.2** Consideration must be given to the data we hold, the transfer of data and the retention of data by the Fund and scheme employers.
- 4.3** We hold significant amount of personal data for scheme members and their dependents. The type of data we hold and process will typically include: contact details, including name, address, telephone numbers and email address, identifying details, including date of birth and national insurance number, information relating to scheme member benefits in the Fund, including length of service or membership and salary, other information in relation to scheme member membership like bank account details, information about scheme member family, dependents or personal circumstances for example marital status, death and other information relevant to the distribution and allocation of benefits payable on death and information about scheme members health.
- 4.4** This information must be transferred in a safe and secure manner from scheme employers or their payroll providers.
- 4.5** Given the nature of the scheme design employers are required to retain information that may be required many years after an employee has left the employer. For example, a deferred member may request ill health retirement and the employer must be able to provide details about their employment such as job descriptions or working hours.
- 4.6** The Fund must retain certain data for as long as is required to ensure correct benefits have been paid to the member and any dependents after their death or to answer queries that may arise in the future or possible legal claims.
- 4.7** The Local Government Association (LGA) have published templates of the required documents, prepared by Squire Patton Boggs, to assist administering authorities. We have used the latest versions of these templates published by the LGA as part of this review to ensure we are compliant.
- 4.8** The following documents were reviewed and updated and approved by the Pension Committee on the 19 March 2024. The documents have been uploaded to the fund website and shared with scheme employers.
- Full Privacy Notice



- Summary Privacy Notice
- Personal Data Retention Policy
- Personal Data Retention Policy Expectations
- Memorandum of Understanding for Employers

4.9 The documents may be viewed on our website [Resources Croydon Pension Fund \(croydonpensionscheme.org\)](https://resources.croydonpensionscheme.org) and have been shared with scheme employers.

## 5. ALTERNATIVE OPTIONS CONSIDERED

5.1 N/A

## 6. CONSULTATION

6.1 Pursued in response to the Governance Review Recommendations by the Fund's governance advisers, Aon.

## 7. IMPLICATIONS

### 7.1 FINANCIAL IMPLICATIONS

7.1.1. Non-compliance with UK GDPR and Data Protection requirements could result in fines from the Information Commissioner.

7.1.2. Comments approved by Matthew Hallett, Acting Head of Pensions on behalf of Allister Bannin, the Director of Finance (Date 03/04/2024)

## 8. APPENDICES

8.1 None

## 9. BACKGROUND DOCUMENTS

9.1 None

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## LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>PENSION BOARD</b>
<b>DATE OF DECISION</b>	<b>11 APRIL 2024</b>
<b>REPORT TITLE:</b>	<b>Local Government Pension Scheme Advisory Board / The Pensions Regulator Update</b>
<b>CORPORATE DIRECTOR / DIRECTOR:</b>	<b>Jane West, Corporate Director of Resources (Section 151 Officer)</b>
<b>LEAD OFFICER:</b>	<b>Matthew Hallett – Acting Head of Pensions and Treasury;</b>
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>NO</b>
<b>WARDS AFFECTED:</b>	<b>N/A</b>

### 1. SUMMARY OF REPORT

- 1.1 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.

### 2. RECOMMENDATION

The Pension Board is recommended:

- 2.1 to agree to note the contents of this report.

### 3. REASON FOR RECOMMENDATION

- 3.1 It is best practice for the Pension Board to be advised of the matters currently being considered by the Local Government Pension Scheme Advisory Board and The Pensions Regulator which are relevant to the Fund.

## 4. BACKGROUND AND DETAILS

### 4.1 Local Government Pension Scheme Advisory Board (SAB)

#### Update on LGPS Gender Pensions Gap Report

At the end of March 2024 the Board advised that Jo Donnelly, Head of Pensions at the LGA, and Secretary to the Local Government Pension Scheme Advisory Board has written a [blog post](#) to set out the SAB's work on the Gender Pensions Gap in the LGPS to Local Authority employers. The blog covers the work the SAB undertook to analyse the gap and highlights the action plan which is looking at possible changes that could be made to the LGPS to reduce levels of inequality. As part of the ongoing work programme on the Gender Pensions Gap, the LGA are hosting a [virtual event](#) aimed at HR/Senior Managers at Councils and LGPS Administrators on 9 May 2024 at 2pm. The event is free for Local Authorities who are LGA members.

The earlier Gender Pensions Gap [report](#) for LGPS identified a substantial difference between the average level of LGPS pension benefits accrued by male and female scheme members. The difference between men and women as to their accrued benefits in the Local Government Pension Scheme is 34.7% for benefits in the reformed CARE scheme and 46.4% for benefits in the legacy final salary scheme. For benefits in payment the difference was even greater (49%).

While this potentially indicates some progress towards equality, the Board asked the Government Actuary's Department (GAD) to explore these gender gaps in more depth, focussing on:

- Career patterns – in particular, evidence of recent and past part-time working
- Differences relating to employers or categories of employers
- Comparing our analysis with the LGA's 2019 [gender pay gap report](#)

This further [report](#) sets out GAD's findings. Essentially there is no simple answer and there seems to be a complex interaction between the types of work women do, their career patterns (in terms of part-time working and gaps in service) and their ability to progress their careers after having taken on childcare or other caring responsibilities. The report shows, for example, that:

- Part-time working patterns are closely related to gender pension (and pay) gaps for LGPS members. Controlling for differences between men and women in terms of both current and historic part-time working patterns reduces, but does not eliminate, these gender gaps. Possible explanatory factors include length of service and employer differences.
- Pay and pension gender gaps can be attributed to both differences for males and females working for the same employer ('within employer') and differences in the proportions of males and females working at higher or lower paying employers ('between employer') as well as between different categories of employers.

There is as yet no settled approach to data and methodological issues that would allow detailed comparisons to be drawn between gender gaps with different public sector pension schemes. The Board has therefore proposed that GAD put in place a common reporting framework for all of the public sector schemes, potentially working this into the quadrennial scheme valuation

process. Similarly, we believe that the relationship between gender pay and pension gaps reporting needs to be addressed to allow for greater transparency and understanding.

The Board has decided to set up a small working group to consider next steps. For example:

- Are there any in-scheme changes that would help address the levels of inequality (e.g. around the ability to buy back service)
- Can we direct employers to best practice in managing the career paths of those who take time off for caring responsibilities
- How do we communicate with members to ensure they are informed about the potential pension implications of the career choices they make
- How can we mainstream this kind of analysis so we can properly evaluate “what works” and how much is left to do.

If you are interested in taking part in the working group, then please [contact the SAB Secretariat](#) directly.

### **Report on the LGPS and Sharia law**

On 25 March 2024 the Board advised that in December 2023, the Board approached Lydia Seymour (Counsel) following the receipt of a report into the relationship between Sharia Law and the LGPS written by [Mufti Faraz Adam](#) of Amanah Advisors. Counsel was asked to update her initial legal advice on the outstanding questions from her 2022 advice. The key messages from her advice are that the legal risk of a case being successfully brought against a scheme employer in an Employment Tribunal on the basis of indirect discrimination, or a judicial review being brought against an administering authority or the Department for Levelling Up, Housing and Communities (DLUHC) for breach of the public sector equality duty, remain extremely low. The summary of Counsel’s advice is on the [Legal Opinions and Summaries page](#).

On 23 January 2023 the Board reported on advice it had received as follows:

*In 2022, the Board considered the [legal advice](#) of Lydia Seymour (Counsel) on the issue of members opting out of the LGPS on the basis of their (principally Islamic) religious belief, and whether this might constitute unlawful discrimination on behalf of the scheme. Lydia’s advice suggested that before giving a definitive opinion, we needed to instruct an expert in Islamic finance to provide advice on the issue of whether the LGPS is Sharia compliant, and the range of views that Muslim members and potential members might have on that question. The Board commissioned [Mufti Faraz Adam](#) of Amanah Associates to produce this report.*

*This [report has now been received](#) and examines the issue primarily from the starting point that a statutory defined benefit (DB) pension scheme, like the LGPS, is an extension of the employer/employee contract. The report concludes that as a part of the contractual arrangement between employer and employees, Muslim employees can continue to contribute to, and benefit from, the excellent benefits offered by the LGPS. The underlying rationale for this conclusion is set out below:*

1. *Mufti Faraz Adam acknowledges that the pension benefits payable to members upon retirement are deferred salaries arising from the debt obligation placed upon the employer when contributions were paid into the fund.*
2. *Employees are owed a debt by their employers in the form of salary and pension*

contributions.

3. *The principle of risk transfer is pivotal when considering ownership in Sharia law. In the LGPS the investment risk and legal ownership of the funds rests with scheme employers and the administering authority – not the employee. Consequently, LGPS members do not own the underlying investment assets. This effectively isolates members from the investment activities carried out within the funds.*
4. *The money to pay pensions is largely derived from employer and employee contributions, which ultimately come from local government funding or private-sector revenue (which are Sharia compliant), and from investment income.*
5. *While not bearing the responsibility for, or risk of, the investment choices made by funds, Mufti Faraz Adam recognises that Muslim (and indeed all scheme members) have a legitimate interest in fund investments and whether these can be made in accordance with their moral and religious beliefs.*

*The Board would like to thank Mufti Faraz Adam for providing such a comprehensive and considered opinion.*

*The Board hopes that the report will offer comfort to Muslim members of the LGPS in the knowledge that they can continue to participate in the scheme. Indeed, we hope that the report may encourage some who had opted out to opt back in and ensure that they benefit from the employer contribution to their pension, as well as the valuable benefits that the LGPS offers.*

*In publishing this report, the Board makes no claim of expertise on the matter of Sharia law and wishes to be clear that this report represents the views of the author and not the Board.*

*The aim of the Board in commissioning the report was to address possible legal risk for scheme employers, and also to ensure that the LGPS is as inclusive as possible. The Board will now go back to Counsel for her definitive opinion and will consider that advice at the earliest opportunity.*

*The Board would emphasise that it has no ability to implement directly any recommendations made in the report, it can only make recommendations to the Minister who is responsible for the rules of the scheme. No proposals for changes to the scheme will be considered until the Board has had a chance to fully analyse the further advice from Counsel.*

*The Board believes that the LGPS offers excellent value for money for members, as employers make a significant additional contribution. Membership provides members and their families with important benefits and greater security in retirement, as well as protection in the unfortunate event of ill-health or death.*

### **Economic Activity of Public Bodies (Overseas Matters) Bill enters Committee Stage**

On 20 March 2024 the Board advised that the [Economic Activity of Public Bodies \(Overseas Matters\) Bill](#), also known as the Boycotts, Divestments and Sanctions Bill has entered Committee Stage after its second reading in the House of Lords on 20<sup>th</sup> February 2024. The Bill seeks to ban LGPS administering authorities from making investment decisions influenced by political and moral disapproval of foreign state conduct, except where this is required by formal Government legal sanctions, embargoes, and restrictions. The Local Government Association (LGA) has issued technical briefings in response to each stage and the most recent briefing issued after the second reading in the House of Lords [can be found here](#). The Secretariat will continue to evaluate amendments put forward and will suggest amendments

that would improve the Bill if no similar amendments are tabled. The Bill team have indicated their expectation that Royal Assent will be attained swiftly once the Lords proceedings are complete. A fuller update on the Bill's activity since June 2023 can be found in the paper for [Item 5 at the Board meeting held on 11<sup>th</sup> March 2024](#).

On 3 July 2023 The [Economic Activity of Public Bodies \(Overseas Matters\) Bill](#), also known as the Boycotts, Divestments and Sanctions Bill had its second reading in the House of Commons. The Bill seeks to ban LGPS administering authorities from making investment decisions influenced by political and moral disapproval of foreign state conduct, except where this is required by formal Government legal sanctions, embargoes, and restrictions. In the course of the [debate](#), significant concerns were expressed about the Bill. These centred around its rationale, its practicability and also whether it constituted a significant over-reach of Ministerial authority. The LGA has [published a technical brief](#) on the Bill which includes a section on the Bill's effect on pensions as well as the LGA view on this. The SAB will be providing written evidence on the Bill to the Public Bill Committee which will scrutinise the draft Bill. As far as the Board is aware, there is no evidence that any LGPS fund has instituted inappropriate politically motivated boycott or divestment policies.

### **Board issues response to DLUHC's consultation on audit backlog**

On 6 March 2024 the SAB has [issued a short response](#) to the DLUHC consultation on "[Addressing the local audit backlog in England](#)". The consultation was discussed at the Compliance and Reporting Committee when it met on 12th February. The Committee agreed that the Board should express concern that if there were wide-spread disclaiming of LGPS administering authority accounts in order to meet the new deadlines, then there would be knock-on consequences for the 18,000 scheme employers that rely on information from the pension fund audit in order to complete their own audits. Essentially, the scheme employer auditor will need to do further work to gain assurance on the information provided to it by the LGPS actuary on its assets and liabilities under the scheme, which well may be material, depending on a range of factors. The Board's response also takes this opportunity to re-emphasise the representations it made in an [earlier letter](#) asking that pension fund audit should be separated out from the host authority audit. This would also resolve some of the consequential problems with backlogs as it is not the audit of the pension fund account which is usually holding up completion of the host authority's audit report.

### **The Pension Regulator's (TPR) General Code of Practice**

On 19 January 2024 the Scheme Advisory Board welcomed the publication of The Pension Regulator's (TPR) General Code of Practice ('the Code') which had been laid in Parliament and which is expected to come into force on 27<sup>th</sup> March 2024. It replaces Code of Practice 14 for Public Sector Pension Schemes and brings together 10 previous TPR Codes into one single Code. The Secretariat is studying the Code closely to identify any new requirements for funds and how the Code's requirements align with items on the SAB workplan, such as the SAB's 2021 Good Governance recommendations.

[TPR's research on governance and administration](#) shows that the LGPS already has high standards of governance in place, but the Code provides an opportunity for funds to review current practices, but also presents challenges during what is an already busy time within the LGPS. Clarity is required on which parts of the Code specifically apply to the LGPS and what



these mean for funds and how they should be applied in practice. The SAB will support funds in understanding any new requirements in the Code and where needed, will produce new or update existing guidance to assist funds with their responsibilities.

### **Statement on surpluses**

On 20 December 2023 the Board issued a [full statement](#) on the topic of fund surpluses.

### **Key Messages from SAB on the DLUHC Consultation on Investment Issues (Next Steps for Investments in the LGPS)**

On 23 November 2023 the Board published the following information statement:

*Alongside the Chancellor's Autumn Statement, the [response to the "next steps on investments" consultation](#) was published by DLUHC on 22 November 2023.*

*The consultation largely adopts the measures the government originally consulted on, with the main points from the consultation (in paragraph 9) set out as follows:*

*"After having considered the responses, the government will now implement the proposals that we set out in the consultation to accelerate and expand pooling, and increase investment in levelling up and in private equity. We will:*

- set out in revised investment strategy statement guidance that funds should transfer all assets to their pool by 31 March 2025, and set out in their ISS assets which are pooled, under pool management and not pooled and the rationale, value for money and date for review if not pooled*
- revise pooling guidance to set out a preferred model of pooling including delegation of manager selection and strategy implementation*
- implement a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy*
- revise guidance on annual reports to include a standard asset allocation, proportion of assets pooled, a comparison between actual and strategic asset allocation, net savings from pooling and net returns for each asset class against their chosen benchmark*
- make changes to LGPS official statistics to include a standard asset allocation and the proportion of assets pooled and the net savings of pooling*
- 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*
- revise ISS guidance to require funds to consider investments to meet the government's ambition of a 10% allocation to private equity."*

*The Secretariat is continuing to read and absorb the response, and an update to the Board's website will follow soon.*

On 2 October 2023 the Board [submitted its full response](#) to DLUHC's consultation on investment issues which opened on 11th July 2023. This consultation included proposals in a range of areas, including; setting a target date for the migration of all listed assets to pools, a proposed move to fewer pools (with a target size of £50bn), a requirement for funds to have a plan to invest up to 5% of assets to support levelling up in the UK and a proposal for funds/pools to dedicate 10% of assets to private equity investments.



The Board's response was shaped by a working group comprised of elected members, scheme representatives and practitioners from the Board's membership, led by Board Chair, Cllr Roger Phillips.

On 11 July 2023 DLUHC issued a consultation on a number of investment-related proposals for the LGPS. These include imposing a deadline of 31 March 2025 for the transition of listed assets from funds to pools; proposals around increasing LGPS investments in private equity and projects that meet the government's levelling up agenda; details around the implementation of the Competition and Markets Authority Order relating to investment consultants, and a technical change to the 2016 investment regulations. The consultation will run for twelve weeks and closes on 2 October 2023. You can [view the consultation on the gov.uk website](#). DLUHC is asking that respondents [use the online consultation link to respond](#). The Scheme Advisory Board will be responding to the consultation and will publish information about its discussions, as well as a draft response, in due course.

On 9 December 2022, the Chancellor of the Exchequer announced a set of reforms (known as the "Edinburgh 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.

### **Publication of the 2022 Scheme Valuation Report**

On 10 August 2023 the Scheme Advisory Board published a detailed [report](#) that pulls together data from all of the 2022 local fund valuation reports. The Report aims to provide a rich source of information about a range of vital issues for Scheme members, employers and other stakeholders. It shows that:

- The average funding level has improved from 98% in 2019 to 107% at 2022 (on local funding bases), with all Funds reporting an improvement in their position since 2019
- Average contribution rates to meet future service costs rose from 18.6% of payroll at 2019 to 19.8% of payroll at 2022
- Overall, contribution rates fell – reflecting lower deficit contributions – to 21.1% of payroll at 2022 from 22.9% of payroll at 2019
- Employee contributions increased marginally from 6.5% of pay to 6.6%

The report also examines the main assumptions used by funds in their 2022 valuations, looking at trends around setting of the discount rate, life expectancy and future expectations for inflation and salary increases.

### **Compliance and Reporting Committee's Annual Report working group - Review of 2019 CIPFA 'Preparing the Annual Report' guidance**

On 27 July 2023 the Board reported that the Annual Report working group had been reviewing the 2019 CIPFA 'Preparing the Annual Report' guidance and had identified several areas within the current guidance which now require updating and clarification. A priority has been to streamline the guidance and reduce duplication with other reporting obligations wherever possible.

Another key area of improvement identified was how funds should report and categorise the allocation of assets. This area is covered in DLUHC's recent consultation on LGPS investments, which proposes a requirement for 'a single standard set of data on investments across annual reports and LGPS statistics'. The new guidance will suggest funds follow a 'worked example' template provided by the SAB which aims to improve consistency and better scheme-level reporting of asset allocation in the SAB annual report. Using standard data to report asset classes also aims to make the annual report process simpler for funds and more consistent for readers to directly compare data. The 'worked example' template for the categorisation of assets will shortly be shared by the SAB secretariat team and should be incorporated into reporting as soon as possible whilst the new guidance is being prepared.

From an administrative perspective, the Key Performance Indicators are being reviewed, with various fund officers and software providers invited to provide comment on the current guidance. The aim is better to define them and allow for standardised reporting so that funds can properly benchmark themselves against others. The new guidance aims to be in place ready for the 2023/24 reporting period but there are reporting changes which the Board hope can be implemented on a voluntary basis for 2022/23 annual reports.

### **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](#).

## **4.2 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 matters of interest to the LGPS:

### **TPR's general code**

On 10 January 2024 TPR issued the following press release:

*Governing bodies have been challenged by The Pensions Regulator (TPR) to use the introduction of its new general code of practice as an opportunity to ensure their scheme is fit for the 21st century.*



[TPR's new general code](#), laid in parliament today, brings together and updates 10 existing codes of practice into one set of clear, consistent expectations on scheme governance and administration.

While the new code looks different – with expectations set out in short, focused modules – many of the standards set out are not.

The new format makes it easier for governing bodies to find TPR's expectations and ask themselves whether, and how, they are meeting those expectations.

TPR's research suggests there remains a subset of disengaged trustees who fall short of the standards expected or are unaware of the existence of such codes.

Louise Davey, TPR's Interim Director of Regulatory Policy, Analysis and Advice, said: "Our new general code is an opportunity for governing bodies to make sure their schemes meet the standards of governance we expect, and savers deserve. It means there is no excuse for failing to know what TPR expects of them.

"Some governing bodies have already grasped this opportunity and carried out analysis to ensure there are no gaps in their governance. However, we believe there are many who have not done so and risk falling short of our expectations.

"Those that do not meet the code's expectations should take action to improve their scheme's governance.

"Trustees of schemes unable to meet our expectations should consider whether defined contribution savers would be better off in a larger, better-run scheme, and whether defined benefit savers would see higher standards of governance in a consolidation arrangement.

"At the very least governing bodies should be aware of where they fall short of our expectations and have clear and realistic plans in place to address those shortcomings."

The results from our [annual survey of trustees of DC trust-based pension schemes \(PDF, 2,191kb, 47 pages\)](#), published in July 2023, showed trustees of four in 10 (40%) micro and small schemes were either unaware of TPR's codes of practice or had never used them.

And, despite extensive industry engagement during the consultation on the new code, less than one-quarter (23%) of the trustees of these schemes were aware the new code was set to be introduced – with trustees of small and micro schemes the least likely to report being aware, just one-fifth (19%) and almost one-tenth (9%) respectively.

### **Effective systems of governance and the own risk assessment**

The new general code sets out in detail what TPR expects of a scheme that is required to maintain an effective system of governance. This brings together many key aspects of running a scheme, not least in terms of risk management. The detail of what constitutes an effective system of governance will be dependent on the size and complexity of the scheme.

TPR will expect scheme governing bodies to be able to demonstrate that they have appropriate procedures and policies in place.

*The own risk assessment is a periodic review of the effectiveness of the features of the system of governance and will help the governing body focus on key areas in need of improvement in the governance and operation of their scheme.*

## **Notes for editors**

- *The general code of practice is the name given to TPR's programme to merge 10 of its existing codes of practice into a single new code of practice. The consultation on the single code ran from 17 March 2021 to 26 May 2021, during a period of national lockdown. It heard the views of more than 1,000 members of pensions community through TPR's use of remote communications. The consultation received more than 100 formal responses comprising around 17,400 separate answers.*
- *The general code was laid in Parliament on 10 January. It's laying period lasts for 40 days. The code is expected to come into force on 27 March.*
- *The 10 codes of practice rolled into the general code are:*
  - *Reporting breaches of the law*
  - *Early leavers*
  - *Late payment of contributions (occupational pension schemes)*
  - *Late payment of contributions (personal pension schemes)*
  - *Trustee knowledge and understanding*
  - *Member nominated trustees/member-nominated directors putting arrangements in place*
  - *Internal controls*
  - *Dispute resolution reasonable periods*
  - *DC code*
  - *Public service code*
- *TPR is the regulator of workplace trust-based pension schemes in the UK. Our statutory objectives are to:*
  - *protect members' benefits*
  - *reduce the risk of calls on the Pension Protection Fund*
  - *promote, and to improve understanding of, the good administration of work-based pension schemes*
  - *maximise employer compliance with automatic enrolment duties*
  - *minimise any adverse impact on the sustainable growth of an employer (in relation to the exercise of the regulator's functions under Part 3 of the Pensions Act 2004 only)*

## **5. ALTERNATIVE OPTIONS CONSIDERED**

**5.1** N/A

## **6. CONSULTATION**

**6.1** No consultation outside the formal process is required.

## **7. IMPLICATIONS**

**7.1** FINANCIAL IMPLICATIONS

7.1.1. There are no direct financial implications arising from this report

7.1.2. Comments approved by Matthew Hallett, Acting Head of Pensions on behalf of Allister Bannin, the Director of Finance. (Date 03/04/2024)

## **8. APPENDICES**

8.1 None

## **9. BACKGROUND DOCUMENTS**

9.1 None



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

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