

Pension Committee Agenda



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

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

Reserve Members: Richard Chatterjee, Stuart Collins, Alisa Flemming,
Simon Fox, Stella Nabukeera, Appu Srinivasan, Nikhil Sherine Thampi and
Robert Ward

A meeting of the **Pension Committee** which you are hereby summoned to attend,
will be held on **Tuesday, 19 March 2024 at 10.00 am** in Council Chamber, Town
Hall, Katharine Street, Croydon CR0 1NX

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

Tariq Aniemeka-Bailey
Democratic.Services@croydon.gov.uk
www.croydon.gov.uk/meetings
Monday, 11 March 2024

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

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

The meeting will be paperless. The agenda papers for all Council meetings are available on the Council website www.croydon.gov.uk/meetings

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AGENDA – PART A

1. Apologies for Absence

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

2. Minutes of the Previous Meeting (Pages 7 - 18)

To approve the minutes of the meeting held on Tuesday, 12 December 2023 as an accurate record.

3. Disclosure of Interests

Members are invited to declare any disclosable pecuniary interests (DPIs) and other registrable and non-registrable 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. Training Plan (Pages 19 - 58)

This report asks the Committee to agree the proposed joint Pension Committee and Pension Board Training Plan for 2024/25 which is included in the paper prepared by Aon entitled 'Croydon Training Activity and Plan' as Appendix B.

6. Training Update (Pages 59 - 80)

This report shows a record of training undertaken by the Pension Committee members in Year 2023/24 to 20 February 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 January 2024 attached to this report as Appendix B.

7. Pension Fund Governance: Pension Fund Communications Policy Statement (Pages 81 - 104)

This report asks the Committee to consider and agree the Fund's Communications Policy Statement, prepared in accordance with Regulations, Guidance and best practice, as attached as Appendix A.

8. Croydon Council Pension Fund Data Retention and GDPR (Pages 105 - 136)

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.

9. Croydon Pensions Administration Team Key Performance Indicators for the Period November 2023 to January 2024 (Pages 137 - 140)

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

10. Review of Breaches of the Law (Pages 141 - 172)

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 Committee meeting held on 12 December 2023.

11. Audit Findings Report (Pages 173 - 196)

This report asks the Pension Committee to note “The Audit Findings Report for the London Borough of Croydon Pension Fund” for the year ended 31 March 2020, as prepared by Grant Thornton UK LLP and attached as Appendix A.

12. Local Government Pension Scheme Advisory Board / The Pensions Regulator Update (Pages 197 - 212)

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

13. Inter-valuation Funding Update 31 December 2023 (Pages 213 - 238)

The report updates the Pension Committee on the funding position at 31 December 2023. It informs Committee of the changes in the funding environment since the 2022 valuation and identifies areas to consider when planning for the 2025 valuation. The detailed report has been prepared by Hymans Robertson who act as the Actuary for the London Borough of Croydon Pension Fund (‘the Fund’). The report is attached as Appendix A.

14. Part A Progress Report for the Quarter Ended 31 December 2023
(Pages 239 - 246)

The report updates Pension Committee on the Fund's Investments over the quarter to 31 December 2023.

The report provides an update on the Fund's performance for the quarter to 31 December 2023. The report falls into four parts. Section 1 addresses performance against strategic goals. Section 2 considers the asset allocation strategy and how that is being applied, specifically current and planned investments. Section 3 deals with risk management and section 4 summarises updates from any recent investment manager meetings.

15. 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

16. Part B Progress Report for the Quarter Ended 31 December 2023
(Pages 247 - 320)

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.

17. Investment in the LCIV MAC Fund (Pages 321 - 370)

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.

18. Further Commitments to Existing Funds (Pages 371 - 376)

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.

Pension Committee

Meeting held on Tuesday, 12 December 2023 at 10.00 am in Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX

MINUTES

Present: Councillor Callton Young OBE (Chair);
Councillor Clive Fraser (Vice-Chair);
Councillors Simon Brew, Yvette Hopley, Karen Jewitt, Endri Llabuti and Aladair Stewart

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

Also Present: Councillor Stewart Collins (online), Matthew Hallett (Acting Head of Pensions and Treasury), Gillian Phillip (Pensions Manager), Alison Fisher (Governance and Compliance Manager, Mike Ellsmore (Chair of Pension Board), Robbie Sinnott (Mercer), Jane West (Corporate Director of Resources & S151 Officer), Ian Talbot; Mary Lambe (AON); Silvia Knott-Martin (Client Relations Manager for Croydon at the London CIV); Yiannis Vairamis (Senior Equity Portfolio Manager at the London CIV); Jeremy Richardson (Senior Portfolio Manager, Global Consumer Products, RBC Bluebay Global Equity), Tom Chevalier (Relationship Manager, RBC Bluebay Global Equity)

PART A

101/23 Minutes of the Previous Meeting

The minutes of the meeting held on Tuesday, 20 June 2023 and Tuesday, 19 September 2023 as accurate records subject to the following amendments:

- The spelling of Councillor Stewart's name in the minutes for the meeting on the 20 June 2023 to be corrected.
- In the minutes for the meeting on the 19 September, Co-opted member Ms Gili Driver was said to have given her apologies when she in fact attended online.

102/23 Disclosure of Interests

The Committee agreed that their register of interest forms were up to date.

Mike Ellsmore suggested a blanket declaration for item five for any individuals who had been appointed by the employer.

103/23 Urgent Business (if any)

There were no items of urgent business.

104/23 Review of the Admission Policy, Academies Policy and Funding Strategy Statement

The Acting Head of Pensions and Treasury introduced the item and explained that it was important for the Fund to have an admissions policy to mitigate any risk that new employers may bring to the Fund. The admission policy was drawn up in December 2021 and officers had proposed two main changes to the policy as they believed that it was better to have a passthrough arrangement with employers that were contracted by the Council.

The Acting Head of Pensions and Treasury informed the Committee that the policy that had been previously adopted saw employers contributions assessed as if they were a standalone employer. This was problematic as when the Council would tender for contracts, the employer would not know the pension costs they would have to pay.

The Acting Head of Pensions and Treasury stated that as the Fund was generally made up of small employers their covenants would be quite weak, so the Fund would usually require new employers to put bonds in place to protect the other employers within the Fund. The Acting Head of Pensions and Treasury stated that this would be quite difficult for small employers to do as it would be quite expensive, this would also require a lot of work for the Fund as legal agreements would need to be arranged.

The Acting Head of Pensions and Treasury explained that under a passthrough arrangement the risk would stay with the Council and not the Fund, and when a contract ended rather than a cessation value being calculated, the assets and liabilities would transfer back to the Council's notional pot in the Fund. There was no cessation amount due to or from the employer. which would enable the Council to award contracts a lot easier.

In response to questions from members officers informed the Committee that:

- Academies were judged on an individual basis, so the risk was not with the Council. The contracts let out by the Council were with small employers, so the risk to the Fund was small.
- The Fund was protecting itself by allowing the Council to take on some of the risk.
- The employer would pay the same contribution rate as the Council, so they would be effectively paying the future service rate and a portion of the past service rate.
- If the employer was analysed on their own, then their covenants would be weaker and would join the Fund on a fully funded basis which would mean that they would not be paying any past service deficit rate.
- The Council could agree for an employer to pay a fixed rate, but the Council would have to make up the difference.

- Passthrough was a way of sharing the risk for the pension's allocation. The contractor could price in the pensions risk into their fee which would cause the contracts to become more expensive.
- If a contractor was not going through the passthrough arrangement, then officers would insist that a bond was put in place which would be expensive for the employer.
- Most Councils had adopted the passthrough arrangement.
- If the Council were not prepared to take on the risks which came with the passthrough agreement, then officers would then insist that the admission agreement had a bond put in place.
- Croydon Equipment Services (CES) was currently under the Council's umbrella however they would soon be set up as a company in their own right under the passthrough agreement.
- If CES were to be assessed as an individual employer their liability would be £3 million.
- CES had 80-90 fund members, but most companies had around 4/5 fund members.
- Through passthrough the Fund was getting the covenant of the Council which was extremely strong.
- Passthrough was a good tool as there weren't many large employers so there was a minimal risk to the fund.
- The Council accounted for around 80% of the fund, 5% of the fund was made up by Croydon College and the vast majority of the others were academies and they were covered by the Department of Education guarantee.
- Large employers included Croydon college and academies. The failure of smaller companies would not be much risk to the fund and the liability would fall on the Council.
- Passthrough was the safest route for the Fund and the Croydon council taxpayer could benefit from the policy as they could be avoiding an additional cost being priced into a contract with an employer due to the uncertainty around pension costs.
- The policy would not go to another committee as it fell under procurement and the pension arrangements were priced within a contract. The Council did not have to agree passthrough, and if the Council insisted that a contract went through an alternate route then the Fund would then have to agree a bond with the contractor which would then cause the contractor to price their work differently.

The Acting Head of Pensions and Treasury stated that Officers were recommending that the passthrough arrangement would apply to admission bodies where contracts had been let by academies as the Department for Education had now extended their guarantee to cover these as long as the letting conditions they stipulate had been met.

Resolved:

- 1.1 To agree the revisions to the Admissions Policy, Academies Policy and the Funding Strategy Statement attached as appendices A, B and C.

105/23 Croydon Pensions Administration Team Key Performance Indicators for the Period from August 2023 to October 2023

The Pension Manager introduced the item and explained that during the period of August 2023 and October 2023, the Pensions Administration team had managed to publish the annual benefits statements on the 31 August 2023. The Pension Manager informed the Committee that on the 6 October 2023 the Pensions Administration team had published all of their annual allowance pension saving statements for anyone who exceeded the annual allowance for 2022/23. The Pensions Manager stated that as the Pensions Administration team had reached the end of their statutory requirements, the team had reverted back to business as usual and the technical team had been able to turn their attention to developments on the system and working with payroll providers to implement I Connect.

The Pension Manager concluded by informing the Committee that the Pensions Administration team would continue to do blitz days to catch up with outstanding leavers.

Councillor Stewart congratulated the Pensions Administration team on their improved performance.

In response to questions from members, Officers informed the Committee that:

- The Council had started a podcast and pensions was an agenda topic. Officers noted that they saw an increase in questions around member self-service.
- The volume of staff turnover in schools was difficult to keep up with and it was compounded by auto aggregation, regulations and inter-funds as the team could not process the leavers until this was resolved.
- The Pensions Administration team spent two days a month to blitz the leavers and they were looking to increase this in the new year.

Resolved:

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

106/23 Review of Risk Register

The Acting Head of Pensions and Treasury introduced the item and explained that there were 16 risks on the register. There were several changes on the register including the employer risk to the fund, however the introduction of the revised admissions policy would reduce the risk of failure for employers in the fund.

The Acting Head of Pensions and Treasury informed the Committee that the funding level of individual employers had improved significantly, and officers were working with the actuary to assess the covenant of employers.

The actuary had provided a tool which would enable officers to monitor the funding level on a more regular basis. The Acting Head of Pensions and Treasury stated that he would bring a report to the next Pension Committee meeting to assess the funding level.

The Acting Head of Pensions and Treasury stated that the conflict-of-interest policy had been agreed at the previous meeting and so the risk rating had been reduced on the register and as the responsible investment policy had been introduced at the last meeting the risk would also be reduced in future.

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

- There was a separate risk attributed to the Ukraine and Russia conflict on the register, but it had been replaced with a general risk for global crises.
- Officers had extended the risk of scheduled or admitted bodies not paying over contributions for a further 6 months. Officers hoped to have a paper to present to members at the next Pension Committee meeting.
- The deadline for a response to the Mansion House speech was on the 31 October but officers decided not to submit a response.
- The 5% investment into levelling up assets will be brought into legislation and funds would have to either comply or provide a valid reason as to why they were not compliant.
- There was a paper which defined what a levelling up asset was but the legislation on levelling up assets would be subject to change over the coming years.

Resolved:

1.1 To review and note the contents of the Pension Fund Risk Register.

107/23 Review of Breaches of the Law Log

The Acting Head of Pensions and Treasury introduced the item and explained that there were three new breaches, the first breach was the failure to submit 100% of the annual benefits statements by the end of August. The second breach was a failure to pay refunds within the allotted timescales and the third breach was the failure to publish the 2022/23 accounts.

The Corporate Director of Resources & S151 Officer informed the Committee that the 2019/20 accounts and the audit report were sent to the most recent Audit and Governance Committee meeting. The Corporate Director of Resources & S151 Officer explained that the next area of focus would be the 2020/21 accounts, however there was some confusion over what the

guidance from the government would be regarding the audit of older accounts and whether they would put a fire break in place which would see auditors instructed to only focus on new accounts. The Corporate Director of Resources & S151 Officer concluded stating that Officers were still trying to get all of their outstanding accounts through the audit process before the firebreak.

Resolved:

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

108/23 Committee Training Update

The Acting Head of Pensions and Treasury introduced the item and asked Members to check that all the training sessions they had attended had been recorded accurately. The Acting Head of Pensions and Treasury reminded Members that the Hymans portal was available, and it was important for Members to try and engage with the training on the portal.

Councillor Brew stated that he had attended various events by various fund managers and had reported his attendance to Democratic Services and he had yet to see them recorded fully. In response, the Acting Head of Pensions and Treasury asked if he could inform the Pension Governance Team Manager of the events that he had attended so that his attendance could be recorded.

Councillor Brew stated that he did not feel as though he needed to continuously attend training sessions which covered topics in which he already possessed adequate background experience in.

The Acting Head of Pensions and Treasury explained that following the consultation, it was important to ensure that Members were adequately trained and that there was a training policy in place.

The Corporate Director of Resources & S151 Officer stated that it may be useful for Members to discuss with officers what a CPD plan entailed for Members of the Pension Committee. The CPD plan would be personalised to each individual and would map out their development over a period of time.

Mary Lambe stated that AON had spoken with officers about supporting the Pension Committee and Board on their development journey. AON were currently mapping out training requirements for Members on hot topics and looking at the assessment undertaken last year in regard to where the Members of the Committee sat in comparison to their peers on other Committees.

Peter Howard stated that he was unsure on where to report the training session that he had attended. The Acting Head of Pensions and Treasury

instructed Peter Howard to inform the Pension Governance Team Manager of the events that he had attended so that his attendance could be recorded.

Councillor Fraser asked for officers to re-circulate the link to the Hymans training portal.

Resolved:

1.1 The Committee is asked to note the contents of the Pension Committee Training Log.

109/23 Local Government Pension Scheme Advisory Board / The Pensions Regulator Update

The Acting Head of Pensions and Treasury introduced the item and advised Members to read the response to the consultation and the next steps that had been published by the Department for Levelling Up, Housing and Communities (DLUHC).

Robbie Sinnott explained that there was no immediate focus on consolidating pools, however over the longer term the LGPS was forecast to reach £900 billion.

Robbie Sinnott informed the Committee that the desire to have 10% in private equity, the 5% invested in levelling up assets and the transfer of listed assets to the pool by the 31 March 2025 were part of the comply or explain regime.

Resolved:

1.1 To note the contents of this report.

110/23 Part A Progress Report for Quarter Ended 30 September 2023

The Acting Head of Pensions and Treasury introduced the item and explained that at the beginning of the quarter, the assets were valued at just over £1.7 billion, and the assets were valued at just under £1.7 billion at the end of the quarter. The decrease in value of the portfolio was largely due to the fund having a negative cash flow.

Robbie Sinnott explained that Q3 had been driven by the information about expectations in the market and how this affected central banks actions.

Robbie Sinnott stated that inflation expectations had been driving equity and bond markets during the quarter.

Robbie Sinnott informed the Committee that during Q3 the US central bank had continued to state that they were not looking to cut rates, this caused bond yields to rise and saw fixed income and equity markets fall. During the

quarter, the sterling weakened versus the dollar which helped unhedged assets and led to some positive returns.

Robbie Sinnott explained that there had been really strong equity markets since the 30 September and November was the best return for a 60-40 equity bond portfolio for multiple decades.

Robbie Sinnott informed Members that the US equity market was up by around 10% in November, however not many companies in the S&P 500 had seen positive returns for the year. There were 7 tech stocks which made up for 25-30% of the market and were largely responsible for the growth in the US stock market throughout the year, these conditions meant that it had been a difficult market for active managers to outperform.

Robbie Sinnott stated that they would expect to see a de-concentration over time, which would present a risk to passive markets.

Robbie Sinnott explained that the increase in interest rates proved difficult for fund managers who had a focus on sustainability such as RBC and a period of more stable rates would be a more appropriate time to judge their performance.

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

- The US had run a tighter monetary policy over the past 12-18 months and these tighter policies would lower inflation.
- The Ukraine war had been inflationary, food prices had increased as Ukraine was a large producer of wheat and other areas which led to the increase in food prices.
- Central banks were trying to get down to 2% inflation which would prove to be difficult. Central banks may have to accept slightly higher inflation to avoid a potential a recession.
- A recession, which was by definition two consecutive quarters of negative growth, would not necessarily be as bad if it was followed by a sharp rebound; a period of stagnant growth and 3% inflation would be more of a concern than a recession.

Resolved:

- 1.1 To note the performance of the Fund for the quarter ended 30 September 2023.

111/23 Exclusion of the Press and Public

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

information)) of Part 1 of Schedule 12A of the Act: and (ii) that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

112/23 LCIV Sustainable Equity Exclusion Fund

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

113/23 Cyber Security Strategy

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

114/23 Part B - Progress Report for Quarter Ended 30 September 2023

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

The meeting ended at 1.05 pm

Signed:

Date:

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Pension Committee Action Log 2023-24

Date of meeting	Action	Agenda ref.	Deadline	Progress
12 December 2023	The Cyber Security Strategy will be reviewed in 6 months' time as there had been new guidance provided recently.			
12 December 2023	Podcast link to be circulated to members of the Committee			
12 December 2023	The link to the online Hymans training would need to be circulated to Members once again.			Hymans has been asked to re-circulate the link to the training to Members.

Completed Actions

Date of meeting	Action	Deadline	Progress	
6 December 2022	The Committee agreed the amendments to voting rights proposed in the paper considered by the Committee at their meeting of 11 October remain unchanged to preserve the balance on the Committee subject to agreement from the monitoring officer and the constitution working group.	48/22	December 2023	The General Purposes Committee agreed for the amendments to be presented in a report to Full Council for agreement on the 13 December 2023.
6 December 2022	The Committee agreed changes to the Constitution to agree an annual allowance will be paid to the Members of the Pension Board and the Pension Board Chair as set out in section 3.3.	48/22	May 2023	The General Purposes Committee agreed for the amendments to be presented in a report to Full Council for agreement on the 13 December 2023.
20 June 2023	Conflicts of interest policy	71/23	-	A conflict of interest policy was agreed at the Pension Committee meeting on the 19 September 2023.
20 June 2023	Officers to arrange a training session for Members on Multi asset Credit.	-	-	Training session was held on 12 December 2023.

19 September 2023	The Committee asked the Acting Head of Pensions and Treasury to review the fees that the fund was paying for investment managers and to compare against their peers.	-	-	Mercers presented a report to the Committee at the 12 December 2023 meeting.
19 September 2023	Officers to invite representatives from the LCIV to present a report to the committee on the LCIV sustainable equity fund.	-	12 December 2023	Representatives from the LCIV attended the meeting on 12 December 2023.
12 December 2023	A report on the funding level will be brought to the next Pension Committee meeting on the 19 March 2024.			The report has been drafted and will be presented at the meeting on the 19 March 2024.
12 December 2023	The link to the online Hymans training would need to be circulated to Members once again.			Hymans has been asked to re-circulate the link to the training to Members.

LONDON BOROUGH OF CROYDON

REPORT:	PENSION COMMITTEE	
DATE OF DECISION	19 March 2024	
REPORT TITLE:	Pension Committee and Board Training Plan 2024 / 25	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury	
CONTAINS EXEMPT INFORMATION? <i>(* See guidance)</i>	NO	
WARDS AFFECTED:	N/A	

1. SUMMARY OF REPORT

- 1.1 This report asks the Committee to agree the proposed joint Pension Committee and Pension Board Training Plan for 2024/25 which is included in the paper prepared by Aon entitled ‘Croydon Training Activity and Plan’ as Appendix B.

2. RECOMMENDATIONS

- 2.1 To agree the proposed joint Pension Committee and Board Training Plan for 2024/25.

3. REASONS FOR RECOMMENDATIONS

- 3.1 In their 2019 governance review Aon recommended that the scope of the Knowledge and Skills Policy be extended to the Pensions Committee and Officers, as well as the Pensions Board. They further recommended that the policy should incorporate knowledge of the work of the London Collective Investment Vehicle (London CIV) and have regard to CIPFA guidance. The policy was agreed on 17 March 2020 (Minute 26/20). This policy has since been reviewed and the revised version was agreed by the Committee in their meeting of 14 June 2022.

- 3.2** Following the introduction of Markets in Financial Instruments Directive (MiFID II) in January 2018, in order to be treated as a professional client (rather than a retail investor) a Fund, as a collective, must be able to demonstrate sufficient expertise, experience and knowledge to satisfy financial institutions that it is capable of making investment decisions and understanding the nature of potential risks by ensuring that levels of expertise, experience and knowledge are maintained to satisfy the MiFID II requirements.
- 3.3** All officers and Pension Committee Members charged with management operations and decision-making with regard to the Fund must be fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them. All Committee and Board members and officers are expected continually to demonstrate their personal commitment to training and to ensuring that the knowledge and skills objective is met.
- 3.4** National Developments such as The Pension Regulator (TPR) New General Code, response to the Department for Levelling up, Housing and Communities (DLUHC) Pooling Consultation, the Scheme Advisory Board (SAB) Good Governance Review and work being undertaken by the SAB's Compliance and Reporting Committee are all expected to impose greater knowledge and skills requirements on officers, Pension Board and Committee members.
- 3.5** The CIPFA Knowledge and Skills Framework was updated in 2021. There are eight areas of knowledge and skills identified as core requirements:
- Pensions legislation
 - Pensions governance
 - Pensions accounting and auditing standards
 - Pensions administration
 - Pension services procurement and relationship management
 - Investment performance and risk management
 - Financial markets and products knowledge and
 - Actuarial methods, standards and practice.
- 3.6** The members handbook section 7.1 page 88 states the following: Members of some committee (e.g. Planning, Licensing, Audit and **Pensions**) are required to attend training to enable them to carry out their roles.

4. BACKGROUND AND DETAILS

- 4.1** Officers have been working with the Fund governance advisors, Aon, to produce a paper detailing training needs and knowledge gaps in respect of Pension Board and Committee members. Based on those areas identified a training plan for 2024/25 has been developed and is contained within the Aon report.
- 4.2** The training plan addresses the knowledge gaps identified in the National Knowledge Assessment undertaken by members in 2022. One of the recommendations within the Aon report is that members complete the online Hymans training to facilitate this.

4.3 The training plan covers particular topics and is mandatory for members to attend. There is also a table of external optional events which members may want to take up.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 N/A

6. CONSULTATION

6.1 Feedback from Board and Committee members has been incorporated into the plan.

6.2 The Fund governance advisers, Aon, have been consulted and involved in drawing up the plan.

7. CONTRIBUTION TO COUNCIL PRIORITIES

7.1 Ensuring regulatory compliance, good stewardship and best practise are applied to the Council's Pension Fund.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1. Any costs associated with training are charged to the Pension Fund.

8.1.2. Comments approved by Andrew Lord, Interim Finance Consultant on behalf of Allister Bannin, the Director of Finance. (Date 06/03/2024)

8.2 LEGAL IMPLICATIONS

8.2.1. Burges Salmon LLP (a law firm appointed by the Fund) comment that the Pension Committee's Terms of Reference (London Borough of Croydon's Constitution Part 4.N) Paragraph 7. Knowledge and Understanding provides that: Members of the Committee are expected to continually demonstrate their own personal commitment to training and to ensure that governance objectives are met. To assist in achieving these objectives training sessions will be organised to ensure Committee members are familiar with the rules of the Fund with relevant legislation.

8.2.2. In addition, similar training and knowledge obligations are placed on the Local Pension Board Members ("LPB Members") both under the Public Service Pensions Act Schedule 4 Clause 19 amendment of the Pensions Schemes Act 1993 and as detailed in Part 4 M of the Constitution which provides, among other matters, that both Employer and Employee representatives participate in training as and when required. In addition, section 12 of Part 4M specifically deals with training requirements and provides as follows:

12.1. Employer and Member Representatives (including substitutes) of the LPB must be conversant with – a. The legislation, Scheme Regulations and associated guidance

of the LGPS; b. Any document recording policy about the administration of the LGPS (which is for the time being adopted by the Fund).

*12.2. All members of the LPB must have a working knowledge and understanding of:
a. The law relating to pensions, and b. Any other matters which are prescribed in Scheme Regulations.*

12.3. It is for the Scheme Manager (this is the Administering Authority) to be satisfied that those appointed have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the LPB or Committee.

12.4. In line with the duties under their role, the LPB and Committee members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date on anything that would fall within the remit of their role. Members are therefore required to maintain a written record of all relevant training and development (whether internal or external) they have undertaken. If members wish to attend an external course/training event prior approval must be sought from the Scheme Manager. All information in relation to training and development of all members shall be made available to the Board and Committee as part of the Review Process. In addition, the Scheme Manager may, at any time request to inspect such records upon providing the relevant member with a written request which must be adhered to within 7 days of receipt of such a request.

12.5. All members will undertake an annual personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses as well as mandatory training that the Board or Scheme Manager considers is required to ensure the Board and Committee operates as effectively as possible. Members will comply with the Scheme Manager's training policy, details of which are found in the separate document titled "London Borough of Croydon Pension Fund Knowledge and Skills / Training Policy"

8.2.3. Burges Salmon LLP also note that the Pensions Regulator brings into effect the General Code of Practice this month. The General Code does have application to public service pension schemes (including LGPS) although not in all areas (for example not in areas of funding or investment). However, the General Code does apply to knowledge and understanding requirements (see pages 25 – 33 of the General Code in particular). Undertaking training, evidencing training and having a training plan will support the Committee in evidencing compliance with the General Code

8.2.4. Burges Salmon LLP (a law firm appointed by the Fund) note that there are no other legal implications arising from this report (Date 06/03/2024)

8.3 EQUALITIES IMPLICATIONS

8.3.1. Under the Public Sector Equality Duty of the Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken.

8.3.2. Section 149 of the Act requires public bodies to have due regard to the need to:

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

8.3.3. Protected characteristics defined by law include race and ethnicity, disability, sex, gender reassignment, age, sexual orientation, pregnancy and maternity, and religion or belief

8.3.4. Having due regard means there is a requirement to consciously address the three tenets of the Equality Duty within decision-making processes

8.3.5. By law, assessments must be carried out throughout planning and delivery and contain sufficient information to enable the local authority to show it has paid 'due regard' to the equality's duties; and identified methods for mitigating or avoiding adverse impact on people sharing protected characteristics

8.3.6. This is an update to the existing Policy. The Council will need to ensure that an EQIA with full mitigation is provided regarding the protected groups especially Disability, due regard will be made in cases where persons have a disability, with reasonable adjustments made for access to the training where necessary

8.3.7. Comments approved by Felisha Dussard, Senior Communities Officer on behalf of Helen Reeves, Head of Strategy & Policy (Date 04/03/2024)

8.4 HUMAN RESOURCES IMPACT

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

8.4.2. Comments approved by: Dean Shoemsmith, Chief People Officer. (Date 29/2/2024)

9. APPENDICES

9.1 A National Knowledge Assessment Report 2022

9.2 B Aon Report and Training Plan

10. BACKGROUND DOCUMENTS

10.1 NONE

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2022 LGPS National Knowledge Assessment

London Borough of Croydon Pension Fund



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Overview

The LGPS National Knowledge Assessment (NKA) provides LGPS funds with a direct insight into the knowledge and skills of their key decision makers and oversight body.

In addition, funds get a 'sense check' of this knowledge position against other participating funds via the benchmarking reports provided.

16 LGPS funds and over 200 members have participated in this National Knowledge Assessment of Pension Committee ('Committee') and Pension Board ('Board') members.

The findings from this assessment provide a quantitative report of the current knowledge levels of the individuals responsible for running the Fund, aiding the development of more appropriately targeted and tailored training plans for both groups.

This report is also a key document in evidencing your Fund commitment to training – a key cornerstone to the good governance of your Fund.

Background

The London Borough of Croydon Pension Fund ("the Fund") agreed to participate in the NKA using our online assessment.

This report provides an overview of the participants' results broken down into 8 key areas.

The online assessment opened at the end of September and closed in November, and there were weekly progress updates provided to the Fund confirming participation levels.

Each participant received their individual results report following completion of the assessment.

The questions posed in the assessment are split into 3 categories.

- Technical questions
- Roles and responsibilities
- Decision making

Technical questions, made up around two thirds of the questions. The remaining questions were split between the categories of Roles and Responsibilities as well as Decision Making. This helps to provide more in-depth analysis of the results and provides further context to the proposed training plans.

The National Knowledge Assessment is a challenging multiple-choice assessment of participants' knowledge and understanding of key pension areas. There was no expectation that participants would score 100% on each subject area tested. Rather, the goal was to gain a true insight into members' knowledge in the areas covered by the CIPFA Knowledge and Skills Framework and the Pensions Regulator's (TPR) Code of Practice.

Why Does this Matter?

While fund officers may deal with the day-to-day running of the funds, members of the Committee play a vital role in the scheme as decision makers.

To execute their roles effectively, Committee members must be able to address all relevant topics such as investment matters, issues concerning pension funding, pension administration and governance.

All topics which require a level of knowledge and understanding from the Committee. Similarly, the Pension Board members must have a sound knowledge of these topics in order to be able to offer critical challenge in the oversight of Committee decisions.

The Assessment

The members of the London Borough of Croydon Pension Fund Committee and Board were invited to complete an online knowledge assessment. In total there were 11 respondents from the Committee and 6 respondents from the Board.

Each respondent was given the same set of 48 questions on the 8 areas below:

Section	Section Names
Section 1	Committee Role and Pensions Legislation
Section 2	Pensions Governance
Section 3	Pensions Administration
Section 4	Pensions Accounting and Audit Standards
Section 5	Procurement and Relationship Management
Section 6	Investment Performance and Risk Management
Section 7	Financial Markets and Product Knowledge
Section 8	Actuarial Methods, Standards and Practices

Under each subject heading, there were 6 multiple choice questions to answer. Each question had 4 possible answers, of which one answer was correct.

Participants were also given the option of selecting “I have no knowledge of this area”, where they were unsure.

This allows us to build a picture of the knowledge levels of each individual member in each of the topics, but crucially to help inform you of the overall levels of knowledge in each area.

Results

The responses for all members who participated have been collated and analysed. For each section we have shown:

- The Fund’s overall ranking against other participating LGPS funds.
- The average score for each of the 8 subject areas, for both the Committee and Board.
- Results split by the categories of “**technical**”, “**roles and responsibilities**” and “**decision making**”.
- Each average score benchmarked for both groups against the other NKA participant funds’ Committee and Board for each of the 8 subject areas.
- Each score compared with the results of the previous assessment in 2020, to show growth or regression in each area.
- Engagement levels for both the Committee and Board and how these levels rank against other LGPS funds.
- The most requested topics for training.

Based on the results and the responses received from participants, we have also completed a proposed training plan for the Fund over the next 18 months, as well as some other “next steps” to consider.

Overall Results

The chart on the right shows how the overall average score for your Fund compares with that of all other funds who took part in the Assessment. The “score” shown is the average score of all participating Committee and Board members from each Fund.

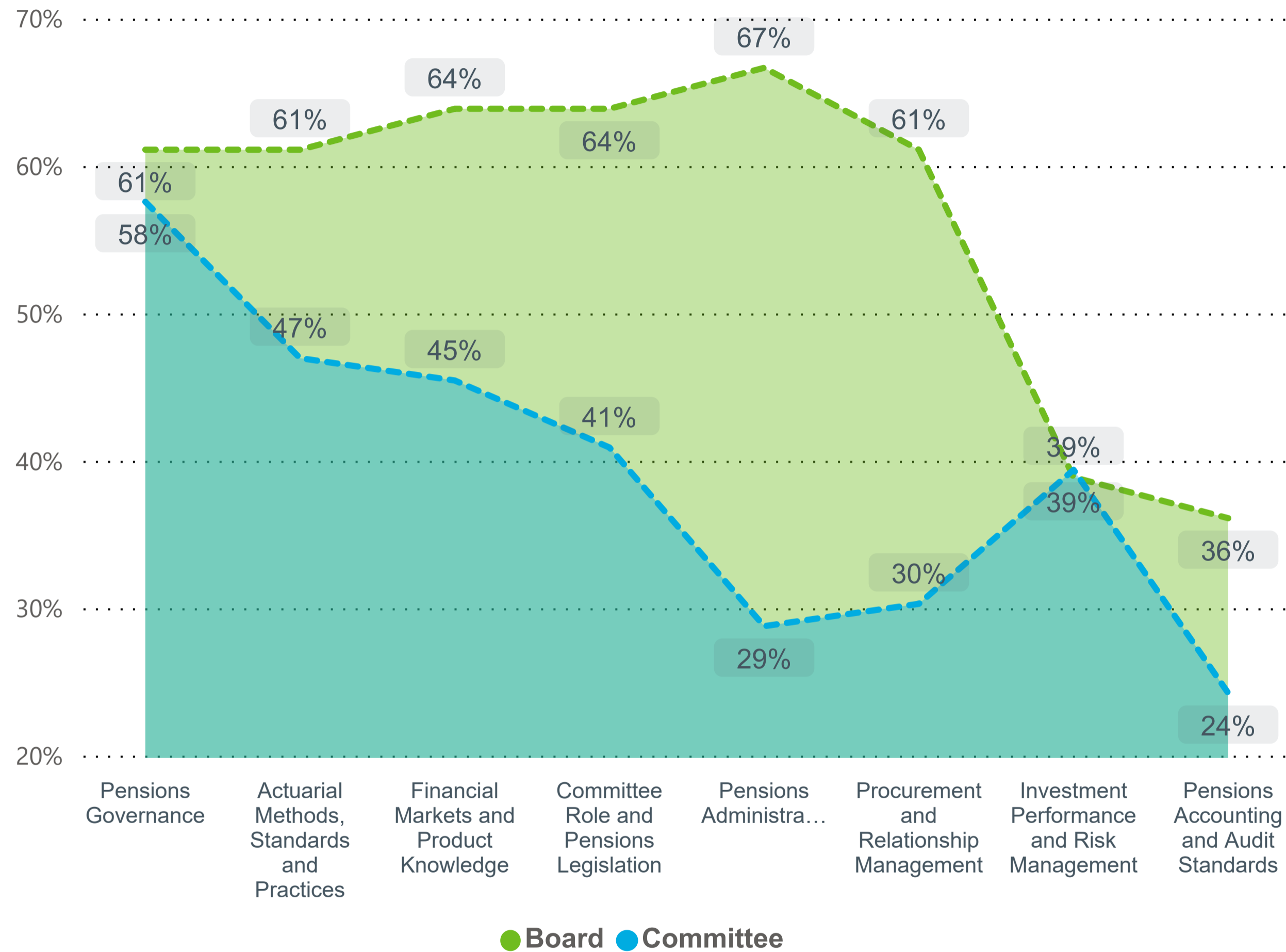
The London Borough of Croydon Pension Fund is in 16th out of 16 Funds.

For each of the assessment’s 8 areas we have shown the results of both the Committee and Board.

There is also a summary showing the average scores across all sections for the Committee and Board.



Average Score for Board & Committee



For each of the assessment’s 8 areas we have shown the results of both the Committee and Board.

These have been shown in the order in which the sections appeared in the survey.

There is also a summary showing the average scores across all sections for the Committee and Board.

- The performance of the Board (average overall score of 57 %) was stronger than that of the Committee (average overall score of 39 %).
- The performance for the Committee and Board diverged the most in the Pensions Administration section, when Board results were 38 % higher than the Committee.
- The Committee performed most strongly in the area of Pensions Governance and Actuarial Methods, Standards and Practices.
- The board's areas of strongest Knowledge were Pensions Administration and Financial Markets and Product Knowledge.
- Overall, for both groups, the area with least knowledge was Pensions Accounting and Audit Standards.

Benchmarking

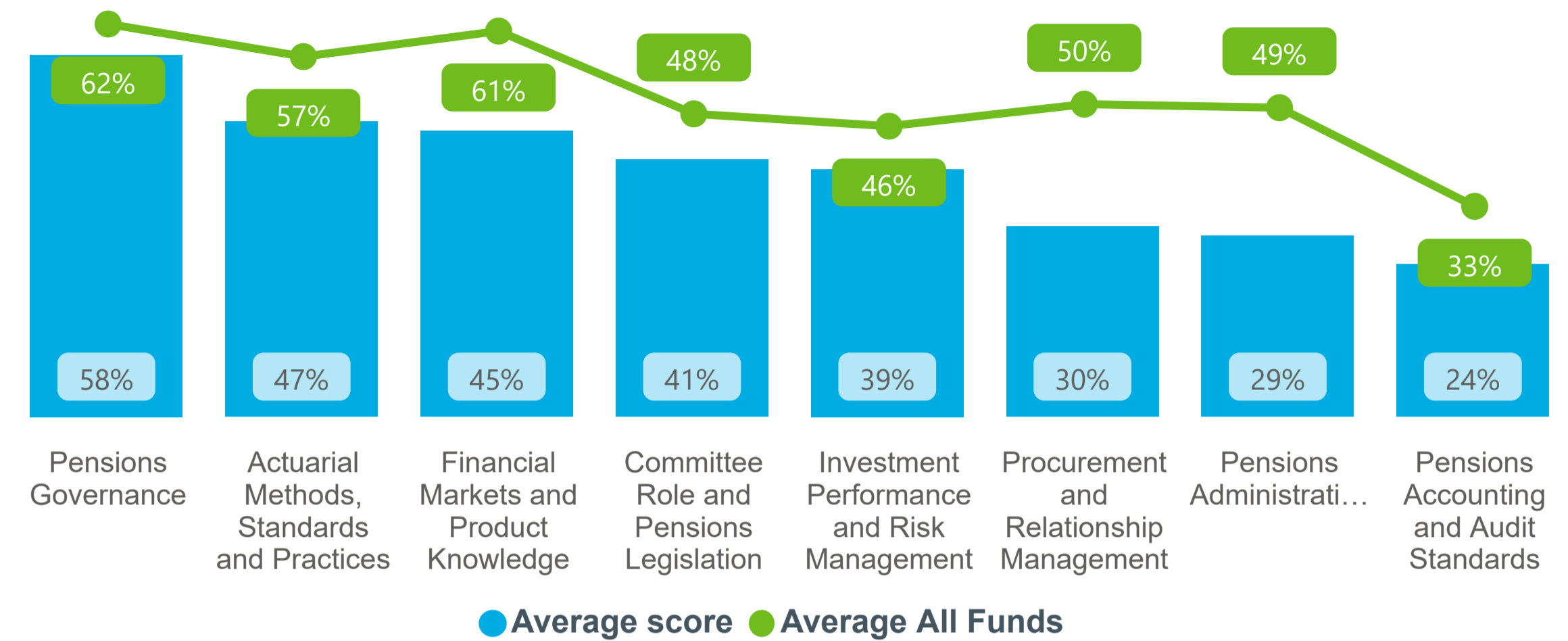
As this assessment is being conducted at a national level across numerous LGPS funds, we are able to provide details of how your Fund’s results compare to those across the average of all funds who have taken part to date.

We’ve provided a comparison of the results for both your Fund’s Committee and Board, versus the average scores nationally for each group. This gives an idea of the knowledge levels across these groups, relative to the national average.

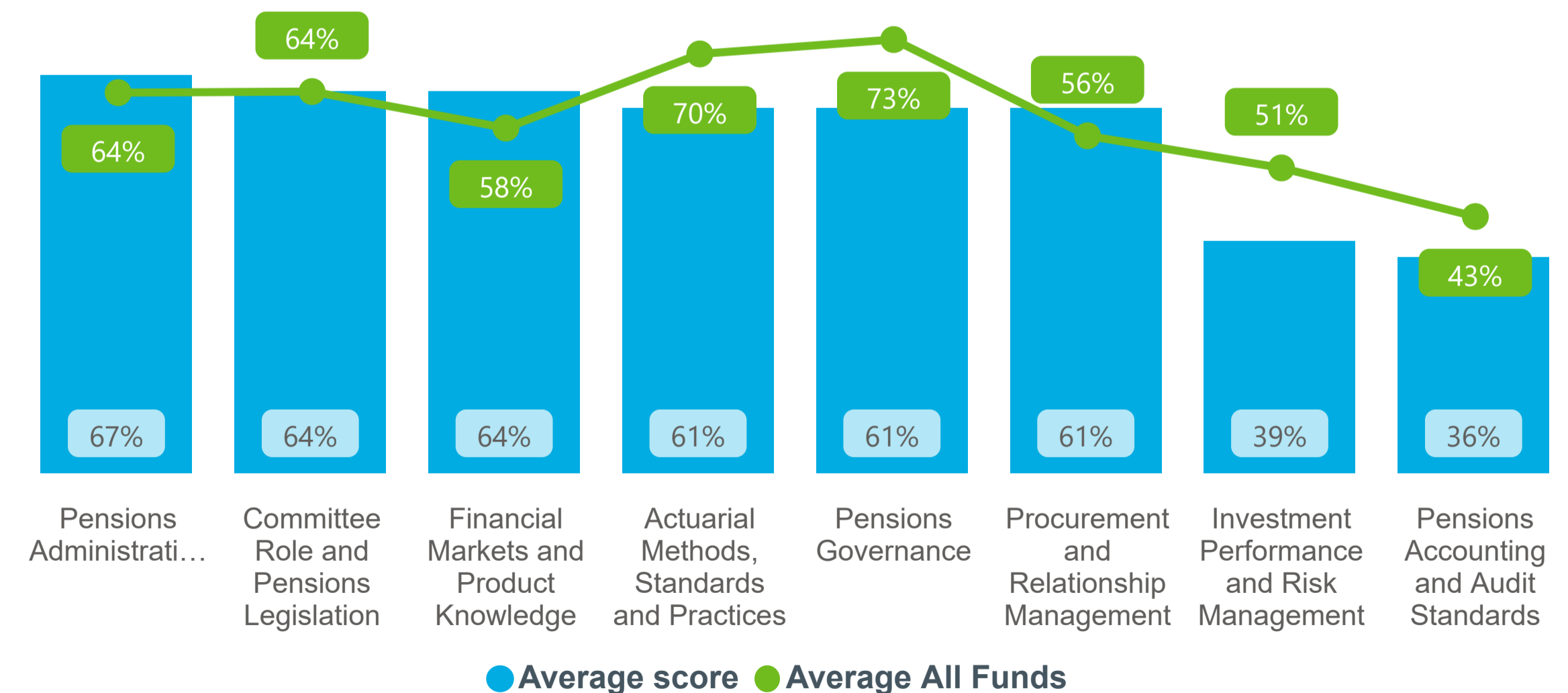
The intention is that training plans and/or timetables can be tailored to focus on the areas of least knowledge, whilst ensuring the Committee and Board maintain the high level of knowledge in the stronger areas.

- It’s pleasing to see that the areas of Pensions Governance and Actuarial Methods, Standards and Practices scored well for the Committee.
- It’s clear that there are some areas where knowledge levels are lower than hoped for, and these areas of Pensions Administration and Pensions Accounting and Audit Standards would be a sensible focus of training for the Committee.
- Similarly, from the Board chart it can be seen that the highest scoring areas were Pensions Administration and Financial Markets and Product Knowledge.
- The Scores between London Borough of Croydon Pension Fund and all other Funds diverged the most in the Investment Performance and Risk Management, when the Average All Funds was 12 % higher than Average score.
- Across all sections, London Borough of Croydon Pension Fund Board score ranged from 36 % to 67 % and the average for all other funds ranged from 43 % and 73 %.

Pension Committee Average vs. Average All Funds



Pension Board Average vs. Average All Funds



Commentary on results

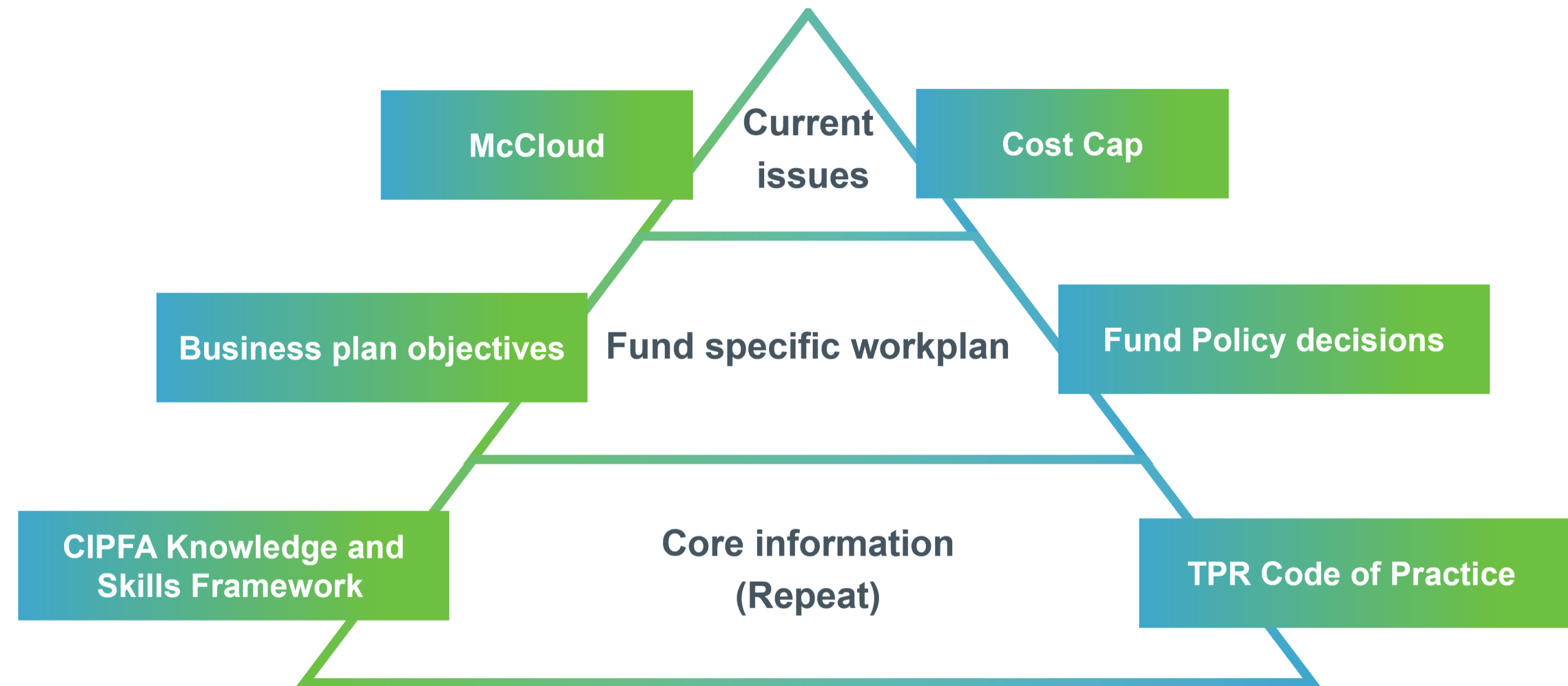
It's encouraging that 17 participants from your Fund took part in the assessment. Overall, the results were positive and it's clear that there are areas of greater knowledge levels as well as areas in which knowledge should be developed over time.

We would fully expect there to be gaps in the knowledge of all members, no matter their role on the Committee/Board, their tenure or indeed their background in terms of pensions experience.

The most important thing to emphasise is that not everybody needs to be an expert in all areas, rather there should be a spread of knowledge across your Committee and Board which is supported by advice from officers and professional advisors.

Just as important as gaining the relevant knowledge and understanding expected of a Pension Committee or Board, is the application of that knowledge and understanding, including the utilisation of an individual's own background and perspective.

Many funds have implemented training plans that follow the pyramid diagram of LGPS training areas. Fundamentally, a plan based on this example pyramid would provide a LGPS fund with a robust training program for its Committee and Board.



Committee

The results show that Pensions Governance and Actuarial Methods, Standards and Practices have the highest levels of knowledge. But the areas to focus any specific training on might be Pensions Accounting and Audit Standards for the Committee. Across all funds, the lowest scoring area was Pensions Accounting and Audit Standards.

In general, the Committee's performance relative to all other committees was weak.

When looking at the benchmarking results against the other participating funds, the Committee ranked 16 out of 16 Funds' Committee results.

Local Pension Board

The results show that Pensions Administration and Financial Markets and Product Knowledge have the highest levels of knowledge, but the areas to focus any specific training on might be Pensions Accounting and Audit Standards for the Board.

Across all funds, the lowest scoring area was Pensions Accounting and Audit Standards. The Board's performance relative to all other committees was weak. In terms of benchmarking results against the other participating funds, the Board ranked 13 out of 16 Funds' Board results.

The next step would be to try and develop the knowledge of the lower scoring areas. You might already have a training plan in place, in which case you could use these results to tailor the specific training and with the knowledge of these results, ensuring it aligns with your priorities.

Further Analysis

In order to gain further insight into the knowledge and understanding, the questions posed covered 3 distinct areas. These were:

- **Technical** – 66% of questions
- **Decision Making** – 17% of questions
- **Roles and responsibilities** – 17% of questions

The purpose of this was to drill deeper into the collective understanding of these categories, and to provide further analysis on which areas to target when creating training plans. The following chart shows the average score for each of these sections, for the Committee and Board combined.



From this chart, the lowest scoring area was Decision Making. Bearing this in mind, a particular focus could be put on this over the coming months.

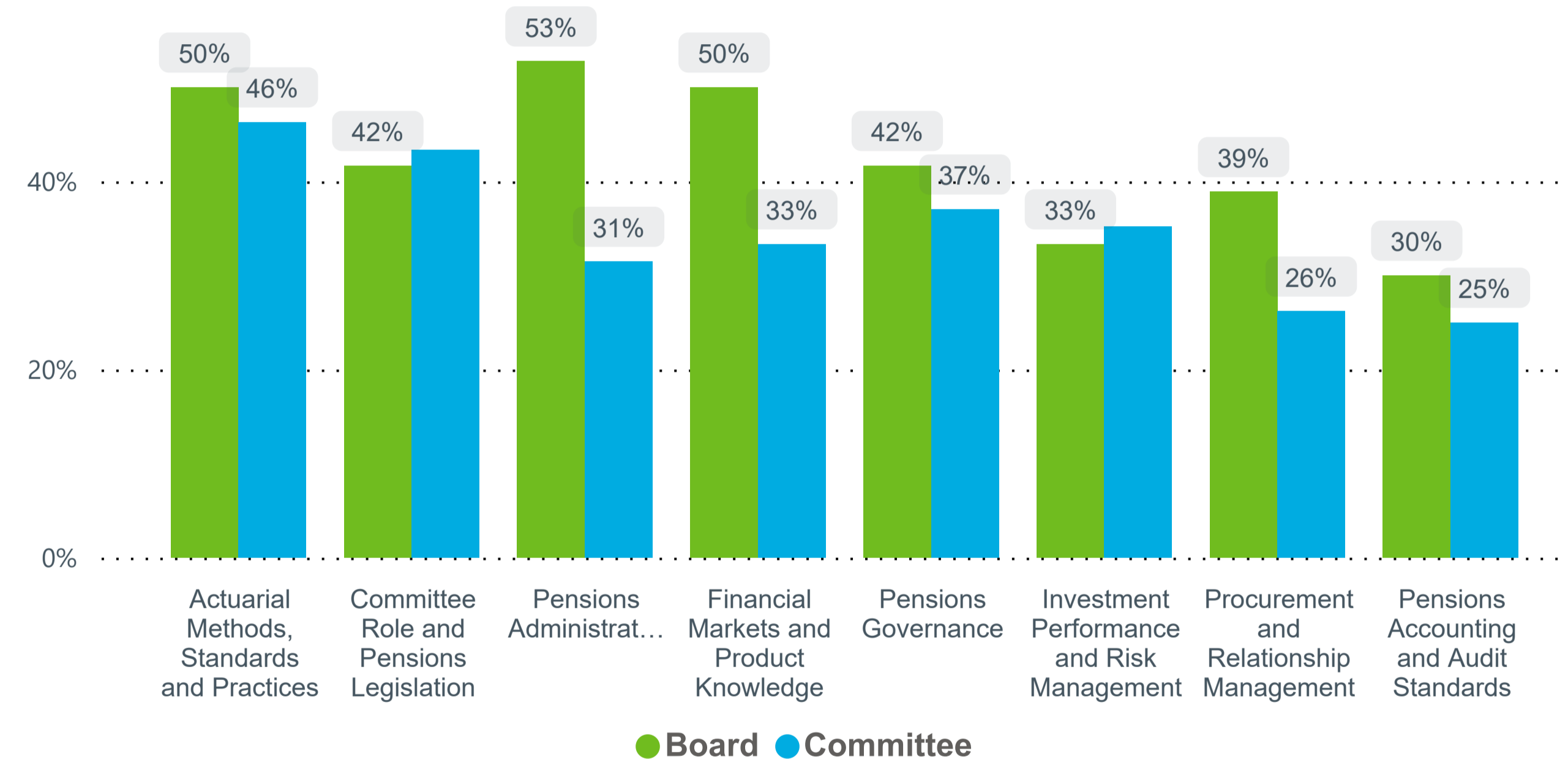
Some next steps to consider are:

Decision making – A review of the Fund's decision-making procedures, and updating/creating a decision-making matrix, and sharing this with the Committee and Board to ensure visibility of the role of each group in across a broad spectrum of potential decisions.

Roles and responsibility – A specific training session covering the roles and responsibilities of different parties covering different points in the annual cycle of the Fund. This could include preparation of annual report, annual benefit statements, business planning and investment performance reviews for example. It would also be good to cover more niche topics such as the IDR process, review of suppliers and cyber risk.

Technical – below, we have also included more detail on the technical questions, as these made up the majority of questions in the assessment.

Average Score by Section (Technical Questions)



Pensions Accounting and Audit Standards was the lowest scoring section when looking at just the technical questions. This may be an area which is prioritised in terms of more technical training over the coming months.

Engagement

One of the key areas that we recommend funds focus on is Committee and Board training engagement.

With the ever-increasing pace of change in the pensions and investments world, member engagement is critical to maintaining strong collective knowledge. There is an expectation that they need not only be willing, but keen to develop their knowledge and understanding across the raft of topics upon which they will need to make, or ratify, decisions.

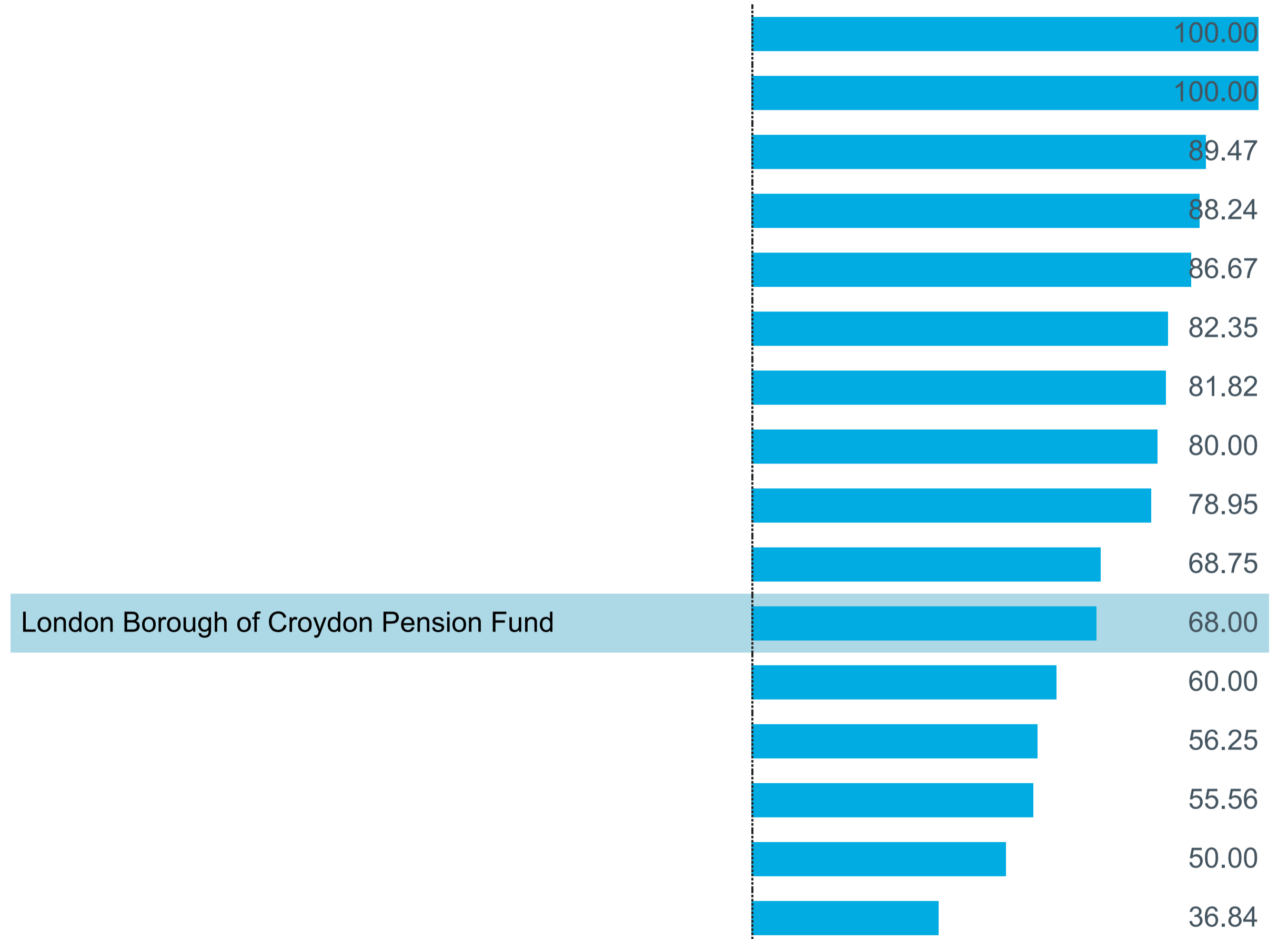
One measure of the engagement of members is their willingness to participate in training. As such, we have used the participation level of this survey to measure the engagement of your Committee and Board members.

The chart below shows the breakdown of the total number of participants from the London Borough of Croydon Pension Fund, as a proportion of those who could have responded.

Role	Participants	Total Number	2022 Participation Rate
Board	6	6	100%
Committee	11	19	58%

Fund

2022 Overall engagement



Engagement

That 17 participants from your Fund took part in the assessment is highly encouraging. With the number of changes to the LGPS in recent years, it is vital that Committee and Board members remain abreast of the latest developments and feel confident that they have the knowledge required to make the decisions required of them.

Their level of engagement is a key driver of this. Overall engagement seems to be at a expected level; however, it is important to maintain this, particularly in the current climate where face-to-face meetings and delivery of training sessions might be in Hybrid format for some time to come.

One of the biggest challenges in this area is how to improve engagement. The move to online learning and tackling topics in bitesize chunks can help.

The way in which information is shared with the Committee and Board can also promote engagement.

There have been moves by some funds to issuing short timely bulletins and newsletters to increase training knowledge and engagement, which we very much encourage.

Training Feedback from Participants

One of the final sections of the survey asked participants to indicate which topics they would like to receive training on.

There was a list of options available, covering a broad spectrum of the topics we believe are most relevant to allowing Committee and Board members to effectively perform their roles. Members were also given the option to indicate any other areas in which they would benefit from further training.

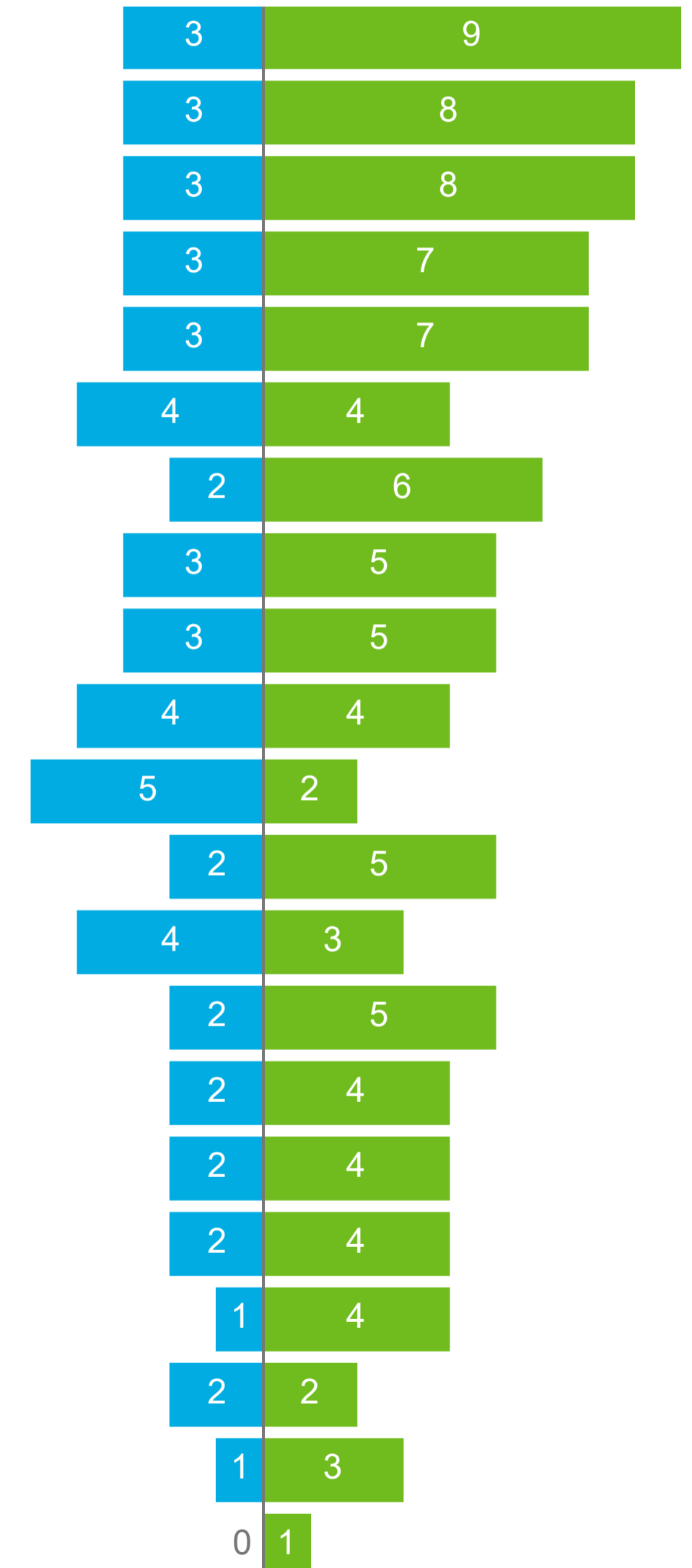
The table on the right summarises the areas in which members indicated training would be beneficial.

A suggested training plan is shown on the next page.

Training requirements

● Board ● Committee

Committee Role and Pensions Legislation	3	9
Pensions Governance	3	8
The Pensions Regulator Code of Practice	3	8
Good Governance	3	7
Investment Performance and Risk Managem...	3	7
Environmental, Social and Governance / Res...	4	4
Levelling up and impact investing	2	6
LGPS Code of transparency	3	5
McCloud impacts	3	5
Pension Dashboards	4	4
Cyber security	5	2
Financial Markets and Product Knowledge	2	5
Pension Scams	4	3
Pensions Administration	2	5
Pensions Accounting and Audit Standards	2	4
Section 13	2	4
Task Force on Climate-related Financial Discl...	2	4
Actuarial Methods, Standards and Practices	1	4
Illiquid asset training	2	2
Procurement and Relationship Management	1	3
I don't require further training	0	1



Training plan

Based on the results from this assessment, we have prepared the adjacent draft 'core' training plan which you may wish to adopt.

This has been prepared based on the overall scores of the Board and Committee combined.

The intention is to make the planning and delivery of these sessions more efficient for the Fund.

You may want to create separate plans for the Board and Committee - further *tailoring* the training plan to their distinct priorities.

We would be happy to discuss the options for delivery of any of these training sessions. Hymans can support in the preparation of this suite of sessions.

As detailed on the page '**Commentary on results**', we recommend that training plans include elements on:

- Core information
- Fund specific workplan
- Current issues / Hot topics

The key output for your Fund is to have a clear training plan and the delivery dates (or delivery vehicle i.e. training paper) set aside for these sessions.

Feedback from participants

We also asked the participants to provide comments on the areas they would most appreciate training in. Based on these comments, the most requested areas for training were Committee role and Pension Governance.

More detail is shown in the chart on the previous page.

Training Plan - London Borough of Croydon Pension Fund January 2023 to June 2024

<p>Q1 2023</p> <p>Core topic: Accounting & Audit Standards</p> <p>Providing a general understanding of the Accounts and Audit Regulations and the role of internal and external audit</p> <p>Hot Topic: TCFD, 2023 Valuation conclusion and Fund business plan session</p>	<p>Q2 2023</p> <p>Core topic: Investment Performance</p> <p>Providing a general understanding of the relationship between assets and liabilities, the Myners principles and the structure, operation and purpose of investment pooling arrangements</p> <p>Hot Topic: Good Governance (expected in this quarter) and McCloud remedy</p>
<p>Q3 2023</p> <p>Core topic: Procurement & Relationship</p> <p>Providing a general understanding of the public procurement requirement as they apply to the LGPS, and how performance of suppliers can be monitored</p> <p>Hot Topic: Pension Dashboard, Cyber security and Levelling update agenda</p>	<p>Q4 2023</p> <p>Core topic: Administration</p> <p>Providing a general understanding of best practice in pensions administration, together with Fund policies, resource and discretionary powers</p> <p>Hot Topic: Pension scams</p>
<p>Q1 2024</p> <p>Core topic: Actuarial Methods</p> <p>Providing a general understanding of the role of the Fund actuary and the formal valuation process (including the FSS and inter-valuation monitoring) and the treatment of new and ceasing employers (including employer covenant)</p> <p>Hot Topic: Cost transparency</p>	<p>Q2 2024</p> <p>Core topic: Financial Markets and Product</p> <p>Providing a general understanding of the risk and return characteristics of the main asset classes, the workings of the financial markets and available investment vehicles and the importance of the Fund's ISS and investment strategy decisions</p> <p>Hot Topic: Good Governance (update)</p>

Next Steps

Based on the results, we would suggest that there should be consideration to the following next steps:

- This report should be **reviewed** by the Fund's officers and results shared with the Committee and Board.
- Set up a **structured training plan** or adjust the existing training plan for the next 18 months covering the main areas highlighted in this report.
- Plan for the **delivery** of training over the immediate 6-month period following these results and communicate that intention with the Committee and Board.
- Consider the most **pressing** training requirements in the coming months. Importantly, look at the **frequency** of training engagement with your Committee and Board.
- **Assess** the tools available to the Fund to assist with training, and whether any new methods should be deployed.
- Consider ways of **maintaining** and **increasing** the engagement of both the Board and Committee. This could include providing them with more information, training materials, briefing notes etc.
- Ensure that the Fund's training strategy is up to date and **appropriate** for purpose.

We will be producing a national LGPS report on the results of these assessment, which will aid Scheme Advisory Board LGPS training discussions.

A copy of this will be made available to the Fund when that report is complete.

If you wish to discuss the contents of this report further, please get in touch.

Prepared by Hymans Robertson LLP.

Andrew McKerns



Senior LGPS Governance, Administration and Projects (GAP) Consultant

Alan Johnson



LGPS Governance, Administration and Projects (GAP) Consultant

Reliances and Limitations

This report has been prepared for the London Borough of Croydon Pension Fund.

This report must not be released or otherwise disclosed to any third party except with our prior written consent, in which case it should be released in its entirety.

Hymans Robertson LLP do not accept any liability to any party unless we have expressly accepted such liability in writing.

This report has been prepared by Hymans Robertson LLP, based upon its understanding of legislation and events as of November 2022.



Croydon Training Activity and Training Plan

Pension Committee paper 19 March 2024

This paper sets out details of the Fund's Training Plan for 2024/25 for approval by the Pension Committee. It also includes a summary of the discussion on training from the December 2023 Pensions Committee, some details on wider developments in the LGPS in this area, and analysis undertaken by Aon relating to the training requirements for the London Borough of Croydon's Pension Fund ("the Fund") for 2024/25.

At a glance...

Fund Officers asked Aon to:

1. Assist with developing a Training Plan for 2024/25 – this is provided below, and the Pension Board considered it at their January 2024 meeting. This includes training on the key "hot topics" expected to require Committee and Board attention over 2024/25, such as the Pensions Regulator's new General Code of Practice.
2. Review the results of the National Knowledge Assessment provided to the Fund in December 2022. For Pension Board members the results of the assessment suggest refresher training is needed on 4 of the 8 CIPFA competency areas, for Pension Committee members refresher training is required in all competency areas. Training to address these particular areas of gaps in knowledge is already readily available on the Fund's online platform LOLA, which members have access to at any time that is convenient to them to use.

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Why bring you this paper?

This paper sets out Aon's analysis of training requirements for the Fund and sets out a number of recommendations in this area as well as the Training Plan for 2024/25 for approval.

Next steps

The Committee is asked to:

- Consider the areas raised in this paper, and
- Approve the Training Plan for 2024/25.

Prepared for: Pension Committee, LB of Croydon Pension Fund
Prepared by: Mary Lambe, Laura Caudwell and Kemba Cupid-Walker, Aon
Date: 28 February 2024

We also set out comments shared by Pension Committee members on this subject at the Pension Committee meeting held 12 December 2023. The Pension Committee is asked to consider the information set out in this paper and approve the 2024/25 Training Plan.

Introduction

The Chartered Institute of Public Finance and Accountancy's (CIPFA) Knowledge and Skills Framework 2021 states that "Governance can be defined as a combination of the process of decision making, the means by which strategies and policies are decided, how those are implemented and delivered, and continuously monitoring the outcomes, including understanding the inherent risks." The importance of training and appropriate knowledge and skills for Pension Boards, Pensions Committees and Senior LGPS Officers to ensure that governance is effective is becoming increasingly evident. This is clear in the recommendations of the Scheme Advisory Board's (SAB) Good Governance Review (2021) as well as reference to Training / Knowledge and Skills Policies in the recent Department of Levelling Up, Housing and Communities (DLUHC) LGPS Pooling Consultation (which closed October 2023), as well as requirements of the new TPR General Code of Practice and those laid down in the LB Croydon Members Handbook, Section 7.1 page 88 which states:

7.1 Expectations and opportunities

In addition to attending the Member Induction programme, Members are expected to take part in ongoing learning and development activities throughout their term of office, in order to:

- *attend essential training, as required by the Member Code of Conduct;*
- *keep up to date with new insights, legislation and changes to policy and practice;*
- *build up networks and awareness of good practice from elsewhere in the country to inform the Council's continuing improvement.*

Members of some Committees (e.g Planning, Licensing, Audit, Pensions) are required to attend training to enable them to carry out their roles.

There are a number of strands to managing and delivering training for all LGPS Funds. The CIPFA Knowledge and Skills Framework 2021 refers to "the need to have in place **formal and comprehensive objectives, policies and practices, strategies and reporting arrangements to effectively acquire and retain LGPS knowledge and skills** for those in the administering authority responsible for management and decision making".

Aon was asked to consider the training needs of the Fund's Pension Committee, Pension Board and Senior Officers for 2024 with specific requirements to:

- Review the findings of the biennial National Knowledge Assessment (report dated December 2022) which the Fund took part in during 2022. (See appendix A provided as a separate document).

- Consider relevant hot topics and emerging areas of training required and update the Fund training plan in 2024/25.
- Consider how training is undertaken and in particular the engagement with the Fund's online platform, LOLA.

In addition, a discussion took place at the Pension Committee's last meeting on 12 December 2023 about training and Aon has provided some observations relating to the areas raised in the paper below.

There are a number of recommendations which Aon suggests the Committee considers in order to progress this area further.

December 2023 Pension Committee discussion

At the December 2023 Committee meeting there were a number of items raised by Committee members.

Areas covered

Discussion regarding training activity took place including:

- A request for greater clarity on how information on external training is recorded and who should receive updates. Officers confirmed they provide this information regularly at Committee and Board meetings and via reports.
- The Online Training Platform (LOLA) viewed as less relevant by some Members who feel they have sufficient induction type training and LOLA viewed as difficult to access for those with less proficient IT skills. Officers are currently working with Aon and Hymans to take this forward.
- Concern over 'blanket approach' and keen to explore mapping exercise to ensure existing knowledge noted. Training Needs Analysis exercise suggested (mentioned individual conversations and scheduling training around those requirements).
- Discussed notice given and challenges of juggling training with other commitments. Officers have confirmed they always endeavour to give members as much notice as possible of upcoming training events. On occasion events may arise at short notice; Officers will try to offer these events to members if they are of benefit but recognising prior planned commitments may prevent take up of these opportunities.

Recommended action

Consider these items as part of training related activity in 2024/25 but recognise that some of these are member actions.

Wider Knowledge and Skills Developments

There has been recent activity at national level and developments expected in the coming months relating to knowledge and skills which are summarised below.

TPR New General Code

The Pensions Regulator (TPR) published its new General Code of Practice on 10 January which has now been laid in Parliament. It replaces the Code of Practice (no.14) for public service pension schemes (PSPSs) and is expected to come into force on 27 March 2024. This new merged Code contains 51 modules within 5 sections with many areas that were not in the existing PSPS Code of Practice (no.14). A lot of these modules include areas relating to legal requirements that must be adhered to whilst other areas are good practice. There are requirements in this new Code in modules under the section 'Knowledge and Understanding Requirements'. LGPS funds should now be planning how they will assess their compliance with this Code. Officers are reviewing details of compliance assessment tools which are being developed by advisory firms to determine the appropriate approach to assessment of the new Code.

LGPS Pooling Consultation

The Department of Levelling up, Housing and Communities (DLUHC) issued its response¹ to the LGPS (England and Wales): Next steps on investment consultation which took place last summer. In that response Government stated they will implement a requirement in guidance for administering authorities to set a training policy for pensions committee members and to report against the policy.

LGPS Good Governance Recommendations and updated DLUHC Statutory Governance Guidance

The Scheme Advisory Board (SAB) provided DLUHC with recommendations from its Good Governance project in February 2021. Aon understands these are being taken forward by Government including the recommendation 'D1 - Introduce a requirement in the Guidance for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively'. SAB's Compliance and Reporting Committee which Aon attend have a workstream covering this area. It is anticipated they will consider any new knowledge and skills requirements

¹ See <https://www.gov.uk/government/consultations/local-government-pension-scheme-england-and-wales-next-steps-on-investments/outcome/local-government-pension-scheme-england-and-wales-next-steps-on-investments-government-response> for more details.

emerging from DLUHC as part of any new Statutory Governance Guidance (expected to be consulted on in spring/summer 2024).

Recommended action

Consider developments set out above (and any other developments) when updating Fund training plans and documentation and training activity in 2024/25.

Training activity analysis

The section details Aon’s assessment of the Fund’s training activity.

National Knowledge Assessment

We were asked to review the findings of the LGPS National Knowledge Assessment which the Fund took part in during 2022 to identify any training requirements which emerged from the findings. The Fund was one of 16 LGPS funds which took part in the exercise, where the responses of Board and Committee members determine a score for the Fund against the CIPFA eight core technical areas. These areas include:

- pensions legislation and guidance
- pensions governance
- funding strategy and actuarial methods
- pensions administration and communications
- pensions financial strategy, management, accounting, reporting and audit standards
- investment strategy, asset allocation, pooling, performance and risk management
- financial markets and products
- pension services procurement, contract management and relationship management.

We have summarised the findings of the 2022 report below. We suggest that any areas where knowledge levels scored below 50% for either the Board or the Committee are included as part of the 2024/25 Training Plan to ensure they are addressed. We also suggest that any areas where the Board or the Committee is below the average level of knowledge are also included as part of the 2024/25 Training Plan.

The table below sets out in red areas where knowledge levels are below 50% and in amber areas that are below the survey average. These are the areas we suggest form part of the 2024/25 Training Plan.

Croydon Fund’s National Knowledge Assessment Findings 2022

	Board	Average Board
Pensions Accounting and Audit Standards	36%	43%
Investment Performance and Risk Management	39%	51%
Pensions Governance	61%	73%

What is the National Knowledge Assessment?



The LGPS National Knowledge Assessment is a report provided by Hymans Robertson to provide insight into the knowledge and skills of the Fund’s Committee and Board and give the Fund a ‘sense check’ of its position against other participating funds.

In 2022 the Fund took part alongside 15 other Funds and the findings were reported in December 2022.

	Board	Average Board
Actuarial Methods, Standards and Practices	61%	70%
Procurement and Relationship Management	61%	56%
Financial Markets and Product Knowledge	64%	58%
Committee Role and Pensions Legislation	64%	64%
Pensions Administration	67%	64%

Source: National Knowledge Assessment Report December 2022

	Committee	Average Committee
Pensions Accounting and Audit Standards	24%	33%
Pensions Administration	29%	49%
Procurement and Relationship Management	30%	50%
Investment Performance and Risk Management	39%	46%
Committee Role and Pensions Legislation	41%	48%
Financial Markets and Product Knowledge	45%	61%
Actuarial Methods, Standards and Practices	47%	57%
Pensions Governance	58%	62%

Source: National Knowledge Assessment Report December 2022

Recommended action

That the Fund ensures all current Committee Members, Reserve Committee Members and Board Members obtain training in areas highlighted as red and amber above, through the LOLA Online Training Platform.

Delivery of training

Training can be delivered in a number of ways. The main ways for the Fund include internally in advance of Board and Committee meetings; training from Advisors, London CIV, and fund managers; and through the Online Training Platform (LOLA) as well as external events. We set out more on these final two areas below.

Online Training Platform

In December 2023's update to the Committee on training it was confirmed that only 1 Committee member and no Reserve Committee members have completed or started the modules on the on-line training platform (LOLA). 3 of the 6 Board members had started or completed training to 30 December 2023. Login details were re-sent by Hymans and reminder emails were sent by officers to all members encouraging engagement.

Aon suggests the Fund consider alternative ways of supporting Members with the learning platform. For example, bringing the Committee and Board members who need to complete modules together (in person) to run a session (potentially 1/2 day) with the aim to improve the completion rate and improve knowledge and skills. We understand LOLA is likely to be updated ahead of April 2024 so suggest setting a date after April 2024 for this session to ensure you are using the latest release on the platform would be best. This date will be shared by Fund Officers with members of the Committee and Board in due course. Officers and Aon are currently working together to review how LOLA can be used in a more targeted way to better relate to the individual needs and knowledge levels of members.

Recommended action

To bring the Committee and Board members who need to complete LOLA modules together (in person) to run a session (potentially ½ day after April 2024) with the aim to address the knowledge gaps identified in the National Knowledge Assessment and to familiarise members with the functionality and content of the online training provision. Date to be provided by Officers in due course.

External events

The Fund does share details of external events (training and conferences) with Committee and Board members. We have added these to the Training Plan. Members are regularly made aware that they need to notify Fund Officers of all training they have undertaken, including any training they undertake which they have sourced independently/ externally to that offered by the Fund.

Members are made aware via the training plan, reports and email updates of which training events are compulsory and which events are optional for them, to attend.

Recommended action

Members to ensure Fund officers are notified of all training they undertake in order for it to be added to the Fund training log.

Induction Training

It is important that Democratic Services keep Fund Officers advised of new appointments to the Committee in order that Fund induction training can be provided as soon as possible.

Recommended action

Fund Officers to ask Democratic Services to ensure early notification of changes to membership of the Committee to Pension Officers.

Knowledge and Skills Policy

The latest Knowledge and Skills Policy was approved by the Committee in 2020 (with a 2022 update to reflect CIPFA's latest Framework and Code). Aon has reviewed the document and made some suggested changes for Officers to consider at the next review.

Recommended action

Consider updating this Policy for review by the Board and then approval by the Committee in due course.

2024 Training Plan

Below we have set out a training plan covering internal training including hot topics and key areas for the Fund in 2024/25 as well as external events available to Committee and Board members.

All Committee and Board members are expected to complete the Online Training Platform modules in LOLA as part of the Fund's Training Plan. Members are expected to attend the internal training sessions. If they cannot join the event on the day, either remotely or in person, they will be sent a recording of the session that they can view at a time most convenient to them. They will need to confirm that they have viewed it so that it can be recorded on the training log.

The Pension Committee is asked to approve the 2024/25 Training Plan for the Fund.

Internal Training - Hot topics/awareness

Title of session	Training content	Suggested date	Audience	Additional comments
Conflict of Interest Training	Cover the requirements of the recently approved Fund wide Conflict of Interest Policy	19 March 2024 – ahead of Pension Committee meeting (all Board members to be invited)	Committee, Board, Senior Officers	This session needs to take place to ensure everyone is aware of their responsibilities relating to Conflict of Interest
Equality, Diversity and Inclusion	Cover requirements of new TPR guidance in this area (March 2023) and expected aspects of new TPR Code	11 April 2024 – ahead of Pension Board meeting (all Committee members to be invited)	Committee, Board, Senior Officers	This session is needed to assist everyone in understanding their responsibilities under the guidance and to enable plans to be agreed to address these requirements.
New TPR General Code (expected January 2024)	Consider the requirements of the new Code and what actions are needed to assess and demonstrate compliance	May 2024 –stand-alone session exact date to be confirmed	Committee, Board, Senior Officers	Aon offered a free webinar (January 2024) to give an overview of new Code. We suggest the Board in particular have a more in-depth consideration of the requirements (and sit alongside the LOLA updates in this area).

Title of session	Training content	Suggested date	Audience	Additional comments
All outstanding LOLA Online Training modules	Hold a ½ day in person session for all those who haven't completed LOLA sessions to do so	<i>TBC</i> – Suggest after April 2024	Committee and Board	Would need own laptop / device to run through their account to ensure credit awarded but suggested training is lead.
LGPS Pooling and Private Debt	Looking at changes emerging from the recent consultation due to take effect in 2025	11 June 2024 – ahead of Pension Committee meeting (all Board members to be invited)	Committee, Board, Senior Officers	This will be delivered by the will be delivered by the London CIV.
Cost Management Process Update	Update on this Cost Management process	25 July 2024 – ahead of Pension Board meeting (all Committee members to be invited)	Committee, Board, Senior Officers	To understand the requirements of Regulation 116 of the LGPS Regulations 2013 and SAB Cost Management Process to keep the costs of providing benefits within the target cost.
Task Force on Climate-related Financial Disclosures / Carbon Foot printing	Expecting LGPS requirements to come into force in 2024	17 September 2024 – ahead of Pension Committee meeting (all Board members to be invited)	Committee, Board, Senior Officers	To assist with reviewing the Responsible Investment Policy and setting a carbon net zero target.
Pensions Dashboards	Share requirements of Dashboards and work required ahead of implementation in 2025	17 October 2024 – ahead of Pension Board meeting (all Committee members to be invited)	Committee, Board, Senior Officers	To ensure requirements for Pensions Dashboards are shared with the Board and Committee.
Business Planning	Ensuring clear understanding of TPR Code and Good Governance requirements	10 December 2024 – ahead of Pension Committee meeting (all Board members to be invited)	Committee, Board, Senior Officers	To satisfy the requirements of the TPR Code and SAB Good Governance Review in ensuring the Committee and Senior Officer make sure adequate resourcing is available to deliver the Fund Business Plan.
Scams/Fraud	Ensuring clear understanding of requirements in this area	16 January 2025 – ahead of Pension Board meeting (all Committee members to be invited)	Committee, Board, Senior Officers	To give members an insight into existing and new requirements, particularly as detailed in the TPR General Code.
Valuation Training	Training ahead of the 2025 Triennial Valuation	18 March 2025 – ahead of Pension Committee meeting (all Board members to be invited)	Committee, Board, Senior Officers	To set out the requirements of the triennial valuation as at 31 March 2025.

Please note that other training items may be provided in addition to the above as required particularly relating to Investment and Funding matters.

External events

Title of event	Overview of expected content	Expected Date	Audience	Additional comments
PLSA Local Authority Conference (Gloucestershire)	See Local Authority Conference PLSA	11-13 June 2024	Committee, Board and Senior Officers	
CIPFA Board event	Details not yet available	Normally May	Board members	Networking and engagement event on hot topics for Board members
LGC Investment Autumn (Leeds)	Details not yet available	Normally September	Committee, Board and Senior Officers	
LGA Fundamentals training (London and virtual)	Details not yet available – 3-day induction session	Normally October and November	Committee, Board and Senior Officers	Recommended for new joiners or those needing refresher training depending on knowledge and skills analysis results.
LGA Annual Governance Conference (Bournemouth and Virtual)		30-31 January 2025	Committee, Board and Senior Officers	
LGC Investment Seminar (Carden Park)		Mid-March March 2025 – dates to be confirmed	Committee, Board and Senior Officers	

Please note that other external events will take place and be added as they become available.

Recommended actions

Summary of the actions set out above.

Summary of actions

Area	Recommendation
Bring core technical areas knowledge up to date for all Members	That the Fund ensures all current Committee Members, Reserve Committee Members and Board Members obtain training in areas highlighted as red and amber from National Knowledge Assessment, through the LOLA Online Training Platform,
National developments in knowledge and skills	Consider national developments when updating Fund training plans and documentation and training activity in 2024/25.
Training Plan	Agree 2024/25 Training Plan.
Online Training Platform (LOLA)	To bring the Committee and Board members who need to complete LOLA modules together (in person) to run a session (potentially 1/2 day after April 2024) with the aim to address the knowledge gaps identified in the National Knowledge Assessment and to familiarise members with the functionality and content of the online training provision.
Induction Training	Fund Officers to ask Democratic Services to ensure early notification of changes to membership of the Committee to Pension Officers.
Knowledge and Skills Policy Update	Consider updating this Policy for review by the Board and then approval by the Committee in due course.
From Pensions Committee feedback	<ul style="list-style-type: none"> ▪ Consider how to get the most engagement by Members with the Online Training Platform (LOLA). ▪ Concern over 'blanket approach' and keen to explore mapping exercise to ensure existing knowledge noted. Training Needs Analysis exercise suggested (mentioned individual conversations and scheduling training around those requirements). This should be carried out after the completion of the required LOLA modules as that will address many of the knowledge gaps already identified in the National Knowledge Assessment.

Appendix A – National Knowledge Assessment Report 2022

Provided as a separate PDF document.



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LONDON BOROUGH OF CROYDON

REPORT:	Pension Committee	
DATE OF DECISION	19 March 2024	
REPORT TITLE:	Pension Committee Training Update	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury	
CONTAINS EXEMPT INFORMATION?	NO	[Public]
WARDS AFFECTED:	N/A	

1. SUMMARY OF REPORT

- 1.1 This report shows a record of training undertaken by the Pension Committee members in Year 2023/24 to 20 February 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 January 2024 attached to this report as Appendix B

2. RECOMMENDATIONS

Each Pension Committee 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 16 training events open to one or more members of the Committee in the current year to 20 February 2024, Mercers ESG session, SAB Code of Transparency, PLSA LGPS Conference, LGA Fundamentals Day 1 In Person, PLSA Annual Conference, Cyber Training, SPS LGPS Sustainable Investment , LGA Fundamentals Day 1 On-line, LGA Fundamentals Day 2, In Person, Cyber Security and Data Protection Summit, LGA Fundamentals Day 2 On line Person,. LGA Fundamentals Day 3 In person, LGA Fundamentals Day 3 On line, Investment Training, LGA Governance Conference and CIV Fixed Income Session.
- 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 1 Committee member and no Reserve Committee members have completed any of the modules and 1 Committee member and no reserve Committee members have 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 useful source of information and Members are asked to log in and look at the material available on this resource.

- 4.10** In line with the training plan being presented to 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. CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1** Ensuring regulatory compliance, good stewardship and best practise are applied to the Council's Pension Fund.

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 Andrew Lord, Interim Finance Consultant on behalf of Allister Bannin, the Director of Finance. (Date 06/03/2024)

7.2 LEGAL IMPLICATIONS

7.2.1. Burges Salmon LLP (a legal advisor appointed to the Pension Fund) note that the Pension Committee's Terms of Reference (London Borough of Croydon's Constitution Part 4.N) Paragraph 7. Knowledge and Understanding provides that: Members of the Committee are expected to continually demonstrate their own personal commitment to training and to ensure that governance objectives are met. To assist in achieving these objectives training sessions will be organised to ensure Committee members are familiar with the rules of the Fund with relevant legislation

7.2.2. In addition, similar training and knowledge obligations are placed on the Local Pension Board members ("**LPB Members**") both under the Public Service Pensions Act 2013 Schedule 4 Clause 19 amendment of the Pensions Act 2004 and as detailed in Part 4 M of the Constitution which provides, among other matters, that both Employer and Employee representatives participate in training as and when required. In addition, section 12 of Part 4M specifically deals with training requirements and provides as follows:

12.1. Employer and Member Representatives (including substitutes) of the LPB must be conversant with

A The legislation, Scheme Regulations and associated guidance of the LGPS

B Any document recording policy about the administration of the LGPS (which is for the time being adopted by the Fund).

12.2. All members of the LPB must have a working knowledge and understanding of:

a. The law relating to pensions, and

b. Any other matters which are prescribed in Scheme Regulations

12.3. It is for the Scheme Manager (this is the Administering Authority) to be satisfied that those appointed have the appropriate degree of knowledge and understanding to enable them to properly exercise their functions as a member of the LPB or Committee

12.4. In line with the duties under their role, the LPB and Committee members are required to be able to demonstrate their knowledge and understanding and to refresh and keep their knowledge up to date on anything that would fall within the remit of their role. Members are therefore required to maintain a written record of all relevant training and development (whether internal or external) they have undertaken. If members wish to attend an external course/training event prior approval must be sought from the Scheme Manager. All information in relation to training and development of all members shall be made available to the Board and Committee as part of the Review Process. In addition, the Scheme Manager may, at any time request to inspect such records upon

providing the relevant member with a written request which must be adhered to within 7 days of receipt of such a request.

12.5. All members will undertake an annual personal training needs analysis and regularly review their skills, competencies and knowledge to identify gaps or weaknesses as well as mandatory training that the Board or Scheme Manager considers is required to ensure the Board and Committee operates as effectively as possible. Members will comply with the Scheme Manager's training policy, details of which are found in the separate document titled "London Borough of Croydon Pension Fund Knowledge and Skills / Training Policy".

7.2.3. Burges Salmon LLP also note that the Pensions Regulator brings into effect the General Code of Practice this month. The General Code does have application to public service pension schemes (including the LGPS) although not in all areas (for example not in areas of funding or investment). However, the General Code does apply to knowledge and understanding requirements (see pages 25 – 33 of the General Code in particular). Undertaking training, evidencing training and having a training plan will support the Committee in evidencing compliance with the General Code.

7.2.4. Comments approved by Burges Salmon LLP. (Date 06/03/2024)

7.3 EQUALITIES IMPLICATIONS

7.3.1. The Council has a statutory duty to comply with the provisions set out in Sec 149 of the Equality Act 2010. The Council must therefore have due regard to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.3.2. There are no equality implications arising from this report. Any training developed will be accessible to support committee members. Due regard will be made in cases where persons have a disability, with reasonable adjustments made for access to the training where necessary.

7.3.3. Comments approved by Felisha Dussard, Senior Communities Officer on behalf of Helen Reeves, Head of Strategy & Policy. (Date 04/03/2024)

7.4 HUMAN RESOURCES IMPACT

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

7.4.2. Comments approved by: Dean Shoesmith, Chief People Officer. (Date 29/2/2024)

8. APPENDICES

8.1 A Pension Committee Training Log 20 February 2024

8.2 B Hymans Robertson Training Portal Log 31 January 2024

9. BACKGROUND DOCUMENTS

9.1 None

Pension Committee Training Log
To 20 February 2024

	Date	25/04/2023	21/06/2023	10/07/2023	26-28/06/2023	11/10/2023	12/10/2023	17-19/10/2023	19/10/2023	19/10/2023	19 and 26/10/2023	02/11/2023	08/11/2023	15/11/2023	16 and 23/11/2023	05/12/2023	11 and 19/12/2023	12/12/2023	14/12/2023	18 and 19/01/2024	29/01/2024	14/02/2024
	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
	Category	I	I	G	M	I	M	M	G	I	M	M	M	G	M	M	M	I	M	G	G	I
Category	Name	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 Summit	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
Committee	Clr Simon Brew	I		NP	NP	NP		NP		I		M	NP	G	NP	NP	M	I	NP	NP	NP	NP
Committee	Gilli Driver	I		NP	NP	NP		NP					NP	NP				I	NP	NP	NP	NP
Committee	Clr Clive Fraser	I		NP	NP	NP		NP	G				NP	NP				I	NP	NP	NP	NP
Committee	Clr Patricia Hay-Justice	I		NP	M	NP		M	G				NP	NP				I	NP	NP	NP	NP
Committee	Clr Yvette Hopley	I		NP	NP	NP		NP					NP	NP				I	NP	NP	NP	I
Committee	Peter Howard	I		NP	NP	NP		NP	G				NP	NP				I	NP	NP	NP	NP
Committee	Clr Karen Jewitt	I		NP	M	NP		M	G		M		NP	NP				I	NP	G	NP	NP
Committee	Clr Endri Llabuti	I		NP	NP	NP		NP					NP	NP				I	NP	NP	NP	NP
Committee	Charles Quaye	I		NP	NP	NP		NP					NP	NP				I	NP	NP	NP	NP
Committee	Clr Alasdair Stewart	I		NP	NP	NP		NP					NP	NP				I	NP	NP	NP	NP
Committee	Clr Callton Young	I		NP	NP	NP		NP					NP	NP				I	NP	NP	NP	NP
C Reserve	Clr Richard Chatterjee			NP	NP	NP		NP	G				NP	NP				I	NP	NP	NP	NP
C Reserve	Clr Stuart Collins			NP	NP	NP		NP					NP	NP				I	NP	NP	NP	NP
C Reserve	Clle Alisa Flemming			NP	NP	NP		NP					NP	NP				I	NP	NP	NP	NP
C Reserve	Clr Simon Fox			NP	NP	NP		NP					NP	NP				I	NP	NP	NP	NP
C Reserve	Clr Stella Nabukeera			NP	NP	NP		NP	G				NP	NP				I	NP	NP	NP	NP
C Reserve	Clr Nikhil Sherine Thampi			NP	NP	NP		NP					NP	NP				I	NP	NP	NP	NP
C Reserve	Clr Appu Srinivasan			NP	NP	NP		NP	G				NP	NP				I	NP	NP	NP	NP
C Reserve	Clr Rober Ward	I		NP	NP	NP		NP					NP	NP				I	NP	NP	NP	NP

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	A	G	I	M	TOTAL
Committee	Cllr Simon Brew	0	3	4	4	11	0	11	11.5	28	50	0	1	3	2	6	0	9	10	14	32.5	#DIV/0!	33	75	50	55	#DIV/0!	81	87	50	65
Committee	Gilli Driver	0	2	3	6	11	0	2	4.5	42	48.5	0	0	2	0	2	0	0	3	0	3	#DIV/0!	0	67	0	18	#DIV/0!	0	67	0	6
Committee	Cllr Clive Fraser	0	2	3	6	11	0	2	4.5	42	48.5	0	1	2	0	3	0	1	3	0	4	#DIV/0!	50	67	0	27	#DIV/0!	50	67	0	8
Committee	Cllr Patricia Hay-Justice	0	2	3	8	13	0	2	4.5	70	76.5	0	1	2	2	5	0	1	2.5	28	31.5	#DIV/0!	50	67	25	38	#DIV/0!	50	56	40	41
Committee	Cllr Yvette Hopley	0	2	4	6	12	0	2	5.5	42	49.5	0	0	3	0	3	0	0	4	0	4	#DIV/0!	0	75	0	25	#DIV/0!	0	73	0	8
Committee	Peter Howard	0	2	3	6	11	0	2	4.5	42	48.5	0	1	2	0	3	0	1	3	0	4	#DIV/0!	50	67	0	27	#DIV/0!	50	67	0	8
Committee	Cllr Karen Jewitt	0	3	3	8	14	0	16	4.5	70	90.5	0	2	2	3	7	0	15	2.5	35	52.5	#DIV/0!	67	67	38	50	#DIV/0!	94	56	50	58
Committee	Cllr Endri Llabuti	0	2	3	6	11	0	2	4.5	42	48.5	0	0	2	0	2	0	0	3	0	3	#DIV/0!	0	67	0	18	#DIV/0!	0	67	0	6
Committee	Charles Quaye	0	2	3	6	11	0	2	4.5	42	48.5	0	0	2	0	2	0	0	3	0	3	#DIV/0!	0	67	0	18	#DIV/0!	0	67	0	6
Committee	Cllr Alasdair Stewart	0	2	3	6	11	0	2	4.5	42	48.5	0	0	1	0	1	0	0	1	0	1	#DIV/0!	0	33	0	9	#DIV/0!	0	22	0	2
Committee	Cllr Callton Young	0	2	3	6	11	0	2	4.5	42	48.5	0	0	2	0	2	0	0	3	0	3	#DIV/0!	0	67	0	18	#DIV/0!	0	67	0	6
C Reserve	Cllr Richard Chatterjee	0	2	3	6	11	0	2	4.5	42	48.5	0	1	1	0	2	0	1	1	0	2	#DIV/0!	50	33	0	18	#DIV/0!	50	22	0	4
C Reserve	Cllr Stuart Collins	0	2	3	6	11	0	2	4.5	42	48.5	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0	0	0	#DIV/0!	0	0	0	0
C Reserve	Cllr Alisa Flemming	0	2	3	6	11	0	2	4.5	42	48.5	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0	0	0	#DIV/0!	0	0	0	0
C Reserve	Cllr Simon Fox	0	2	3	6	11	0	2	4.5	42	48.5	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0	0	0	#DIV/0!	0	0	0	0
C Reserve	Cllr Stella Nabukeera	0	2	3	6	11	0	2	4.5	42	48.5	0	1	0	0	1	0	1	0	0	1	#DIV/0!	50	0	0	9	#DIV/0!	50	0	0	2
C Reserve	Cllr Nikhil Sherine Thampi	0	2	3	6	11	0	2	4.5	42	48.5	0	0	0	0	0	0	0	0	0	0	#DIV/0!	0	0	0	0	#DIV/0!	0	0	0	0
C Reserve	Cllr Appu Srinivasan	0	2	3	6	11	0	2	4.5	42	48.5	0	1	1	0	2	0	1	1	0	2	#DIV/0!	50	33	0	18	#DIV/0!	50	22	0	4
C Reserve	Cllr Rober Ward	0	2	3	6	11	0	2	4.5	42	48.5	0	0	2	0	2	0	0	3	0	3	#DIV/0!	0	67	0	18	#DIV/0!	0	67	0	6

Event Statistics

Date	25/04/2023	21/06/2023	10/07/2023	26-28/06/2023	11/10/2023	12/10/2023	17-19/10/2023	19/10/2023	19/10/2023	19 and 26/10/2023	02/11/2023	08/11/2023	15/11/2023	16 and 23/11/2023	05/12/2023	11 and 19/12/2023	12/12/2023	14/12/2023	18 and 19/01/2024	29/01/2024	14/02/2024
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
Category	I	I	G	M	I	M	M	G	I	M	M	M	G	M	M	M	I	M	G	G	I
	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
Sessions Completed																					
Committee	8	2	0	2	0	0	2	4	1	1	1	0	1	0	0	1	11	0	1	0	1
C Reserve	1	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	3	0	0	0	0
Hours Completed																					
Committee	16	3	0	28	0	0	28	4	7	7	7	0	8.5	0	0	7	11	0	14	0	1
C Reserve	2	0	0	0	0	0	0	3	0	0	0	0	0	0	0	0	3	0	0	0	0
Possible Attendance																					
Committee	11	11	0	2	0	11	2	11	1	11	11	0	1	10	10	11	11	0	1	0	1
C Reserve	8	8	0	0	0	8	0	8	0	8	8	0	0	8	8	8	8	0	0	0	0
% Possible Completed																					
Committee	73	18	#DIV/0!	100	#DIV/0!	0	100	36	100	9	9	#DIV/0!	100	0	0	9	100	#DIV/0!	100	#DIV/0!	100
C Reserve	13	0	#DIV/0!	#DIV/0!	#DIV/0!	0	#DIV/0!	38	#DIV/0!	0	0	#DIV/0!	#DIV/0!	0	0	0	38	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Totals

Possible Sessions					Sessions Completed					% Possible Sessions Completed							
	A	G	I	M	TOTAL		A	G	I	M	TOTAL		A	G	I	M	TOTAL
Committee	0	24	35	68	127	Committee	0	6	23	7	36	Committee	#DIV/0!	25	66	10	28
C Reserve	0	16	24	48	88	C Reserve	0	3	4	0	7	C Reserve	#DIV/0!	19	17	0	8
Possible Hours					Hours Completed					% Possible Hours Completed							
	A	G	I	M	TOTAL		A	G	I	M	TOTAL		A	G	I	M	TOTAL
Committee	0	45	57.5	504	606	Committee	0	27	38	77	141.5	Committee	#DIV/0!	60	66	15	23
C Reserve	0	16	36	336	388	C Reserve	0	3	5	0	8	C Reserve	#DIV/0!	19	14	0	2

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Hymans On- line Training Modules Progress for Committee and Reserve Committee 2023/24 to 31/01/2024

Modules Not Started

LGPS Role	Fullname	Course Name	Course Enrolment Status
Pension Committee	Alasdair Stewart	Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Committee	Alasdair Stewart	Module 2 - Pensions Governance	Enrolled
Pension Committee	Alasdair Stewart	Module 3 - Pensions Administration	Enrolled
Pension Committee	Alasdair Stewart	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Committee	Alasdair Stewart	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Alasdair Stewart	Module 6 - Investment Performance and Risk Management	Enrolled
Pension Committee	Alasdair Stewart	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Alasdair Stewart	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Committee	Calton Young	Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Committee	Calton Young	Module 2 - Pensions Governance	Enrolled
Pension Committee	Calton Young	Module 3 - Pensions Administration	Enrolled
Pension Committee	Calton Young	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Committee	Calton Young	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Calton Young	Module 6 - Investment Performance and Risk Management	Enrolled
Pension Committee	Calton Young	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Calton Young	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Committee	Charles Quaye	Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Committee	Charles Quaye	Module 2 - Pensions Governance	Enrolled
Pension Committee	Charles Quaye	Module 3 - Pensions Administration	Enrolled
Pension Committee	Charles Quaye	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Committee	Charles Quaye	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Charles Quaye	Module 6 - Investment Performance and Risk Management	Enrolled
Pension Committee	Charles Quaye	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Charles Quaye	Module 8 - Actuarial methods, Standards and Practices	Enrolled

Pension Committee	Clive Fraser	Module 2 - Pensions Governance	Enrolled
Pension Committee	Clive Fraser	Module 3 - Pensions Administration	Enrolled
Pension Committee	Clive Fraser	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Committee	Clive Fraser	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Clive Fraser	Module 6 - Investment Performance and Risk Management	Enrolled
Pension Committee	Clive Fraser	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Clive Fraser	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Committee	Endri Llabuti	Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Committee	Endri Llabuti	Module 2 - Pensions Governance	Enrolled
Pension Committee	Endri Llabuti	Module 3 - Pensions Administration	Enrolled
Pension Committee	Endri Llabuti	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Committee	Endri Llabuti	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Endri Llabuti	Module 6 - Investment Performance and Risk Management	Enrolled
Pension Committee	Endri Llabuti	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Endri Llabuti	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Committee	Gilli Driver	Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Committee	Gilli Driver	Module 2 - Pensions Governance	Enrolled
Pension Committee	Gilli Driver	Module 3 - Pensions Administration	Enrolled
Pension Committee	Gilli Driver	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Committee	Gilli Driver	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Gilli Driver	Module 6 - Investment Performance and Risk Management	Enrolled
Pension Committee	Gilli Driver	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Gilli Driver	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Committee	Karen Jewitt	Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Committee	Karen Jewitt	Module 2 - Pensions Governance	Enrolled
Pension Committee	Karen Jewitt	Module 3 - Pensions Administration	Enrolled
Pension Committee	Karen Jewitt	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Committee	Karen Jewitt	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Karen Jewitt	Module 6 - Investment Performance and Risk Management	Enrolled

Pension Committee	Karen Jewitt	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Karen Jewitt	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Committee	Patricia Hay-Justice	Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Committee	Patricia Hay-Justice	Module 2 - Pensions Governance	Enrolled
Pension Committee	Patricia Hay-Justice	Module 3 - Pensions Administration	Enrolled
Pension Committee	Patricia Hay-Justice	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Committee	Patricia Hay-Justice	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Patricia Hay-Justice	Module 6 - Investment Performance and Risk Management	Enrolled
Pension Committee	Patricia Hay-Justice	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Patricia Hay-Justice	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Committee	Peter Howard	Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Committee	Peter Howard	Module 2 - Pensions Governance	Enrolled
Pension Committee	Peter Howard	Module 3 - Pensions Administration	Enrolled
Pension Committee	Peter Howard	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Committee	Peter Howard	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Peter Howard	Module 6 - Investment Performance and Risk Management	Enrolled
Pension Committee	Peter Howard	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Peter Howard	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Committee	Simon Brew	Module 2 - Pensions Governance	Enrolled
Pension Committee	Simon Brew	Module 3 - Pensions Administration	Enrolled
Pension Committee	Simon Brew	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Pension Committee	Simon Brew	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Simon Brew	Module 6 - Investment Performance and Risk Management	Enrolled
Pension Committee	Simon Brew	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Simon Brew	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Pension Committee	Yvette Hopley	Module 1 - Committee Role and Pensions Legislation	Enrolled
Pension Committee	Yvette Hopley	Module 2 - Pensions Governance	Enrolled
Pension Committee	Yvette Hopley	Module 3 - Pensions Administration	Enrolled
Pension Committee	Yvette Hopley	Module 4 - Pensions Accounting and Audit Standards	Enrolled

Pension Committee	Yvette Hopley	Module 5 - Procurement and Relationship Management	Enrolled
Pension Committee	Yvette Hopley	Module 6 - Investment Performance and Risk Management	Enrolled
Pension Committee	Yvette Hopley	Module 7 - Financial Markets and Product Knowledge	Enrolled
Pension Committee	Yvette Hopley	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Reserve Committee	Alisa Flemming	Module 1 - Committee Role and Pensions Legislation	Enrolled
Reserve Committee	Alisa Flemming	Module 2 - Pensions Governance	Enrolled
Reserve Committee	Alisa Flemming	Module 3 - Pensions Administration	Enrolled
Reserve Committee	Alisa Flemming	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Reserve Committee	Alisa Flemming	Module 5 - Procurement and Relationship Management	Enrolled
Reserve Committee	Alisa Flemming	Module 6 - Investment Performance and Risk Management	Enrolled
Reserve Committee	Alisa Flemming	Module 7 - Financial Markets and Product Knowledge	Enrolled
Reserve Committee	Alisa Flemming	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Reserve Committee	Appu Srinivasan	Module 1 - Committee Role and Pensions Legislation	Enrolled
Reserve Committee	Appu Srinivasan	Module 2 - Pensions Governance	Enrolled
Reserve Committee	Appu Srinivasan	Module 3 - Pensions Administration	Enrolled
Reserve Committee	Appu Srinivasan	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Reserve Committee	Appu Srinivasan	Module 5 - Procurement and Relationship Management	Enrolled
Reserve Committee	Appu Srinivasan	Module 6 - Investment Performance and Risk Management	Enrolled
Reserve Committee	Appu Srinivasan	Module 7 - Financial Markets and Product Knowledge	Enrolled
Reserve Committee	Appu Srinivasan	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Reserve Committee	Nikhil Sherine Thampi	Module 1 - Committee Role and Pensions Legislation	Enrolled
Reserve Committee	Nikhil Sherine Thampi	Module 2 - Pensions Governance	Enrolled
Reserve Committee	Nikhil Sherine Thampi	Module 3 - Pensions Administration	Enrolled
Reserve Committee	Nikhil Sherine Thampi	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Reserve Committee	Nikhil Sherine Thampi	Module 5 - Procurement and Relationship Management	Enrolled
Reserve Committee	Nikhil Sherine Thampi	Module 6 - Investment Performance and Risk Management	Enrolled
Reserve Committee	Nikhil Sherine Thampi	Module 7 - Financial Markets and Product Knowledge	Enrolled
Reserve Committee	Nikhil Sherine Thampi	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Reserve Committee	Richard Chatterjee	Module 1 - Committee Role and Pensions Legislation	Enrolled

Reserve Committee	Richard Chatterjee	Module 2 - Pensions Governance	Enrolled
Reserve Committee	Richard Chatterjee	Module 3 - Pensions Administration	Enrolled
Reserve Committee	Richard Chatterjee	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Reserve Committee	Richard Chatterjee	Module 5 - Procurement and Relationship Management	Enrolled
Reserve Committee	Richard Chatterjee	Module 6 - Investment Performance and Risk Management	Enrolled
Reserve Committee	Richard Chatterjee	Module 7 - Financial Markets and Product Knowledge	Enrolled
Reserve Committee	Richard Chatterjee	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Reserve Committee	Robert Ward	Module 1 - Committee Role and Pensions Legislation	Enrolled
Reserve Committee	Robert Ward	Module 2 - Pensions Governance	Enrolled
Reserve Committee	Robert Ward	Module 3 - Pensions Administration	Enrolled
Reserve Committee	Robert Ward	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Reserve Committee	Robert Ward	Module 5 - Procurement and Relationship Management	Enrolled
Reserve Committee	Robert Ward	Module 6 - Investment Performance and Risk Management	Enrolled
Reserve Committee	Robert Ward	Module 7 - Financial Markets and Product Knowledge	Enrolled
Reserve Committee	Robert Ward	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Reserve Committee	Simon Fox	Module 1 - Committee Role and Pensions Legislation	Enrolled
Reserve Committee	Simon Fox	Module 2 - Pensions Governance	Enrolled
Reserve Committee	Simon Fox	Module 3 - Pensions Administration	Enrolled
Reserve Committee	Simon Fox	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Reserve Committee	Simon Fox	Module 5 - Procurement and Relationship Management	Enrolled
Reserve Committee	Simon Fox	Module 6 - Investment Performance and Risk Management	Enrolled
Reserve Committee	Simon Fox	Module 7 - Financial Markets and Product Knowledge	Enrolled
Reserve Committee	Simon Fox	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Reserve Committee	Stella Nabukeera	Module 1 - Committee Role and Pensions Legislation	Enrolled
Reserve Committee	Stella Nabukeera	Module 2 - Pensions Governance	Enrolled
Reserve Committee	Stella Nabukeera	Module 3 - Pensions Administration	Enrolled
Reserve Committee	Stella Nabukeera	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Reserve Committee	Stella Nabukeera	Module 5 - Procurement and Relationship Management	Enrolled
Reserve Committee	Stella Nabukeera	Module 6 - Investment Performance and Risk Management	Enrolled

Reserve Committee	Stella Nabukeera	Module 7 - Financial Markets and Product Knowledge	Enrolled
Reserve Committee	Stella Nabukeera	Module 8 - Actuarial methods, Standards and Practices	Enrolled
Reserve Committee	Stuart Collins	Module 1 - Committee Role and Pensions Legislation	Enrolled
Reserve Committee	Stuart Collins	Module 2 - Pensions Governance	Enrolled
Reserve Committee	Stuart Collins	Module 3 - Pensions Administration	Enrolled
Reserve Committee	Stuart Collins	Module 4 - Pensions Accounting and Audit Standards	Enrolled
Reserve Committee	Stuart Collins	Module 5 - Procurement and Relationship Management	Enrolled
Reserve Committee	Stuart Collins	Module 6 - Investment Performance and Risk Management	Enrolled
Reserve Committee	Stuart Collins	Module 7 - Financial Markets and Product Knowledge	Enrolled
Reserve Committee	Stuart Collins	Module 8 - Actuarial methods, Standards and Practices	Enrolled

Modules Not Started Totals

Course Enrolment Status	Fullname	LGPS Role	Total Not Started	Total Possible	% Not Started
Enrolled	Alasdair Stewart	Pension Committee	8	8	100
Enrolled	Calton Young	Pension Committee	8	8	100
Enrolled	Charles Quaye	Pension Committee	8	8	100
Enrolled	Clive Fraser	Pension Committee	7	8	88
Enrolled	Endri Llabuti	Pension Committee	8	8	100
Enrolled	Gilli Driver	Pension Committee	8	8	100
Enrolled	Karen Jewitt	Pension Committee	8	8	100
Enrolled	Patricia Hay-Justice	Pension Committee	8	8	100
Enrolled	Peter Howard	Pension Committee	8	8	100
Enrolled	Simon Brew	Pension Committee	7	8	88
Enrolled	Yvette Hopley	Pension Committee	8	8	100
Enrolled	Alisa Flemming	Reserve Committee	8	8	100
Enrolled	Appu Srinivasan	Reserve Committee	8	8	100
Enrolled	Nikhil Sherine Thampi	Reserve Committee	8	8	100
Enrolled	Richard Chatterjee	Reserve Committee	8	8	100
Enrolled	Robert Ward	Reserve Committee	8	8	100
Enrolled	Simon Fox	Reserve Committee	8	8	100
Enrolled	Stella Nabukeera	Reserve Committee	8	8	100
Enrolled	Stuart Collins	Reserve Committee	8	8	100

Modules In Progress

LGPS Role	Fullname	Course Name	Course Enrolment Status
Pension Committee	Simon Brew	Module 1 - Committee Role and Pensions Legislation	In Progress

Modules In Progress Totals

Course Enrolment Status	Fullname	LGPS Role	Total In Progress	Total Possible	% In Progress
In Progress	Simon Brew	Pension Committee	1	8	13

Modules Completed

LGPS Role	Fullname	Course Name	Course Enrolment Status
Pension Committee	Clive Fraser	Module 1 - Committee Role and Pensions Legislation	Completed

Modules Completed Totals

Course Enrolment Status	Fullname	LGPS Role	Total Completed	Total Possible	% Completed
Completed	Clive Fraser	Pension Committee	1	8	13

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LONDON BOROUGH OF CROYDON

REPORT:	PENSION COMMITTEE	
DATE OF DECISION	19 MARCH 2024	
REPORT TITLE:	Pension Fund Governance: Pension Fund Communications Policy Statement	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury	
CONTAINS EXEMPT INFORMATION?	NO	
WARDS AFFECTED:	N/A	

1. SUMMARY OF REPORT

- 1.1 This report asks the Committee to consider and agree the Fund’s Communications Policy Statement, prepared in accordance with Regulations, Guidance and best practice, as attached as Appendix A.

2. RECOMMENDATIONS

The Pension Committee is recommended:

- 2.1 to consider and agree the Fund’s Communications Policy Statement.

3. REASONS FOR RECOMMENDATIONS

- 3.1 In accordance with Regulations, Guidance and best practice it is important for the Pension Committee to consider and agree an up-to-date version of the Fund’s Communications Policy Statement.

4. BACKGROUND AND DETAILS

- 4.1 Regulation 61 of The Local Government Pension Scheme Regulations 2013 requires that:

(1) An administering authority must prepare, maintain and publish a written statement setting out its policy concerning communications with-

(a) members;

(b) representatives of members;

(c) prospective members; and

(d) Scheme employers.

(2) In particular the statement must set out its policy on-

(a) the provision of information and publicity about the Scheme to members, representatives of members and Scheme employers;

(b) the format, frequency and method of distributing such information or publicity; and

(c) the promotion of the Scheme to prospective members and their employers.

4.2 The current version of the Policy was agreed by the Pension Committee on 17 September 2019 with some drafting amendments agreed by the Board on 12 January 2023.

4.3 Attached as Appendix A is the recommended version of the Policy updated to reflect the following:

- Further details of legislative background;
- Details of Guidance provided by The Pensions Regulator and the Scheme Advisory Board;
- Expansion of objectives, assessment and risks;
- Expansion of stakeholders' list;
- Inclusion of Data Protection and National Fraud Initiative statements;
- Availability of fund publications; and
- Expansion of various sections and drafting amendments

4.4 The Committee are invited to consider and agree the Pension Fund Communications Policy Statement attached as Appendix A.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 N/A

6. CONSULTATION

6.1 The Pension Funds Governance Adviser, Aon, has been consulted alongside the formal process.

7. CONTRIBUTION TO COUNCIL PRIORITIES

7.1 Ensuring regulatory compliance, good stewardship and best practise are applied to the Council's Pension Fund.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

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

8.1.2. Comments approved by Andrew Lord, Interim Finance Consultant on behalf of Allister Bannin, the Director of Finance. (Date 06/03/2024).

8.2 LEGAL IMPLICATIONS

8.2.1. Burges Salmon LLP (a law firm appointed as an advisor to the Fund) note that preparing, maintaining and publishing a written statement is a legal requirement under regulation 61 of the Local Government Pension Scheme Regulations 2013. It also supports the Committee's governance requirements, including in connection with the risk of pension scams (where appropriate member communications are very important).

8.2.2. Comments approved by Burges Salmon LLP. (Date 06/03/2024)

8.3 EQUALITIES IMPLICATIONS

8.3.1. Under the Public Sector Equality Duty of the Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken.

8.3.2. Section 149 of the Act requires public bodies to have due regard to the need to:

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

8.3.3. Protected characteristics defined by law include race and ethnicity, disability, sex, gender reassignment, age, sexual orientation, pregnancy and maternity, and religion or belief.

8.3.4. Having due regard means there is a requirement to consciously address the three tenets of the Equality Duty within decision-making processes.

8.3.5. By law, assessments must be carried out throughout planning and delivery and contain sufficient information to enable the local authority to show it has paid 'due regard' to the equality's duties; and identified methods for mitigating or avoiding adverse impact on people sharing protected characteristics.

8.3.6. This is an update to the existing Policy. The Council will need to ensure that an EQIA with full mitigation is provided in regard to the protected groups of Disability, Age and Race, should the Committee agree.

8.3.7. Comments approved by Felisha Dussard, Senior Communities Officer on behalf of Helen Reeves, Head of Strategy & Policy. (Date 04/03/2024).

8.4 HUMAN RESOURCES IMPLICATIONS

8.4.1. There are no direct workforce implications arising from this report other than the Fund's Communications Policy Statement should be clearly written, easy to understand and accessible to employees.

8.4.2. Comments approved by: Dean Shoosmith, Chief People Officer (Date 29/2/2024).

9. APPENDICES

9.1 A London Borough of Croydon Pension Fund Communications Policy Statement.

10. BACKGROUND DOCUMENTS

10.1 None

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**LONDON BOROUGH OF
CROYDON
PENSION FUND
COMMUNICATIONS POLICY
STATEMENT**

**Policy Agreed : March 2024
Review Due: March 2025**

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Section 1

Legislative background

This document sets out the Communications Policy (Policy) of the London Borough of Croydon, acting in its capacity as Administering Authority of the London Borough of Croydon Pension Fund (Administering Authority) as required under Regulation 61 of the Local Government Pension Scheme Regulations 2013 (the Regulations).

The Regulations require each administering authority in England and Wales to prepare, maintain and publish a statement setting out their policy on communicating with the following stakeholders and organisations involved with the Local Government Pension Scheme (Scheme):

- Contributing Scheme members
- Prospective Scheme members
- Pensioner Scheme members and dependents
- Deferred Scheme members
- Admitted and Scheduled Scheme employers participating in the Croydon Pension Fund (Fund)
- Pension Committee and other elected Members
- Pension Board
- Other bodies

Some of the Fund's other stakeholders are:

- Additional Voluntary Contributions Provider
- User Groups
- Fund Investment Managers
- Fund Investment Adviser
- Fund Governance Adviser
- Fund Actuary
- Fund Legal Advisers
- Fund Legal Comment on Reports Provider
- Fund Custodian
- Administration Software Provider
- Employer Payroll Providers
- Trade Unions/Employer Representatives
- Scheme Advisory Board
- The Pensions Regulator
- Pensions and Lifetime Savings Association (PLSA)
- Local Authority Pension Fund Forum (LAPFF)
- Local Government Association
- London CIV
- Government Actuary's Department
- Department for Levelling Up, Housing and Communities (DLUHC)

The Public Service Pensions Act 2013 introduced a framework for the governance and administration of public sector service pension schemes and provided an extended regulatory oversight of the Scheme by The Pensions Regulator (the Regulator).

Guidance

The Pension Regulator's General Code of Practice

The Regulator's General Code of Practice, which comes into force on 27 March 2024, includes a module covering "the main principles governing bodies should apply when meeting their legal obligations to communicate with members." They state:

The law details when governing bodies must communicate with their members, the information they must provide and the timescales for providing the information. These requirements range from information provided when a member joins the scheme, ongoing communications, taking benefits, and beyond. The law also sets out information that governing bodies must provide on request.

When preparing communications to members, governing bodies should:

- a. ensure that all communications sent to members are accurate, clear, concise, relevant and in plain English;*
- b. regularly review member communications, taking account of member feedback, any changes to scheme design and developments in law and this code of practice;*
- c. when deciding on the format of communications and information to be published, consider any technology that may be available to them and appropriate for their members*
- d. consider using various communication methods, including accessible online content, audio, Braille, large font, and languages other than English*
- e. consider what additional information or explanation members may need to help them make informed decisions about their benefits.*

The Scheme Advisory Board's Good Governance Review

In their Good Governance Review which was instigated to examine the effectiveness of the Scheme governance models and to draw up a list of their expectations that should apply to all LGPS schemes, the Local Government Pension Scheme Advisory Board (SAB) highlight communication as a core requirement for those managing a fund. They discuss engagement with members and employers and state their expectations as follows:

The Fund's Communication Strategy sets out how it engages with active, deferred and pensioner scheme members including:

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

The Fund carries out a range of activities that are designed to engage employers. These are set out within the Fund's Communication strategy and include:

- *An Annual Employer Forum which provides an opportunity for employers to receive an update on the performance of the Fund, provide feedback on the service and receive updates on the LGPS and related issues;*
- *The Fund engages and consults with employers during the actuarial valuation and specifically on key strategies such as the Funding Strategy Statement;*
- *A quarterly employer newsletter provides update on technical changes, process reminders and a calendar of key upcoming dates;*
- *Training sessions which can be provided on request covering the main areas of employer responsibility, for example year end returns, processing ill health cases and internal dispute resolution procedures; and*
- *The Fund is available to provide support on issues such as outsourcing services or workforce restructuring.*

Objectives, Assessment and Risks

Objectives

The aim of this Policy is to make sure that all stakeholders are kept informed of developments within the Fund and it sets out the mechanisms used to meet communication needs. The Fund aims to use the most appropriate communication methods for the audiences receiving the information. We aim to ensure transparency and believe that an effective communication process helps to maintain the efficient running of the Fund.

This Policy has a number of specific objectives relating to how we communicate with our stakeholders, including:

- Promote the Scheme as a valuable benefit and provide sufficient and up to date information so that members can make informed decisions about their benefits;
- Communicate in a plain language style;
- Ensure the Fund uses the most appropriate means of communication, taking into account the different needs of different stakeholders;
- Work with employers to help them to fulfil their responsibility to share information with members of the Scheme;
- Look for efficiencies in delivering communications including greater use of technology; and
- Evaluate the effectiveness of communications and shape future communications

How we assess whether we are meeting our objectives

Ways in which we assess whether we are meeting our objectives are:

- Via feedback / Compliments / Complaints from members on individual experience of using the Pensions service.
- Via interactions with members when dealing with enquiries
- Via feedback from employers on an individual basis and through consultation exercises.
- Via document reviews by Fund advisers.

Key Risks

The key risks to delivering this Policy are outlined below.

- Inadequate staffing or budget resources to effectively implement the Policy could affect successful delivery of the objectives;
- Limitations of IT systems and their availability could affect successful delivery of the objectives;
- Inadequate knowledge and training of staff and stakeholders could affect ability to provide or access digital information, thus limiting the effectiveness of this communication method;
- Failing to deliver information in an appropriate way for stakeholders to access / understand, e.g., too complex or simple or in an unsuitable format could lead to misunderstanding and complaints resulting in reputational damage, negative impact on the pension benefits accrued by members or failure to comply with legislative requirements;
- Failure to keep the website up to date or providing current information to stakeholders could result in Scheme members, prospective Scheme members and employers being unaware of Scheme changes or requirements which could cause a decline in membership and/or members/employers exiting the scheme early, as well as inaccuracies in member benefits.

Effective Date and Review Date

This policy was agreed by the Pension Committee at their meeting on 19 March 2024.

It will be review annually or sooner as required.

The next review will be in March 2025.

Section 2

General Communications

The Administering Authority has at its disposal a wide range of options for communicating with the diverse groups that we need to serve. The method of communication varies depending on what needs to be communicated and to whom. The methods used are detailed below.

<i>Paper-based and Electronic Means</i>
We use a range of methods to communicate including a variety of paper-based and electronic means. We will accept some communications electronically and will respond electronically where possible, being mindful that the security of data is essential. We will send all personal data via secure email unless requested not to.
<i>Website</i>
Communication in the form of a dedicated Pensions website is available via www.croydonpensionscheme.org/ . The website contains a wide range of information for not only Scheme members but also Scheme employers and other interested parties. The website contains copies of newsletters and other relevant information pertaining to the Local Government Pension Scheme (the Scheme).
<i>Policy Documents</i>
These are available for all stakeholders to access on the website. They cover a range of areas and are reviewed periodically.
<i>Annual Report and Accounts</i>
These are available for all stakeholders to access on the website. They provide details of Fund activity and data over the year that they apply to.

Data Protection Statement

To protect any personal information held on computer, the London Borough of Croydon Pension Fund is registered under the Data Protection Act 2018. This allows members to check that their details held are accurate.

The Fund may, if it chooses, pass certain details to a third party, if the third party is carrying out an administrative function of the Fund, for example, the Fund's AVC provider. Members who wish to apply to access their data on Data Protection grounds should fill in an on-line request at:

<https://www.croydon.gov.uk/council-and-elections/privacy-and-data-protection/make-information-request/make-subject-access-request>

National Fraud Initiative

The Administering Authority is under a duty to protect the public fund it administers, and to this end may use information for the prevention and detection of fraud. This includes our participation in the Government's National Fraud Initiative, and it may also share information with other bodies responsible for auditing or administering public funds, solely for the purposes of preventing and/or detecting fraud.

Section 3

Stakeholder- Specific Communication

In this section we detail the communications in relation to specific categories of stakeholders.

Communication with Contributing Scheme Members

<i>Member Self Service</i>
All members can request their own password to view their record. Amendments can be made to update certain details and calculations can be performed.
<i>Annual Benefit Statement</i>
Members can access their individual information via the Member Self Service facility at their convenience. The Statement details information held on the Pension database and provides estimates of the current and future value of the member's benefits.
<i>Pensions Taxation Correspondence</i>
Members who exceed the Annual Allowance (AA) will be sent a Pensions Savings Statement and an explanatory information sheet by the Pension Team on or before 6 October (this is the legal deadline) via secure email or post if no email address is on file. Information on the Lifetime Allowance (LTA) is provided to members as part of the benefit calculation process.
<i>Pensions Updates</i>
When there are Scheme changes there will be additional communications for Members. As appropriate for the members, information will be disseminated by work emails, via the intranet, via employers or through the post. If applicable details will be uploaded to the Fund website.
<i>Scheme Guides</i>
Scheme guides are available on the Fund website.
<i>Pensions Helpline</i>
Members can call the Pensions Team on one central helpline number, which is advertised on all our literature. The number is 0208 726 6000 x44034

Communication with Prospective Scheme Members

<i>Initial Contact</i>
All permanent new members of staff are automatically enrolled into the Scheme. Each new member is sent a welcome letter, statutory notice confirming membership of the Scheme along with our Scheme Guide and contact information.
<i>Induction Seminar</i>
Human Resources hold induction presentations for all new employees of the Council.
<i>Pensions Helpline</i>
Prospective members can call the Pensions Team on one central helpline number, which is advertised on all our literature. The number is 0208 726 6000 x44034

Communication with Pensioner Scheme Members and Dependents

<i>Pensioner's Payslip</i>
All pensioners receive payslips in March, April and May along with their P60 at the end of the year. A payslip will also be received where the amount of net pension changes by more than £20.00.
<i>Pensioners Newsletter</i>
All Pensioners receive an annual newsletter which is sent out in April to their home addresses. This publication includes details of the pensions increase, and other relevant information.
<i>Life Certificates</i>
The Fund undertakes an annual exercise through correspondence for UK pensioners over the age of 80 in order to establish that details held are up-to-date. For pensioners living outside the UK this exercise will be conducted through Western Union. Croydon Council also participates in the National Fraud Initiative every 2 years and receives monthly mortality screening reports from NFI.
<i>Pensions Helpline</i>
Members can call the Pensions Team on one central helpline number, which is advertised on all our literature. The number is 0208 726 6000 x44034

Communication with Deferred Scheme Members

<i>Annual Benefit Statement</i>
Every year members are sent an Annual Benefit Statement to their home addresses. The Statement details information held on the Pension Team database and provides estimates of the current and future value of the member's benefits.
<i>Update of Information</i>
If there are any changes to the Scheme Regulations which are relevant to Deferred Scheme members, details will be sent to their home addresses. The Fund also uses a tracing agency to contact members with whom it has lost contact.
<i>Pensions Helpline</i>
Members can call the Pensions Team on one central helpline number, which is advertised on all our literature. The number is 0208 726 6000 x44034

Communication with Admitted and Scheduled Employers Participating in the Fund

<i>Employer Forums</i>
An annual remote meeting takes place between representatives of the Fund and its Scheme employers to discuss recent developments within the Scheme or pensions generally, to promote and ensure statutory compliance and to monitor and review communication strategies. It is mandatory for named acting liaison officers to attend.
<i>Triennial Valuation Engagement Opportunities</i>
Employers are kept informed throughout the process of the triennial valuation which is carried out by the Fund's Actuary. Employers' comments are always encouraged and welcomed and, where appropriate, taken into consideration
<i>Administration Strategy</i>
The Fund's Administration Strategy sets out the roles and responsibilities of the Administering Authority, the third party payroll provider and employers in the Fund and can be found on the website at: https://www.croydonpensionscheme.org/resources/administration-strategy-september-2023/ It sets out the service level agreement and targets which all are expected to meet. It includes information on manual and I-connect schedule requirements.

Communication with Pension Committee and Other Elected Members

In accordance with the Council's Constitution, the role of the Committee is to ensure that the Fund is properly operated in accordance with the Regulations, all other relevant legislation and best practice as advised by the Regulator, including financial, governance and administrative matters.

Information is provided to members of the Pension Committee to allow the Council to carry out its role as Administering Authority. Much of this information is publicly available. Details as follows:

<i>Committee Membership</i>
Details of the members of the Committee can be found on the Council's website, along with their contact details.
<i>Committee Meetings</i>
The Committee meets a minimum of four times a year or more frequently, as required. Meetings are open to members of the public, although there may be occasions when members of the public are excluded due to the confidential nature of matters under discussion.
<i>Agendas, Reports and Minutes</i>
The agenda, reports and minutes of the meeting are available on the Council's website at: https://democracy.croydon.gov.uk/mgCommitteeDetails.aspx?ID=164 Certain confidential items will not be available for public access but where this is the case, an explanation of the reason will be shown.
<i>Training</i>
The Pension Committee (and reserve members) are required to have sufficient knowledge to carry out their role effectively. A training plan covering mandatory and non-mandatory training opportunities is agreed every year by the Committee. It includes on-line training, bespoke sessions delivered by Fund advisers and external sessions provided by other bodies such as the Local Government Association (LGA) and the SAB.
<i>Fund Documents</i>
Fund documents are available to Committee members on the Fund website and the on-line training platform.
<i>Assessment of Knowledge</i>
Knowledge assessments are carried out periodically to help to address knowledge gaps through targeted training.

Communication with Pension Board

The Pension Board is an advisory body that supports the Pension Committee in carrying out its duties.

Information is provided to members of the Pension Board to allow it to carry out its role in supporting the Committee. Much of this information is publicly available. Details as follows:

<i>Board Membership</i>
Details of Board membership, background of members and terms of reference are available on the Fund's website. Enquiries for the Board should be addressed to officers in the first instance.
<i>Board Meetings</i>
The Board meets at least four times a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work. Meetings are open to members of the public, although there may be occasions when members of the public are excluded due to the confidential nature of matters under discussion.
<i>Agendas, Reports and Minutes</i>
The agenda, reports and minutes of the meeting are available on the Council's website at: https://democracy.croydon.gov.uk/mgCommitteeDetails.aspx?ID=163 Certain confidential items will not be available for public access but where this is the case, an explanation of the reason will be shown.
<i>Training</i>
There are requirements imposed on the Board by the Regulator in terms of knowledge. A training plan covering mandatory and non-mandatory training opportunities is agreed every year. It includes on-line training, bespoke sessions delivered by Fund advisers and external sessions provided by other bodies such as the Local Government Association (LGA) and the SAB.
<i>Fund Documents</i>
Fund documents are available to Board members on the Fund website and the on-line training platform.
<i>Assessment of Knowledge</i>
Knowledge assessments are carried out periodically to help to address knowledge gaps through targeted training.

Communication with Other Bodies

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

<i>Additional Voluntary Contributions Provider</i>
Additional Voluntary Contributions (AVCs) are a way to top up your tax-free lump sum and pension from the Local Government Pension Scheme. The Fund's AVC provider is Prudential who can be contacted via the Pension Team.
<i>User Groups</i>
Relevant officers attend user group meetings twice a year to discuss software issues and required upgrades with Altair who provide the Fund's administration system. They also attend groups for i-Connect and Member Self Service.
<i>Fund Investment Managers</i>
Regular meetings are held with managers (including London CIV) who invest on behalf of the Fund
<i>Fund Investment Adviser</i>
Regular meetings are held with the Investment Adviser who provides advice on asset allocation and investment of the Fund
<i>Fund Governance Adviser</i>
Meetings / correspondence are held with the Governance Adviser to discuss governance issues as required.
<i>Fund Actuary</i>
Periodic meetings / correspondence are held with the Fund Actuary to discuss funding levels, employers' contributions and the valuation of assets and liabilities of the Fund. A secure portal is used for uploading data for valuation purposes.
<i>Fund Legal Advisers</i>
Communication is largely via email to discuss and facilitate employer admission to the Fund as required.
<i>Fund Legal Comment on Reports Provider</i>
Communication is largely via email to obtain legal comment and sign off on Pension Committee Reports.
<i>Fund Custodian</i>
The Fund's Custodian is Bank of New York Mellon, who ensures the safekeeping of the Fund's investment transactions and all related share certificates.
<i>Trade Unions/Employer Representatives</i>
The Fund works with the relevant trade unions and employer representatives to ensure the Scheme is understood by all interested parties.
<i>Scheme Advisory Board</i>
The SAB was established following the Public Services Pensions Act 2013. It provides advice to Scheme funds and Pension Boards in relation to the effective and efficient administration and management of the Scheme. We therefore liaise with the SAB as appropriate

<i>The Pensions Regulator</i>
The Regulator publishes codes of practice and guidance, some of which are relevant to the public sector. The Regulator also oversees how pension schemes are adhering to some legal requirements. The Fund liaises with the Regulator as required to provide information relating to matters of interest to the Regulator.
<i>Pensions and Lifetime Savings Association (PLSA)</i>
The Fund is a member of PLSA, which provides an opportunity for administering authorities to discuss issues of common interest and to share best practice.
<i>Local Authority Pension Fund Forum (LAPFF)</i>
The Fund is a member of LAPFF. The LAPFF was established to help local authorities' funds to share information and ideas about socially responsible investing.
<i>The Local Government Association (LGA)</i>
The Fund receives updates on items relating to pensions via email. Additionally the Fund procures training for members and officers from the LGA as required via online booking.
<i>London Pension Officers Group and London Pension Officers Forum</i>
The Fund is a member of these voluntary groups. Meetings are held on a quarterly basis to share information and ensure standardised interpretation of Scheme regulations and best practice.
<i>London CIV</i>
Regular emails and monthly detailed extensive reports received from the LCIV. Additionally regular teams meetings with the Head of Pensions carried out.
<i>Government Actuary's Department</i>
The Fund receives updates on items relating to pensions via email
<i>Department for Levelling Up, Housing and Communities (DLUHC)</i>
The Fund receives updates on items relating to pensions via email
<i>Requests for Information</i>
Requests for information either under the Freedom of Information Act or otherwise, will be dealt with as openly and swiftly as allowed providing that such information does not breach confidentiality.
<i>Consultations</i>
There are occasions when the Administering Authority will consult with interested parties whether because of potential changes to the regulations governing the Scheme or specific policy changes relating to the Fund. In these instances, the most effective way of communicating with interested parties may be to hold a period of consultation, during which, they are given the opportunity to respond to specific changes. Interested parties and representative groups will be approached to provide feedback to the policy changes before amendments are enacted.
<i>Minority Groups</i>
It is recognised that there may be occasions when some minority groups may not be able to access all the information available to others. The Fund will try to ensure that information is available to the widest possible audience and as such will try to ensure that minority groups do have access to that information. This is however, a developing area, but feedback on how to promote better access for all minority groups is welcome.

Section 4

Availability of Fund Publications

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

Communication Type	Form Of Communication- Paper / Electronic / Internet or Website	When Issued / Available	When Reviewed
Local Government Pension Scheme Guide	P/E/IW	Always available	Annually
Topping up Benefits	P/E/IW	Always available	Annually
Annual Benefit Statement	P/E	Annually	Annually
Statutory Notifications	P	On Joining and Auto-enrolment	Periodically
Members Self Service	P/E	On Joining or as required	Continually
Pension Updates	P/E/IW	As required	After each publication
Annual Report and Accounts	P/E/IW	Annually	Annually
Early Leaver Information	P/E/IW	With deferred benefit statement	Annually
Retirement Information	P/E/IW	With retirement details	Annually
Pension Increase Notification	P/E/IW	Annually	Annually
Newsletter	P/E/IW	Annually	Annually
Actuarial Valuation Report	P/E/IW	Triennially	Triennially
Pension Committee Reports	P/E/IW	Quarterly	Quarterly
Pension Board Reports	P/E/IW	Quarterly	Quarterly
Communications Policy	P/E/IW	Annually	Annually
Governance Compliance Statement	P/E/IW	Annually	Annually
Fund Policies and Strategies	IW	Always available	As required

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LONDON BOROUGH OF CROYDON

REPORT:	Pension Committee
DATE OF DECISION	19 March 2024
REPORT TITLE:	Croydon Council Pension Fund Data Retention and GDPR
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151 Officer)
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury
CONTAINS EXEMPT INFORMATION?	NO
WARDS AFFECTED:	‘N/A’

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 Committee is asked to approve the updated documentation listed below:

- Full Privacy Notice attached as Appendix A
- Summary Privacy Notice attached as Appendix B
- Personal Data Retention Policy attached as Appendix C
- Personal Data Retention Policy Expectations attached as Appendix D
- Memorandum of Understanding for Employers attached as Appendix E

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 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 amounts 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 have been reviewed and updated.

- Full Privacy Notice attached as Appendix A
- Summary Privacy Notice attached as Appendix B
- Personal Data Retention Policy attached as Appendix C
- Personal Data Retention Policy Expectations attached as Appendix D
- Memorandum of Understanding for Employers attached as Appendix E

4.9 Existing Fund documents will be reviewed to ensure there is reference to data protection and the privacy notice including a link to the full privacy notice on the website.

4.10 Scheme Employers will be contacted to inform them we have reviewed our documentation and provide links to the documents on our website. Particular attention

will be paid to the Personal Data Retention Policy Expectations documents for employers to review and update if needed.

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. CONTRIBUTION TO COUNCIL PRIORITIES

7.1 Ensuring regulatory compliance, good stewardship and best practice are applied to the Council's Pension Fund.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

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

8.1.2. Insert at the end of the section: Comments approved by Andrew Lord, Interim Finance Consultant on behalf of Allister Bannin, the Director of Finance. (Date 06/03/2024)

8.2 LEGAL IMPLICATIONS

8.2.1. Burges Salmon LLP (a legal adviser appointed to the Fund) note there are no legal concerns highlighted in this report. However, compliance with UKGDPR and DPA is a very important requirement for the Fund to perform and demonstrate given the amount of personal data which the Fund may hold or transfer from time to time. Furthermore, ensuring that the Fund communicates clearly with members and dependants, and employers, as to how data is held and processed is an important part of this compliance process

8.2.2. Comments approved by Burges Salmon LLP (Date 06/03/2024)

8.3 EQUALITIES IMPLICATIONS

8.3.1. Under the Public Sector Equality Duty of the Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken.

8.3.2. Section 149 of the Act requires public bodies to have due regard to the need to

- eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act

- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and people who do not share it.

8.3.3. Protected characteristics defined by law include race and ethnicity, disability, sex, gender reassignment, age, sexual orientation, pregnancy and maternity and religion or belief.

8.3.4. Having due regard means there is a requirement to consciously address the three tenets of the Equality Duty within decision-making processes.

8.3.5. By law, assessments must be carried out throughout planning and delivery and contain sufficient information to enable the local authority to show it has paid 'due regard' to the equality's duties; and identified methods for mitigating or avoiding adverse impact on people sharing protected characteristics.

8.3.6. There have been no direct negative Equalities impact on protected groups within this report.

8.3.7. Comments approved by Felisha Dussard, Senior Communities Officer on behalf of Helen Reeves, Head of Strategy & Policy. (Date 06/03/2024)

8.4 HUMAN RESOURCES IMPACT

8.4.1. It is essential the council observes GDPR requirements relating to employees, and pensioner employees' personal data, which must only be used for the purposes for which it was given to the council and should be handled observing all necessary confidentiality requirements.

8.4.2. Comments approved by: Dean Shoesmith, Chief People Officer. (Date 29/2/2024)

8.5 DPA AND UK GDPR IMPLICATIONS

8.5.1. The DPO has reviewed this report and its appendices.

8.5.2. The DPO is happy that the report and processes are compliant with UK GDPR and Data Protection.

8.5.3. Comments approved by Chris Dyson, DPO on behalf of the Director of Resident Access and Chief Digital Officer (Date 08/03/2024)

9. APPENDICES

9.1 A Full Privacy Notice

9.2 B Summary Privacy Notice

9.3 C Personal Data Retention Policy

9.4 D Personal Data Retention Policy Expectations

9.5 E Memorandum of Understanding for Employers

10. BACKGROUND DOCUMENTS

10.1 None

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FULL PRIVACY NOTICE

for the members and beneficiaries of the Croydon Council Pension Fund.

This privacy notice is for members and beneficiaries of the London Borough of Croydon Pension Fund (the "**Fund**"). It has been prepared by the London Borough of Croydon (the "**Administering Authority**", or "**we**") in its capacity as the administering authority of the Fund. This privacy notice describes how we collect and use personal data in accordance with data protection legislation.¹

This privacy notice will also be made available on the Fund's website at the following link:

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

It is important that you read this privacy notice together with any other privacy notice or fair processing policy we may provide on specific occasions when we are collecting or processing personal data about you so that you are fully aware of how and why we are using your data. This privacy notice replaces any general privacy notice we may have previously issued and supplements any other notices and privacy policies we issue that are specific to particular data collection / processing activities.

Why we are providing this notice to you.

As the Administering Authority of the Fund, we hold certain information about you and from which you can be identified ("**personal data**") which we use to administer the Fund and to pay benefits from it. In line with data protection legislation, we are required to give you specified information about the personal data we hold about you, how we use it, your rights in relation to it and the safeguards that are in place to protect it. This notice is designed to give you that information.

The technical bit

The Administering Authority holds personal data about you, in its capacity as a controller, for the proper handling of all matters relating to the Fund, including its administration and management. This includes the need to process your data to contact you, to calculate, secure and pay your benefits, for statistical and financial modelling and for reference purposes (for example, when we assess how much money is needed to provide members' and beneficiaries' benefits and how that money should be invested), and to manage liabilities and administer the Fund generally. Further information about how we use your personal data is provided below.

¹ Please note that the relevant data protection legislation includes:

- the UK Data Protection Act 2018;
- the UK GDPR (as defined in the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019/419);
- the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003) (as amended and incorporated into the laws of England & Wales, Scotland and Northern Ireland);
- the General Data Protection Regulation 2016/679; and
- all other legislation and regulatory requirements in force from time to time which apply to a party relating to the use of personal data (including, without limitation, the privacy of electronic communications).

The legal basis for our use of your personal data will usually be that we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund. The legal basis for our use of your personal data will be one or more of the following:

- a) we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body; and/or
- b) we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund; and/or
- c) because we need to process your personal data to meet our contractual obligations to you in relation to the Fund (for example, under an agreement that you will pay additional voluntary contributions to the Fund), or to take steps, at your request, before entering into a contract.

What personal data we hold, and how we obtain it

The types of personal data we hold and process about you can include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth, national insurance number and employee and membership numbers.
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information.
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details.
- Information about your family, dependants or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or the Fund may be reimbursed from your benefits.

We obtain some of this personal data directly from you. We may also obtain data (for example, salary information) from your current or past employer(s) or companies that succeeded them in business, from a member of the Fund (where you are or could be a beneficiary of the Fund as a consequence of that person's membership of the Fund) and from a variety of other sources including public databases (such as the Register of Births, Deaths and Marriages), our advisers and government or regulatory bodies, including those in the list of organisations that we may share your personal data with set out below.

Where we obtain information concerning certain "special categories" of particularly sensitive data, such as health information, extra protections apply under the data protection legislation. We will only process your personal data falling within one of the special categories with your consent, unless we can lawfully process this data for another reason permitted by that legislation. You have the right to withdraw your consent to the processing at any time by notifying the Administering Authority in writing. However, if you do not give consent, or subsequently withdraw it, the Administering Authority may not be able to process the relevant information to make decisions based on it, including decisions regarding the payment of your benefits.

Where you have provided us with personal data about other individuals, such as family members, dependants or potential beneficiaries under the Fund, please ensure that those individuals are aware of the information contained within this notice.

How we will use your personal data

We will use this data to deal with all matters relating to the Fund, including its administration and management. This can include the processing of your personal data for all or any of the following purposes:

- To contact you.
- To assess eligibility for, calculate and provide you (and, if you are a member of the Fund, your beneficiaries upon your death) with benefits.
- To identify your potential or actual benefit options and, where relevant, implement those options.
- To allow alternative ways of delivering your benefits, for example, through the use of insurance products and transfers to or mergers with other pension arrangements.
- For statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' and beneficiaries' benefits and how that money should be invested).
- To assess and, if appropriate, action a request you make to transfer your benefits out of the Fund.
- To comply with our legal and regulatory obligations as the administering authority of the Fund.
- To address queries from members and other beneficiaries and to respond to any actual or potential disputes concerning the Fund.
- The management of the Fund's liabilities, including the entering into of insurance arrangements and selection of Fund investments.
- In connection with the sale, merger or corporate reorganisation of or transfer of a business by the employers that participate in the Fund and their group companies.

Organisations that we may share your personal data with

From time to time we will share your personal data with advisers and service providers so that they can help us carry out our duties, rights and discretions in relation to the Fund. Some of those organisations will simply process your personal data on our behalf and in accordance with our instructions; they are referred to as processors. Other organisations will be responsible to you directly for their use of personal data that we share with them; they are referred to as controllers. The controllers may be obliged under the data protection legislation to provide you with additional information regarding the personal data they hold about you and how and why they process that data. Further information may be provided to you in a separate notice or may be obtained from the advisers and service providers direct, for example via their websites.

Whenever one of our advisers or service providers acts as a joint controller with us in respect of your personal data, because we jointly determine the purposes and means of processing it, we will agree with them how we are each going to meet our respective and collective obligations under the data protection legislation. If you would like more information about how such an arrangement works, please contact us using the contact details below.

The organisations that we may share your personal data with may include the following advisers and service providers:

Processors	Controllers
<ul style="list-style-type: none"> • Administrator – (currently Croydon Council) • Accountants – (currently Croydon Council) • Communications adviser – (currently Croydon Council) • Tracing bureaus for mortality screening and locating members and beneficiaries – (currently National Fraud Initiative) • Overseas payments provider to transmit payments to Fund members and beneficiaries with non-UK accounts – (currently Convera) • Printing companies - (currently in-house Croydon Council printing service) • Pensions software provider – (currently Aquila Heywood) • Suppliers of IT, document production and distribution services – (currently Croydon Council) 	<ul style="list-style-type: none"> • Actuarial consultant – (currently Hymans Robertson) • Fund benefit consultant – (currently Hymans Robertson) • Investment adviser – (currently Mercer) • Additional Voluntary Contribution providers – (currently Prudential and Utmost) • Legal adviser – (currently Gowling WLG (UK) LLP and Burges Salmon LLP) • Fund Actuary – (currently Hymans Robertson) • Statutory auditor – (currently Grant Thornton) • External auditor – (currently Grant Thornton) • Internal auditor – (currently Mazars) • Insurance companies in connection with ill health benefits – (currently Legal & General) • LGPS National Insurance database – (South Yorkshire Pensions Authority) • Administering authorities of other LGPS funds (or their agents, such as third party administrators) where you have been a member of another LGPS fund and the information is needed to determine the benefits to which you or your dependants are entitled • The Department for Work and Pensions • The Government Actuary's Department • The Cabinet Office – for the purposes of the National Fraud Initiative • HMRC • The Courts of England and Wales – for the purpose of processing pension sharing orders on divorce

Where we make Fund investments or seek to provide benefits for members and beneficiaries in other ways, such as through the use of insurance, then we may also need to share personal data with providers of investments, insurers and other pension scheme operators.

From time to time we may provide some of your data to your employer and their relevant subsidiaries (and potential purchasers of their businesses) and advisers for the purposes of enabling those entities to understand the liabilities and obligations of the employer regarding the Fund. Your employer would generally be a controller of the personal data shared with it in those circumstances. For example, where your employment is engaged in providing services subject to an outsourcing arrangement, the Administering Authority may provide information about your pension benefits to your employer and to potential bidders for that contract when it ends or is renewed.

Where requested or if we consider that it is reasonably required, we may also provide your data to government bodies and dispute resolution and law enforcement organisations, including those listed above, the Pensions Regulator, the Pensions Ombudsman and Her Majesty's Revenue and Customs (HMRC). They may then use the data to carry out their functions.

The organisations referred to in the paragraphs above may use the personal data to perform their functions in relation to the Fund as well as for statistical and financial modelling (such as calculating expected average benefit costs and mortality rates) and planning, business administration and regulatory purposes. They may also pass the data to other third parties (for example, insurers may pass personal data to other insurance companies for the purpose of obtaining reinsurance), to the extent they consider the information is reasonably required for a legitimate purpose.

We do not use your personal data for marketing purposes and will not share this data with anyone for the purpose of marketing to you or any beneficiary.

Transferring information outside the UK

In some cases, recipients of your personal data may be outside the UK. As such, your personal data may be transferred outside the UK to a jurisdiction that may not offer an adequate level of protection as is required by the UK Government.

If this occurs, additional safeguards must be implemented with a view to protecting your personal data in accordance with applicable laws. Please use the contact details below if you want more information about the safeguards that are currently in place.

How long we keep your personal data

We will only keep your personal data for as long as we need to in order to fulfil the purpose(s) for which it was collected and for so long afterwards as we consider may be required to deal with any questions or complaints that we may receive about our administration of the Fund, unless we elect to retain your data for a longer period to comply with our legal and regulatory obligations. In practice, this means that your personal data will be retained for the greater of:

- such period as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund and for a period of 15 years after those benefits stop being paid. For the same reason, your personal data may also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement; or
- 100 years from a member's date of birth; or
- 100 years from the date of birth of any beneficiary who received benefits from the Fund after the member's death.

Your rights

You have a right to access and obtain a copy of the personal data that the Administering Authority holds about you and to ask the Administering Authority to correct your personal data if there are any errors or it is out of date or incomplete. In extremely limited circumstances, you may also have a right to ask the Administering Authority to restrict the processing of your personal data, or to transfer or (in extremely limited circumstances, such as where your personal data is no longer needed for the purpose for which it is being processed) erase your personal data. You should note that we are not obliged to erase your personal data if we need to process it for the purposes of administering the Fund.

In certain circumstances you have the right to object to the processing of your personal data; for example, you have the right to object to processing of your personal data which is based on the public interest or legitimate interests identified in the section above headed "*The technical bit*", or where processing is for direct marketing purposes.

You can obtain further information about your rights from the Information Commissioner's Office at www.ico.org.uk or via its telephone helpline (0303 123 1113).

If you wish to exercise any of these rights or have any queries or concerns regarding the processing of your personal data, please contact the Fund Administrator as indicated below. You also have the right to lodge a complaint in relation to this privacy notice or the Administering Authority's processing activities with the Information Commissioner's Office which you can do through the website above or their telephone helpline.

As explained in the section above headed "*How we will use your personal data*", one of the reasons we collect and hold your personal data is to administer your Fund benefits. If you do not provide the information we request, or ask that the personal data we already hold is deleted or that the processing of the personal data be restricted, this may affect our ability to administer your benefits, including the payment of benefits from the Fund. In some cases, it could mean the Administering Authority is unable to put your pension into payment or has to stop your pension (if already in payment).

Updates

We may update this notice periodically. Where we do this, we will inform members and beneficiaries of the changes and the date on which the changes take effect.

Contacting us

Please contact the Fund administrator for further information.

Croydon Council Pension Section
3rd Floor Zone D
Bernard Weatherill House
8 Mint Walk
Croydon
CR0 1EA

0208 726 6000 x 44034
pensions@croydon.gov.uk

Data Protection Officer

You may also contact our data protection officer at information.management@croydon.gov.uk for further information.

PRIVACY NOTICE (SUMMARY)

for the members and beneficiaries of the Croydon Council Pension Fund

As the Administering Authority of the Fund, we hold certain information about you and from which you can be identified ("**personal data**") which we need to administer the Fund.

In this privacy notice, we have summarised some of the key ways in which we collect and use personal data in accordance with our requirements under data protection legislation. Further information can be found in the Full Privacy Notice at the following link:

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

It is important that you read this privacy notice together with any other privacy notice or fair processing policy we may provide on specific occasions when we are collecting or processing personal data about you so that you are fully aware of how and why we are using your data. This privacy notice replaces any general privacy notice we may have previously issued and supplements any other notices and privacy policies we issue that are specific to particular data collection / processing activities.

What personal data do we hold?

The types of data we hold and process about you can include:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth and national insurance number.
- Information relating to your benefits in the Fund, including length of service or membership and salary.
- Other information in relation to your membership of the Fund or to enable the calculation or payment of benefits, for example bank account details.
- Information about your family, dependants or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about your health, for example, to assess eligibility for benefits payable on ill health, or where your health is relevant to a claim for benefits following the death of a member of the Fund.
- Information about a criminal conviction if this has resulted in you owing money to your employer or the Fund and the employer or Fund may be reimbursed from your benefits.

We obtain some of this personal data directly from you. We may also obtain data from your employer (for example, salary information) and from other sources including public databases and the advisers and service providers that we may share your personal data which are listed in the Full Privacy Notice.

What will we do with your personal data?

We will use this personal data to administer the Fund and to calculate and provide you (and, if you are a member of the Fund, your beneficiaries if you die) with benefits. We will also use this personal data for statistical and financial modelling and reference purposes (for example, when we assess how much money is needed to provide members' benefits and how that money should be invested), and to comply with our legal obligations.

From time to time we will share your personal data with third parties, including our contractors, advisors, government bodies and dispute resolution and law enforcement agencies and insurers in

order to comply with our obligations under data protection legislation, and in connection with the provision of services that help us carry out our duties, rights and discretions in relation to the Fund. These organisations are listed in the Full Privacy Notice.

We may also process your personal data to assess and, if appropriate, action a request you make to transfer your benefits out of the Fund.

In some cases, recipients of your personal data may be outside the UK. If this occurs, we will make sure that additional safeguards are in place to protect your data in accordance with applicable data protection laws. Please use the contact details below if you want more information in connection with this.

What is the legal basis for our use of your personal data?

The legal basis for our use of your personal data will usually be that we need to process your personal data to satisfy our legal obligations as the Administering Authority of the Fund. However, where that legal basis does not apply then the legal basis for our use of your personal data will be one or more of the following:

- a) we need to process your personal data to carry out a task in the public interest or in the exercise of official authority in our capacity as a public body; and/or
- b) we need to process your personal data for the legitimate interests of administering and managing the Fund and liabilities under it, calculating, securing and paying benefits and performing our obligations and exercising any rights, duties and discretions the Administering Authority has in relation to the Fund; and/or
- c) because we need to process your personal data to meet our contractual obligations in relation to the Fund (for example, under an agreement that you will pay additional voluntary contributions to the Fund), or to take steps, at your request, before entering into a contract.

How long will we hold your data?

We will only keep your personal data for as long as we need it to administer the Fund and to deal with any questions or complaints that we may receive about this, unless the law requires us to keep it for a longer period. In practice, this means that your personal data may be retained for **the greater of:**

- Such period as you (or any beneficiary who receives benefits after your death) are entitled to benefits from the Fund and for a period of 15 years after those benefits stop being paid. For the same reason, your personal data may also need to be retained where you have received a transfer, or refund, from the Fund in respect of your benefit entitlement; or
- 100 years from a member's date of birth; or
- 100 years from the date of birth of any beneficiary who received benefits from the Fund after the member's death.

Your rights

You have a right to access and obtain a copy of the personal data that we hold about you and to ask us to correct your personal data if there are any errors or it is out of date or incomplete. In extremely limited circumstances, you may also have a right to ask us to restrict the processing of your personal data or to transfer or (in extremely limited circumstances, such as where your personal data is no longer needed for the purpose for which it is being processed) erase your personal data. You should

note that we are not obliged to erase your personal data if we need to process it for the purposes of administering the Fund.

In certain circumstances you have the right to object to the processing of your personal data; for example you have the right to object to processing of your personal data which is based on the public interest or legitimate interests identified in the section above headed "*What is the legal basis for our use of your personal data?*", or where the processing is for direct marketing purposes.

You can obtain further information about your rights from the Information Commissioner's Office at: www.ico.org.uk or via its telephone helpline (0303 123 1113).

If you wish to exercise any of these rights, please contact the Fund Administrator below. You also have the right to lodge a complaint in relation to this summary notice, the Full Privacy Notice or our processing activities with the Information Commissioner's Office, which you can do through the website above or their telephone helpline.

One of the reasons we collect and hold your personal data is to administer your benefits from the Fund. If you do not provide the information we request or ask that the personal data we already hold is deleted or that the processing of the personal data be restricted, this may affect our ability to administer your benefits, including the payment of benefits from the Fund. In some cases, it could mean that we are unable to put your pension into payment or have to stop your pension (if already in payment).

Contacting us

Please contact the Fund administrator Croydon Council for further information.

Croydon Council Pension Section
3rd Floor Zone D
Bernard Weatherill House
8 Mint Walk
CR0 1EA

Tel: 0208 726 6000 x 44034
Email: pensions@croydon.gov.uk

Data Protection Officer

You may also contact our data protection officer information.management@croydon.gov.uk for further information.

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Croydon Council Pension Fund (the "Fund")

This document has been prepared by Croydon Council (the "**Administering Authority**", or "**we**") in its capacity as the administering authority of the Fund and sets out the Fund's policy on the retention of personal data in accordance with data protection legislation applicable to the Administering Authority when processing personal data.

This policy document can also be accessed via the following link: <https://www.croydonpensionscheme.org/resources/> and should be read in conjunction with the Fund's privacy notice, which can be accessed via the same link.

Introduction

As controllers, we are required by data protection legislation to comply with the principles of data minimisation and storage limitation. Personal data we process:

- must be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed; and
- must not be kept in a form which permits identification of a data subject for longer than is necessary for the purposes for which the personal data is processed.

We are obliged to retain certain records (whether in hard copy or electronic form) for various periods of time because:

- we have a statutory obligation to do so; and/or
- the information contained in those records may be necessary for the future (for example, questions may arise about the calculation of benefits paid in the past, and data that may be relevant to a possible legal claim needs to be kept until the period within which that claim could be brought has expired).

This policy document sets out the measures adopted by the Fund to comply with the principles of data minimisation and storage limitation in relation to personal data that it holds.

Types of personal data we hold

We hold and process the following types of personal data in relation to Members and beneficiaries of the Fund:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth, national insurance number and employee and membership numbers.
- Information that is used to calculate and assess eligibility for benefits, for example, length of service or membership and salary information.
- Financial information relevant to the calculation or payment of benefits, for example, bank account and tax details.
- Information about the Member's family, dependents or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death.
- Information about the Member's health, for example, to assess eligibility for benefits payable on ill health, or where the Member's health is relevant to a claim for benefits following the death of a Member of the Fund.
- Information about a criminal conviction if this has resulted in the Member owing money to the Member's employer or the Fund and the employer or Fund may be reimbursed

from the Member's benefits.

Retention periods for personal data

In compiling our policy on the retention of personal data, we have taken into account the guidelines on the retention of personal data as set out by / in:

- Information and Records Management Society;
- The National Archives;
- HMRC compliance handbook manual CH15400;
- Lord Chancellor's Code of Practice on the Management of Records issued under Section 46 of the Freedom of Information Act 2000;
- Information Commissioner's Office's guidance on storage retention; and
- The Pensions Regulator's General Code of Practice for pension schemes.

Data protection legislation requires that we retain personal data for no longer than is necessary to fulfil the purpose(s) for which it is processed. Given the long term nature of pensions, we need to ensure that personal data is retained to:

- comply with our legal and regulatory obligations regarding the payment of benefits from the Fund; and
- deal with any questions or complaints that we may receive about our administration of the Fund.

We will retain personal data for **the greater of:**

- such period as the Member (or any beneficiary who receives benefits after the Member's death) are entitled to benefits from the Fund and for a period of 15 years after those benefits stop being paid; or
- 100 years from the Member's date of birth; or
- 100 years from the date of birth of any beneficiary who received benefits from the Fund after the Member's death.

During any period when we retain personal data, we will keep that personal data up to date and take all reasonable steps to ensure that inaccurate data is either erased or rectified without delay. We will periodically review the personal data that we retain and consider whether it is still required; any personal data that we no longer require will be destroyed.

Member's and beneficiary's rights

Beneficiaries form a wider category of people who receive benefits from the Fund, for example the active/deferred/pensioner Member's spouse / child(ren) / dependants who may receive benefits from the Fund following a Member's death. Members of the Fund and beneficiaries have a right to access and obtain a copy of the personal data that we hold about them and to ask us to correct personal data if there are any errors or it is out of date or incomplete.

In certain circumstances a Member / beneficiary has the right to:

- object to the processing of their personal data;
- restrict the processing of their personal data until any errors are corrected;
- transfer their personal data; or
- erase their personal data.

If the exercise of the Member's / beneficiary's rights would prevent us from paying or continuing to pay a pension from the Fund, we will consider retaining a minimised version of that Member's / beneficiary's personal data to fulfil our legal and regulatory obligations.

Participating Employers

This policy applies to Croydon Council in its capacity as the administering authority of the Fund. We have produced separate guidance for other participating employers in the Fund about our expectations for the retention by them of personal data we may require to administer the Fund. That guidance includes a suggested data retention policy that employers can each adopt in relation to their participation in the Fund.

Effective Date

This policy was agreed by the Pension Committee on 19 March 2024.

Review

This policy will be reviewed by the Fund at least every 3 years. The next review is due in March 2027.

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PERSONAL DATA RETENTION POLICY EXPECTATIONS

Croydon Council Pension Fund (the "Fund")

This document has been prepared by Croydon Council (the "**Administering Authority**") in its capacity as the administering authority of the Fund. Employers participating in the Fund are under a statutory duty to provide data to the Fund under regulation 80 of the Local Government Pension Scheme Regulations 2013. This document sets out the Fund's expectations of employers participating in the Fund in relation to the retention of personal data that is required by the Fund.

This document can also be accessed via the following link: <https://www.croydonpensionscheme.org/resources/> and should be read in conjunction with the Fund's privacy notice, which can be accessed via the same link.

This document largely takes the form of a template personal data retention policy for individual employers participating in the Fund to tailor to their own circumstances before adopting or incorporating into their existing personal data retention policy. In collecting and processing personal data required by the Fund, individual employers will be acting as separate, independent controllers to the Administering Authority. The Administering Authority will assume responsibility as controller of that personal data once it is provided to the Fund. However, in order that the Administering Authority can fulfil its legal obligations in relation to that data (as well as to pay the correct benefits to current and former employees of each individual employer and their beneficiaries), the Administering Authority expects individual employers to adopt certain minimum data retention periods. Those minimum periods are set out in the template personal data retention policy.

In determining what data retention period to adopt, employers should note in particular that:

- you may have to provide salary information to the Administering Authority for certain Members relating to the thirteen years prior to the date of ceasing pensionable service in the Fund;
- the working hours of Members who have pre-1 April 2014 pensionable service in the Fund and are entitled to final salary benefits, are used in the calculation of certain benefits - queries regarding the Member's working hours can be received many years after any change in the Member's working pattern took effect;
- you are responsible for making ill health determinations in respect of both active and deferred Members (i.e. your former employees) and, in the case of deferred Members, may need to provide job descriptions to Independent Registered Medical Practitioners many years after a Member has ceased employment with you in order to assess if the Member is permanently incapable of doing the job they were employed to do whilst in employment with you;¹
- queries about salary data may arise sometime after the relevant pay period for which it was provided, due to the complex definitions of pensionable pay in the Local Government Pension Scheme Regulations 2013 and the interaction with the tax regime for pension benefits;
- legal and tax requirements may change, requiring the Fund to recalculate benefits for which additional personal data is needed (for example, the Government may amend the Local Government Pension Scheme Regulations 2013 to take account of recent Court cases concerning age discrimination within public sector pension schemes following benefit changes in 2014/5).

¹ This may involve your HR department rather than your payroll department or provider. Generic job descriptions may not be personal data. However, if the individual member can be identified from the job description, it will still be personal data protected by data protection legislation.

These factors mean the Fund requires some types of personal data to be available for longer periods of time than may usually be the case in relation to employees.

Employers wishing to make significant amendments to the template data retention policy are invited to discuss their policy with the Administering Authority before adoption, so that both parties can ensure they will be able to fulfil their legal obligations in relation to personal data required by the Fund.

Employers are responsible for providing payroll information and other data to the Administering Authority, even if those services are outsourced. You should provide your payroll department or provider with a copy of your data retention policy once adopted or updated and ask them to confirm that personal data will be retained in line with your policy. Employers should also ensure that they retain access to historical pay information if there is a change to the payroll provider.

Failure to provide historic salary/hours worked information or job descriptions may result in the Administering Authority having to make decisions or reasonable assessments in respect of a Member's benefits payable from the Fund. In the absence of such information, these could be challenged by the Member under the Internal Dispute Resolution Procedure, ultimately resulting in referral to the Pensions Ombudsman.

Issued on behalf of the Administering Authority by:

[Name]

[Date]

PARTICIPATING EMPLOYER PERSONAL DATA RETENTION POLICY

[-]² (the "Employer" and "we")

This document has been prepared by the Employer, in its capacity as a scheme employer in the [-]³ (the "Fund") and sets out the Employer's policy on the retention of personal data relating to its employees who are members of the Fund, in accordance with data protection legislation, applicable to the Employer when processing personal data.⁴

This policy document can also be accessed via the following link: [insert link to relevant area of Employer's website] and should be read in conjunction with the Employer's and Fund's privacy notices, which can be accessed via the following links: [insert link to relevant area of Employer's website] and [insert link to relevant area of Fund website].

Introduction

As controllers, we are required by data protection legislation to comply with the principles of data minimisation and storage limitation. Personal data we process:

- must be adequate, relevant and limited to what is necessary in relation to the purposes for which it is processed; and
- must not be kept in a form which permits identification of a data subject for longer than is necessary for the purposes for which the personal data is processed.

We are obliged to retain certain records (whether in hard copy or electronic form) for various periods of time because:

- we have a statutory obligation⁵ to do so; and/or
- the information contained in those records may be necessary for the future (for example, questions may arise about the calculation of benefits either to be put into payment or that have been paid in the past, and data that may be relevant to a possible legal claim needs to be kept until the period within which that claim could be brought has expired).

This policy document sets out the measures adopted by the Employer to comply with the principles of data minimisation and storage limitation in relation to personal data that we hold and process for the purposes of the Fund.

² Please insert name of the scheme employer.

³ Please insert name of the Fund.

⁴ Please note that the relevant data protection legislation includes:

- the UK Data Protection Act 2018;
- The UK GDPR (as defined in the Data Protection, Privacy and Electronic Communications (Amendments etc.) (EU Exit) Regulations 2019/419; and
- To the extent relevant, the General Data Protection Regulation 2016/679 (the "EU GDPR").
In this policy references to the "GDPR" include both the EU GDPR and UK GDPR unless expressly otherwise specified.

⁵ Scheme employers have a statutory obligation to provide information to the pension fund under regulation 80 of the Local Government Pension Scheme Regulations 2013.

Types of personal data we hold⁶

We hold and process the following types of personal data in relation to our current and former employees who are Members of the Fund:

- Contact details, including name, address, telephone numbers and email address.
- Identifying details, including date of birth, national insurance number and employee and membership numbers.
- Information that is used to calculate and assess eligibility for benefits, for example, length of service, history of hours worked or membership and salary information necessary for the calculation of the Member's benefits in the Fund.
- For current employees, information about the Member's family, dependants or personal circumstances, for example, marital status and information relevant to the distribution and allocation of benefits payable on death in service.
- Information about the Member's health, for example, to assess eligibility for benefits payable on ill health, or where the Member's health is relevant to a claim for benefits following their death.
- Information about a criminal conviction if this has resulted in the Member owing money to the Employer or the Fund and the Employer or Fund may be reimbursed from the Member's benefits.

Retention periods for personal data⁷

⁶ Please consider whether any personal data other than that listed is held or processed by the Employer. Any personal data that the Fund generates and holds independently of the Employer can be deleted (e.g. bank account details if only provided directly by Members to the Fund). This list should be conformed to the Employer's and the Fund's privacy notices.

⁷ The Article 29 Working Party guidelines on retention periods state that meaningful information about the likely period of retention should be provided to data subjects and a generic statement in the privacy notice is not appropriate. This retention policy should, therefore, set out defined periods beyond which different categories of personal data will no longer be held (and, should include separate periods for different categories of data where this is appropriate. For example, it is unlikely to be justifiable to retain bank details for beneficiaries once they cease to be entitled to receive benefit payments). The UK GDPR does not prescribe a specific time period beyond which particular categories of personal data are required to be deleted but does make it clear that data must not be kept for longer than is necessary. Scheme Employers should be aware that if they do not specify defined periods for which personal data will be held and then put measures in place to delete data after the end of the relevant period, this is unlikely to comply with the UK GDPR. See Articles 5(1) and 5(2), and in particular Article 5(1)(c) - (e) of the UK GDPR and Recital 39 of the UK GDPR.

Therefore, whilst we note that:

- (to the extent applicable to the scheme employer), the Lord Chancellor's Code of Practice on the management of records issued under section 46 of the Freedom of Information Act 2000 refers to records being kept as long as they are needed by the authority: for reference or accountability purposes, to comply with regulatory requirements or to protect legal and other rights and interests (paragraph 12.2); and
- the Information and Records Management Society states that certain records will need to be retained indefinitely where they evidence pension or other benefit entitlements;

a suggested specific default timeframe for the retention of personal data has been included in this policy. Employers will need to consider the extent to which the suggested wording matches their actual (or intended future) practice and requirements. Employers should also consider whether different retention periods should be adopted and set out here for different categories of data, if certain categories will not be required for this full default timeframe.

Retaining personal data indefinitely, either because scheme employers believe that is appropriate (e.g. because the data might need to be referred to in the future given the long term nature of pension liabilities), or because in practice it is not possible within the constraints of the personnel or administration system to implement a destruction policy for selected data relating to a particular individual, is unlikely to comply with the UK GDPR. Although we are not aware of the Information Commissioner having issued guidance in this area that is specific to pension schemes and we consider the risk of retrospective sanction by the ICO in this area to be low, we anticipate that this will be an area in which good practice will continue to develop. Consequently we recommend that scheme employers consider proactively putting in place a policy with defined period(s) beyond which personal data will not be held (within the constraints of an acknowledged need to retain at least some personal data for a significant period of time, in order to administer benefits and deal with potential future queries). If there are certain categories of personal data that scheme employers / funds consider are not needed for as long a period (e.g. bank account details; underlying benefit calculation information for a Member who has transferred-out more than a specified number of years ago) then it would be advisable to adopt a shorter retention period for such categories. It is possible that individual scheme employers will have shorter data retention periods for their employment personal data more generally; Funds will need to understand when personal data will be

In compiling our policy on the retention of personal data, we have taken into account the guidelines on the retention of personal data as set out by / in:

- Information and Records Management Society;
- The National Archives;
- HMRC compliance handbook manual CH15400;
- [Lord Chancellor's Code of Practice on the Management of Records issued under Section 46 of the Freedom of Information Act 2000;]⁸
- Information Commissioner's Office's guidance on storage retention; and
- The Pensions Regulator's code of practice 14 for public service pension schemes.

Data protection legislation requires that we retain personal data for no longer than is necessary in order to fulfil the purpose(s) for which it is processed. Given the long term nature of pensions, we need to ensure that personal data is retained to:

- comply with our [legal and regulatory] obligations as a participating employer regarding the payment of benefits from the Fund; and
- deal with any questions or complaints that we or the Fund may receive about a Member's or other beneficiary's entitlement to benefits from the Fund.

We will retain personal data for a maximum period of fifteen years⁹ after termination of employment.¹⁰

During any period when we retain personal data, we will keep that personal data up to date and take all reasonable steps to ensure that inaccurate data is either erased or rectified without delay. We will periodically review the personal data that we retain and consider whether it is still required; any personal data that we no longer require will be destroyed.¹¹

Member's and beneficiary's rights

Beneficiaries form a wider category of people who receive benefits from the Fund, for example the active/deferred/pensioner member's spouse / child(ren) / dependants).¹² Members of the Fund and

destroyed and check that the Employer's policy will allow them sufficient opportunity to obtain all personal data that the Fund requires (and enable any subsequent queries or checks for a sufficient period).

⁸ This will only be relevant to certain categories of scheme employers (e.g. public bodies such as county councils) and therefore the Employer should consider whether the inclusion of this reference is appropriate.

⁹ The suggested period of "fifteen years after termination of employment" is based on the current maximum statutory limitation period, as any complaints about the calculation of either deferred or pensioner benefits would usually be expected to be brought within that timeframe.

¹⁰ This will need to be tailored to fit the circumstances of the individual scheme employer. The Fund will hold the relevant information for the greater of "100 years from date of birth" and "last payment of benefits to the Member/beneficiary plus 15 years", however the Fund is conscious that individual scheme employers may have their own individual data retention policies in place.

¹¹ The UK GDPR states that while the data is being retained, the controller is also under an obligation to keep personal data up to date and to take every reasonable step to ensure that inaccurate data is either erased or rectified without delay. Consideration should also be given to "filleting" the data held, so that individual items are not retained for longer than actually required. For example, it may be appropriate to destroy bank account details within a shorter period of a benefit ceasing to be payable. We recommend that Employers adopt shorter retention periods for particular categories of data (see note 9 above) and conduct a periodic audit of personal data held, with a view to destroying any that is no longer required in relation to a particular Member or beneficiary.

¹² Funds to consider whether employers provide personal data about beneficiaries in practice and amend the template accordingly if required.

beneficiaries have a right to access and obtain a copy of the personal data that we hold about them and to ask us to correct personal data if there are any errors or it is out of date or incomplete.

In certain circumstances a Member / beneficiary has the right to:

- object to the processing of their personal data
- restrict¹³ the processing of their personal data until any errors are corrected;
- transfer their personal data; or
- erase¹⁴ their personal data.

If the exercise of the Member's / beneficiary's rights would prevent us from providing the personal data to the [-]¹⁵ in order for the payment or continued payment benefits from the Fund, we will consider retaining a minimised version of that Member's / beneficiary's personal data in order to fulfil our legal obligations.¹⁶

Review

This policy will be reviewed by [the Employer]¹⁷ at least [triennially]¹⁸.

¹³ See Article 18 of the UK GDPR. (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).

The scheme employer should restrict the processing of the personal data (subject to certain exceptions e.g. storage or to defend a legal claim or for reasons of important public interest) in a number of circumstances specified in Article 18. These include where the individual has contested the accuracy of the personal data. The processing would also have to be restricted where the individual has raised an objection and the scheme employer's justification for the processing is based on Article 6(1)(e) or (f), i.e. the necessity to: perform a task in the public interest or pursuant to an official authority; or (if applicable) in its legitimate interests. The restriction will last until the scheme employer is able to verify the accuracy of the personal data or demonstrate an overriding justification for its processing respectively. For reference, note: Article 21(1) contains the right of the data subject to object to the processing of personal data in circumstances relating to the individual, where the controller is relying on the justifications in Article 6(1)(e) or (f), which includes those mentioned immediately above. Under Article 21(2), the right to object also includes where personal data is used for direct marketing purposes and profiling for that purpose.

¹⁴ See Articles 17(1) and 17(2) of the UK GDPR. This information should be included in the policy notwithstanding that in relation to the LGPS it is not anticipated that Members will in practice have a right of erasure (due to the legal basis for which personal data is collected and processed).

¹⁵ Insert name of administering authority.

¹⁶ See Article 17(3) of the UK GDPR. Article 18(2) and 18(3) provide exceptions to the right of the Member to restrict the processing of personal data in certain circumstances.

¹⁷ Amend if a specific body or individual will be responsible for the review of this policy.

¹⁸ The policy should be reviewed regularly. Amend the review period if an annual review of the policy is not suitable.

LOCAL GOVERNMENT PENSION SCHEME

Memorandum of Understanding regarding Compliance with Data Protection Law

1 INTRODUCTION

The Local Government Pension Scheme ("**LGPS**") in England and Wales is an occupational pension scheme registered under section 153 of the Finance Act 2004 and its rules are currently set out in The Local Government Pension Scheme Regulations 2013 (SI 2013/2356) as amended ("**LGPS Regulations**").

- 1.1 The LGPS is administered locally by administering authorities which are defined in Regulation 2 of the LGPS Regulations and listed in Part 1 of Schedule 3 of the LGPS Regulations.

Croydon Council ("**Administering Authority**") is an administering authority under the LGPS Regulations. The Administering Authority manages and administers the Croydon Council Pension Fund within the LGPS (the "**Fund**") in accordance with its statutory duty under Regulation 53 of the LGPS Regulations. Employers employing employees who are eligible to be members of the LGPS will participate in the Fund as a "**Scheme Employer**" (as defined in schedule 1 of the LGPS Regulations). The Administering Authority and the Scheme Employer (together the "**Parties**") are required to share personal data relating to the Scheme Employer's current and former employees who participate in the Fund (the "**Members**") and their dependants, beneficiaries and/or potential beneficiaries, in order for the Administering Authority to fulfil its statutory duties to manage and administer the Fund under Regulation 53 of the LGPS Regulations and provide the Members with benefits upon retirement, pay ill-health benefits, pay death grants, pay survivors' pensions to Members' spouses, civil partners and co-habiting partners, pay children's pensions upon the death of the Member, offer Members the option of paying additional voluntary contributions to one or more providers in accordance with Regulations 1 – 52 of the LGPS Regulations.

- 1.2 Scheme Employers are under a statutory obligation, as detailed in Regulation 80 of the LGPS Regulations, to provide certain personal data relating to its Members on an annual basis to the Administering Authority, including the Member's name, gender, date of birth, national insurance number, pensionable pay, employer and employee pension contributions, details of any additional pension contributions and additional voluntary contributions.

- 1.3 This Memorandum of Understanding sets out:

- (a) the basis on which personal data will be shared between the Parties; and
- (b) the Administering Authority's expectations of the Scheme Employer during its participation in the Fund;

in order to comply with Data Protection Law, including the General Data Protection Regulation (2016/679) as amended and incorporated into UK law under the UK European Union (Withdrawal) Act 2018. For the avoidance of doubt, the commitments set out in this Memorandum of Understanding only apply in respect of personal data shared between the Parties.

- 1.4 References to "**Data Protection Law**" in this Memorandum of Understanding mean the UK Data Protection Act 2018, the Electronic Communications Data Protection

Directive (2002/58/EC) and the Privacy and Electronic Communications (EC Directive) Regulations 2003 (SI 2426/2003) (each as amended and incorporated into the laws of England & Wales, Scotland and Northern Ireland), the GDPR and all applicable laws and regulations relating to personal data and privacy which are enacted from time to time, including (where applicable) the guidance and codes of practice issued by the Information Commissioner's Office and any other competent authority. References in this Memorandum of Understanding to the "GDPR" are to the General Data Protection Regulation (2016/679) as amended and incorporated into the laws of England & Wales, Scotland and Northern Ireland under the UK European Union (Withdrawal) Act 2018, but also include a reference to the underlying EU regulation itself if and to the extent that it is applicable.

2 CONTROLLERS

2.1 The Parties acknowledge that they will:

- (a) not hold a pool of joint data;
- (b) be separate and independent controllers in relation to the copies of the Members' personal data they respectively hold and/or otherwise process;
- (c) each act as independent controllers in relation to personal data transferred to them;
- (d) each be responsible for complying with the requirements in Data Protection Law that are applicable to them as independent controllers.

2.2 References to Members' personal data includes personal data relating to the Members' dependants (including children) spouses/civil partners (where applicable), beneficiaries and/or potential beneficiaries.

3 DATA SHARING

3.1 The Parties confirm that they understand their respective obligations under Data Protection Law as controllers and agree to only process personal data relating to the Members:

transparently, fairly and lawfully and in accordance with the data protection principles set out in Data Protection Law;

- (a) where there are lawful grounds for doing so; and
 - (b) in accordance with Data Protection Law and best practice guidance (including the Data Sharing Code of Practice issued by the Information Commissioner's Office and updated from time to time).
- 3.2 Each Party will separately inform the Members (as required under Data Protection Law) of the respective purposes for which they will each process their personal data and provide all required information to ensure that the Members understand how their personal data will be processed in each case by the Administering Authority or Scheme Employer (as applicable). The Scheme Employer's privacy notice to Members will inform them that their personal data will be provided to the Administering Authority and a copy of that notice will be provided to the Administering Authority on request.

- 3.3 When sharing personal data, including for any onward transfers of personal data, the Parties shall ensure that they have a lawful basis for doing so.
- 3.4 To the extent any Scheme Employer or Administering Authority makes any transfer of personal data outside of the UK or European Economic Area, it shall ensure compliance with Chapter 5 of the GDPR and the principles set out in the judgment issued by the Court of Justice of the European Union on July 16, 2020 (case C-311/18; "**Schrems II**").

In the event that a Scheme Employer or Administering Authority collects, uses or otherwise processes Special Category Personal Data, or Criminal Convictions Data, it shall comply with all the requirements under Data Protection Law, as applicable. This includes ensuring that a condition for the processing of this data has been satisfied.

- 3.5 Each Party shall ensure that it:

only collects, uses or otherwise processes personal data for a specific and limited purpose;

has measures in place to ensure that personal data remains accurate and up-to-date; and

ensures that all staff who have access to the personal data are properly trained in the handling of personal data.

- 3.6 Each Party confirms that it understands its respective obligations under Data Protection Law, to ensure that the Members' personal data of which it is a controller is kept and used securely at all times and to take such technical and organisational security measures against unauthorised and unlawful processing of, accidental or unlawful destruction, loss, alteration, unauthorised disclosure of, or access to the Members' personal data transmitted, stored or otherwise processed as may be required. Such measures will have due regard to the state of technological development and the cost of implementation of these measures, to ensure a level of security appropriate to the harm that might result from such processing and the nature, scope, context and purposes of processing the Members' personal data and the risk or likelihood and severity for the rights and freedoms of data subjects. Such measures will ensure:

the ongoing confidentiality, integrity, availability and resilience of processing the Members' personal data;

- (a) the ability to restore the availability and access to the Members' personal data in a timely manner in the event of a physical or technical incident;

carrying out of regular testing, assessing and evaluating the effectiveness of technical and organisational measures for ensuring the security of the processing.

- 3.7 Each Party undertakes to notify the other as soon as practicable if an error is discovered in the Members' personal data of which it is a controller and which was received from or a copy of which has been provided to the other Party, to ensure that such other Party is then able to correct its own records. This will happen whether the error is discovered through existing data quality initiatives or is flagged up through some other route (such as the existence of errors being directly notified to the Administering Authority or Scheme Employer (as appropriate) by the Member (or the Member's dependants, spouse/civil partner) themselves).

4 TRANSFER OF MEMBERS' PERSONAL DATA

- 4.1 The Parties agree that Members' personal data will only be transferred from one Party to the other via an acceptable method specified by the Administering Authority which may include any of the following:
- (a) face to face;
 - (b) courier;
 - (c) secure email;
 - (d) SFTP link;
 - (e) access secure website;
 - (f) third party solution as agreed by the Parties;
- 4.2 Each Party will, when transferring the Members' personal data of which it is the controller to the other Party, ensure that that data is secure during transit (whether physical or electronic).

If either the Administering Authority or the Scheme Employer appoints professional advisers, third party administrators or another entity which provides other services involving the transfer of Members' personal data, those third parties will be processors or controllers in their own right. The Administering Authority or the Scheme Employer (as applicable) will comply with its own obligations in accordance with Data Protection Law (in particular, by requiring any such entity to which it transfers Members' personal data to also comply with Data Protection Law) and shall ensure that that nothing in the terms of engagement between the Administering Authority or the Scheme Employer (as applicable) and such third party would contradict this Memorandum of Understanding.

5 RIGHTS OF MEMBERS (INCLUDING THE MEMBER'S DEPENDANTS, SPOUSES/ CIVIL PARTNERS (WHERE APPLICABLE))

- 5.1 Each Party shall, in respect of the personal data of which it is a controller, respond to any requests from Members to have access to or exercise any of their other rights under Data Protection Laws in relation to any of their personal data or a complaint or enquiry relating to that Party's processing of the Members' personal data received by that Party in line with its own obligations under the Data Protection Law. Such requests, complaints or enquiries should be directed to the individuals named in 9 below.
- 5.2 Each Party agrees to provide reasonable assistance to the other as is necessary to enable the other Party to comply with any such requests in respect of Members' personal data of which that Party is a controller and to respond to any other queries or complaints from Members.

6 DATA SECURITY BREACHES AND REPORTING PROCEDURES

Each Party confirms that it understands its respective obligations under Data Protection Law in the event of any personal data breach, unauthorised or unlawful processing of, loss or destruction of or damage to any of the Members' personal data,

including (where necessary) an obligation to notify the Information Commissioner's Office and/or the Member(s).

7 ADDITIONAL RESPONSIBILITIES OF SCHEME EMPLOYERS

- 7.1 Notwithstanding the statutory obligations which apply to Scheme Employers under the LGPS Regulations and as a controller under Data Protection Law, the Administering Authority, as Administering Authority for the Fund, expects Scheme Employers participating in the Fund to comply with the responsibilities set out below in relation to Members' personal data.

On request, the Scheme Employer will inform [NAME OF PERSON/POSITION] at the Administering Authority of any appointed qualified person to fulfil the role of data protection officer ("DPO") together with their contact details. If the Scheme Employer has not appointed a DPO, the Scheme Employer, on request, will inform [NAME OF PERSON/POSITION] at the Administering Authority of the details of a nominated person for GDPR compliance purposes.

- 7.2 The Scheme Employer will demonstrate to the Administering Authority's satisfaction when dealing with ill health early retirement applications for current employees that explicit Member consent has been received which gives consent to processing by both the Scheme Employer and the Administering Authority. In the absence of such consent, the Administering Authority may not be able to process the Member's application.
- 7.3 The Scheme Employer acknowledges the financial penalties that can be imposed by the Information Commissioner's Office in relation to breaches of Data Protection Law and will inform the Administering Authority within 10 working days from the point that it becomes aware that the Scheme Employer may be liable to pay such a financial penalty. The Scheme Employer further acknowledges that any liability it may have to pay a financial penalty to the Information Commissioner's Office may result in a revision of the rates and adjustments certificate in accordance with Regulation 62(7) of the LGPS Regulations.

8 COMPLIANCE WITH THE MEMORANDUM OF UNDERSTANDING

Failure by the Scheme Employer to comply with the terms set out in this Memorandum of Understanding may result in the Administering Authority taking any or all the following actions:

- (a) reporting the Scheme Employer's non-compliance to the Information Commissioner's Office;

9 CONTACTS

Each Party has identified a key person who is responsible for assisting with queries, correspondence and notifications including requests made pursuant to 5.1 above:

Administering Authority	Scheme Employer
Name: Gillian Phillip	Name:
Email: pensions@croydon.gov.uk	Email:

<p>Telephone: 0208 726 6000 x 44034</p> <p>Address:</p> <p>Croydon Council Pension Section 3rd Floor Zone D Bernard Weatherill House 8 Mint Walk Croydon CR0 1EA</p>	<p>Telephone:</p> <p>Address:</p>
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10 REVIEW AND AMENDMENT OF MEMORANDUM OF UNDERSTANDING

The Administering Authority will review the Memorandum of Understanding from time to time. The Administering Authority also reserves the right to amend the Memorandum of Understanding at any time and with immediate effect and will provide written notice to the Scheme Employer of such amendment.

LONDON BOROUGH OF CROYDON

REPORT:	Pension Committee
DATE OF DECISION	19 March 2024
REPORT TITLE:	Croydon Pensions Administration Team Key Performance Indicators for the Period November 2023 to January 2024
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151 Officer)
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury
CONTAINS EXEMPT INFORMATION?	NO
WARDS AFFECTED:	'N/A'

1. SUMMARY OF REPORT

- 1.1 The report sets out the Key Performance Indicators, measured against the legal requirements for the administration of the Local Government Pension Scheme for the three-month period up to the end of January 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 November 2023 to January 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 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 March 2024.
- 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** Meetings with the Fraud Team are scheduled for March to discuss the Pension Team taking over the uploading of data to the NFI Hub which is currently done by the Fraud Team. This will bring the entire process within the Pension Team's remit and allow greater flexibility and control over the 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 will go out in March and 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. CONTRIBUTION TO COUNCIL PRIORITIES

7.1 Ensuring regulatory compliance, good stewardship and best practise are applied to the Council's Pension Fund.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1. There are no financial considerations arising from this report.

8.1.2. Insert at the end of the section: Comments approved by Andrew Lord, Interim Finance Consultant on behalf of Allister Bannin, the Director of Finance. (Date 06/03/2024)

8.2 LEGAL IMPLICATIONS

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

8.2.2. Comments approved by Burges Salmon LLP. (Date 06/03/2024)

8.3 EQUALITIES IMPLICATIONS

8.3.1. Under the Public Sector Equality Duty of the Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken.

8.3.2. Section 149 of the Act requires public bodies to have due regard to the need to:

- eliminate unlawful discrimination
- advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
- foster good relations between people who share a protected characteristic and people who do not share it.

8.3.3. There are no direct negative equality impacts for protected groups identified within this report.

8.3.4. Comments approved by Felisha Dussard Senior Communities Officer on behalf of Helen Reeves, Head of Strategy & Policy. (Date 05/03/2024)

8.4 HUMAN RESOURCES IMPACT

8.4.1. There are no direct workforce impacts arising from this report, but the pension scheme is an important staff benefit for recruitment and retention

8.4.2. Comments approved by: Dean Shoesmith, Chief People Officer. (Date 29/2/2024)

9. APPENDICES

9.1 A: Croydon Pensions Administration Team Performance Report, November 2023 to January 2024.

10. BACKGROUND DOCUMENTS

10.1 There are no background documents.









Croydon Pensions Admin Team Performance Report

March 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
		November 2023		December 2023		January 2024			
Send a notification of joining the LGPS to a scheme member	Two months from the date of joining the scheme or earlier if within one month of receiving jobholder information where the individual is being automatically enrolled/re-enrolled	193	100%	209	100%	185	100%		
Inform a scheme member of their calculated benefits (refund or deferred)	As soon as practicable and no more than two months from the date of notification (from employer or scheme member)	136	76.47%	65	73.85%	86	80.23%		We have seen a slight improvement in this area primarily due to dedicated Blitz Days to calculate leaver benefits.

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
		November 2023		December 2023		January 2024			
To process and pay a refund	Two months from the date of request	10	100%	10	100%	11	90.91%	↓	One case missed target in January – several issues obtaining information from the employer.
Obtain transfer details for transfer in, calculate and provide quotation to member	Two months from the date of request	2	100%	6	100%	0	N/A	→	
Notify the amount of retirement benefits	One month from the date of retirement if on or after normal pension age or two months from the date of retirement if after normal pension age	45	100%	52	100%	56	100%	→	
Provide a retirement quotation on request	As soon as practicable but no more than two months from the date of request unless there has already been a request in the last 12 months	77	100%	52	100%	78	100%	→	

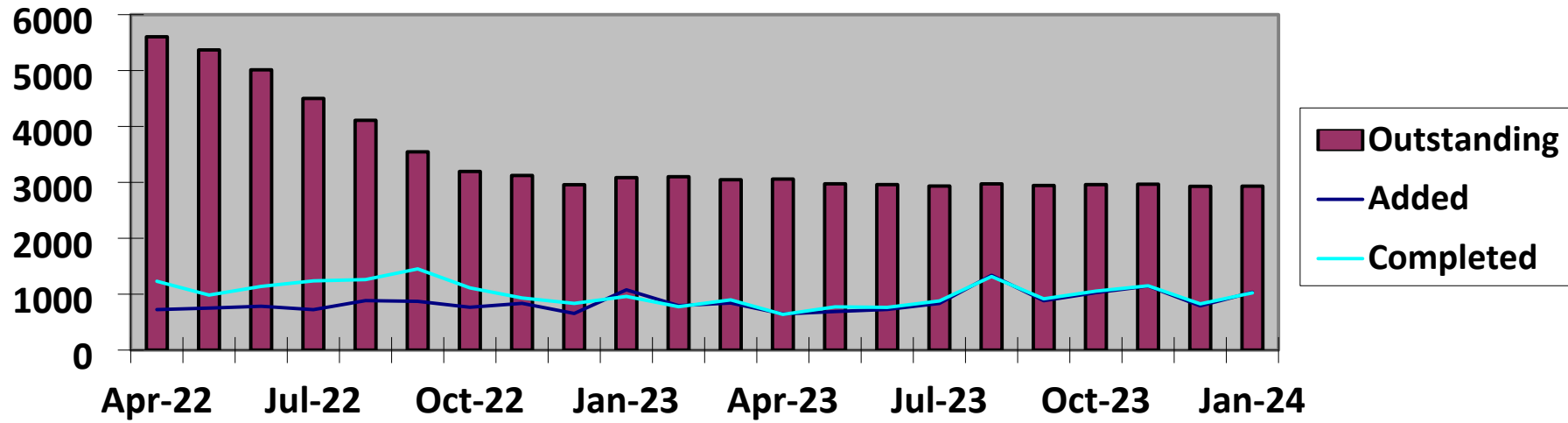
Process	Legal Requirement	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Total Number Completed	% Achieved in legal deadline	Direction of Travel	Comments
		November 2023		December 2023		January 2023			
Calculate and notify (dependent(s) of amount of death benefits	As soon as possible but in any event no more than two months from date of becoming aware of death or from date of request from a third party (e.g., personal representative)	42	97.62%	22	100%	32	100%	↑	One case missed target in November 2023. This was a complex case due to difficulties with the death grant.
Provide all active and deferred members with annual benefit statements each year	By 31 st 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
		November 2023			December 2023			January 2024				
Send a notification of joining the LGPS to a scheme member	30 days from date of notification of joining member	193	98.45%	2	209	98.56%	2	185	100%	1	↑	
Inform a scheme member of their calculated benefits (refund or deferred)	40 working days from date of notification (from employer or scheme member)	136	72.79%	66	65	69.23%	137	86	75.58%	47	↑	<p>Leaver calculations continue to be below legal and Croydon KPIs.</p> <p>Currently leaver calculations are resourced through BAU work and dedicated Blitz Days. A review is being carried out to devise new ways of resourcing leaver calculations.</p>

Process	Team Target	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Total Number Completed	% Achieved against target	Average days to process	Direction of Travel	Comments
		November 2023			December 2023			January 2024				
To process and pay a refund	40 working days from the date of request	10	100%	2	10	100%	1	11	90.91%	43		One task missed target and this is because the wrong case type was set up.
Obtain transfer details for transfer in, calculate and provide quotation to member	40 working days from the date of request	2	100%	3	6	83.33%	9	0	N/A	N/A		One case missed target in December 2023.
Notify the amount of retirement benefits	20 working days from date of retirement	45	100%	1	52	100%	1	56	100%	2		
Provide a retirement quotation on request	15 working days from date of request	77	100%	3	52	100%	2	78	93.59%	4		5 cases missed target in January 2024. Higher than usual – review shows the main issue s reply dues not set correctly on the workflow system. Team issued with the guidance again.
Calculate and notify (dependent(s) of amount of death benefits	20 working days from receipt of all information	42	95.24%	7	22	100%	2	32	96.88%	5		Two cases missed target in November 2023 and one case missed target in January 2024.

Case levels



Member self-service

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

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LONDON BOROUGH OF CROYDON

REPORT:	Pension Committee	
DATE OF DECISION	19 March 2024	
REPORT TITLE:	Review of Breaches of the Law	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury	
CONTAINS EXEMPT INFORMATION?	NO	[Public]
WARDS AFFECTED:	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 Committee meeting held on 12 December 2023.

2. RECOMMENDATIONS

The Committee 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 12 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 Committee. Since the Committee 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 are expected to be signed off in March 2024.

4.5 The Committee 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 Risk Register which forms the basis of Appendix A.

5.2 Officers consult with the Fund's advisers when considering the risks associated with the Pension Fund.

6. CONTRIBUTION TO COUNCIL PRIORITIES

6.1 Ensuring regulatory compliance, good stewardship and best practise are applied to the Council's Pension Fund.

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 Andrew Lord, Interim Finance Consultant on behalf of Allister Bannin, the Director of Finance. (Date 06/03/2024)

7.2 LEGAL IMPLICATIONS

7.2.1. Burgess Salmon LLP (a legal advisor appointed to the Pension Fund) comments that the Pension Committee's role is to ensure the Fund is properly operated in accordance with the Local Government Pension Scheme Regulations 2013 ("the Regulations") all other relevant legislation and best practice as advised by the TPR, including relevant financial, governance and administrative matters.

7.2.2. Section 70 of the Pensions Act 2004 ('the Act') imposes a requirement on the following persons ('reporters') to report breaches of the law (where such breach is likely to be of

material significance to TPR (as below)) as it applies to the management and administration of the Fund

7.2.3. The duty is to report the matter to TPR in writing as soon as is reasonably practicable where that person has reasonable cause to believe that:

- a) a legal duty relating to the administration of the scheme has not been or is not being complied with, and
- b) the failure to comply is likely to be of material significance to TPR

7.2.4. Under the Act a person can be subject to a civil penalty if they fail to comply with this requirement without a reasonable excuse. The duty to report breaches under the Act overrides any other duties the relevant individuals may have. However, the duty to report does not override 'legal privilege.' This means that, generally, communications between a professional legal adviser and their client, or a person representing their client, in connection with legal advice being given to the client, do not have to be disclosed

7.2.5. TPR has published guidance in the Code of Practice no 14 (Governance and administration of public service pension scheme ('the Code')). Paragraphs 241 to 275 of the Code deal with reporting breaches of the law. However, Committee members should note that the General Code of Practice will replace the Code with effect from 28 March 2024 and the Committee should have regard to the requirements of the General Code when this is published and in force (shortly after the March Committee meeting).

7.2.6. Comments approved by the Burges Salmon LLP. (Date 06/03/224)

7.3 EQUALITIES IMPLICATIONS

7.3.1. The Council has a statutory duty to comply with the provisions set out in Sec 149 of the Equality Act 2010. The Council must therefore have due regard to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
- foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.3.2. There are no equality implications arising from this report.

7.3.3. Comments approved by Felisha Dussard, Senior Communities Officer on behalf of Helen Reeves, Head of Strategy & Policy. (Date 06/03/2024)

7.4 HUMAN REASOURCES IMPLICATIONS

- 7.4.1. The Council will need to ensure appropriate action and advice is provided to retiring employees and retired employees in its capacity as the employer and pensions scheme administrator
- 7.4.2. Any implications arising from this report for Council employees will be dealt with as appropriate under the Council's HR Policies and Procedures and including employment contracts.
- 7.4.3. Comments approved by: Dean Shoesmith, Chief People Officer. (Date 29/2/2024)

8. APPENDICES

- 8.1 A Pension Fund Breaches of the Law Log.

9. BACKGROUND DOCUMENTS

- 9.1 None.

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Appendix A
Pension Fund Breaches of the Law Log
February 2024

Number	2
Date	Aug 21
Category	Administration - ABS
Description and cause	Failure to produce 100% of Annual Benefit Statement notifications
Possible effect and wider implications	Members and former members do not have up to date information on the value of their LGPS benefits affecting their ability to make informed decisions around pension provision. 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	3
Date	Aug 22
Category	Administration - ABS
Description and cause	Failure to produce 100% of Annual Benefit Statement notifications
Possible effect and wider implications	Members and former members do not have up to date information on the value of their LGPS benefits affecting their ability to make informed decisions around pension provision. 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	6
Date	Sep 21
Category	Finance - Accounts
Description and cause	Failure of the Fund to publish audited Fund Accounts for year 2019/20 by 30 September 2020
Possible effect and wider implications	Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.
Reaction	The Fund report and accounts were prepared but had not been signed off by the Auditors. The Fund accounts form part of the Council accounts. External auditors would not sign off on the Council accounts as there was an issue around the accounting treatment involving Croydon Affordable Homes LLP. However, this has now been resolved and agreed and we are awaiting sign off to be completed. The draft Annual Report and Accounts were presented to Pension Committee on 3 December 2021.

Reported / Not reported	The matter had not initially been reported to the Pension Regulator. Progress had initially been delayed due to the issuing of the Section 114 notice applicable to Croydon and, more widely, to the impact of the Covid 19 pandemic. Many other LGPS Funds had been unable to finalise their accounts due to the impact of the pandemic. The continued delay in signing the accounts was as a result of the issues caused with Council's accounts around the accounting treatment of Croydon Affordable Homes LLP. The failure to sign off the accounts does not relate to a failure on the part of the Fund. The audit of the accounts is substantially complete and it is expected that the paperwork will be in place shortly to allow sign off to be finalised. The draft Annual Report and Accounts were published on the website. Update March 2023: Due to the passage of time and the fact that 3 years of accounts are still outstanding, the Chairs of the Board and Committee and Officers have issued a joint report to The Pensions Regulator.
Colour rating	
Outcome of report / investigation	
Outstanding actions	The Fund Accounts form part of the Council Accounts and cannot be signed off separately. The Head of Pensions will continue to liaise with Audit on progress on signing off the Council accounts. A joint Report has been submitted to the TPR by the Chairs of the Board, Committee and Head of Pensions. The Pension Regulator asked for a timetable for completion which the Head of Pension & Treasury has provided and agreed to keep the Regulator informed of progress. Update October 2023: The 2019/20 accounts have been published and are expected to be signed off in March 2024.
Comments	

Number	7
Date	Sep 22
Category	Finance - Accounts
Description and cause	Failure to publish the audited Fund Accounts for year 20/21 by 30 September 2021
Possible effect and wider implications	Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.
Reaction	The report and accounts were prepared but the accounts had not been signed off by the auditors due to issues with the Council's accounts for 2019/20 around the accounting treatment of Croydon Affordable Homes LLP. The accounts cannot be signed off until the 2019/20 account have been completed. The draft Annual Report and Accounts were presented to Pension Committee on 3 December 2021
Reported / Not reported	The matter had not been initially reported to the Regulator. Due to the passage of time, in July 2022 the Head of Pensions and Treasury reconsidered whether to report the breach, the main consideration being whether it would affect the valuation. Having consulted the Actuary and deemed that the valuation could still be signed off, it was decided that the breach still did not need reporting. Update March 2023: Due to the passage of time and the fact that 3 years of accounts are still outstanding, the Chairs of the Board and Committee and Officers have issued a joint report to The Pensions Regulator
Colour rating	
Outcome of report / investigation	

<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 & Treasury has provided and agreed to keep the Regulator informed of progress. Update October</p> <p>2023: 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	8
Date	Sep 22
Category	Finance - Accounts
Description and cause	Failure to publish the audited Fund Accounts for year 21/22 by 30 September 2022
Possible effect and wider implications	Lack of accurate data available on which to base funding requirements. This could result in insufficient funds to pay all benefit liabilities.
Reaction	The report and accounts are being prepared. The audit of the accounts cannot be started until completion of the 19/20 and 20/21 accounts.
Reported / Not reported	<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>Update March 2023: Due to the passage of time and the fact that 3 years of accounts are still outstanding, the Chairs of the Board and Committee and Officers have issued a joint report to The Pensions Regulator.</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. 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 & Treasury has provided and agreed to keep the Regulator informed of progress. Update October 2023: The Corporate Director of</p>

	Resources and Section 151 Officer is expecting the 2021/22 accounts to be finalised by June 2024.
Comments	

Number	9
Date	Mar 23
Category	Administration - Refunds
Description and cause	<p>A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended). Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p>
Possible effect and wider implications	<p>Member does not receive monies they are entitled to. Possibly causing financial hardship however the amounts due are relatively small. The impact to the Fund is insignificant.</p>
Reaction	<p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p>
Reported / Not reported	<p>Not Reported. 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.</p>

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

Number	10
Date	Mar 23
Category	Administration - Refunds
Description and cause	<p>A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended). Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p>
Possible effect and wider implications	<p>Member does not receive monies they are entitled to. Possibly causing financial hardship however the amounts due are relatively small. The impact to the Fund is insignificant.</p>
Reaction	<p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p>
Reported / Not reported	<p>Not Reported. A letter explaining the member's rights to a refund was sent out on 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.</p>

Colour rating	
Outcome of report / investigation	The cause is the difficulty in tracing members. An amendment to the regulations is planned which will take away the requirement to make payment within 5 years of active membership in the Fund ceasing. Pension Dashboard
	requirements may assist members in keeping check on their pension entitlements. The admin Team have been told that as soon as they receive a refund claim form for a frozen refund they must act immediately.
Outstanding actions	
Comments	This is an issue across all LGPS funds. The LGA are pushing for the regulations to be changed to eliminate the 5 year payment deadline. It is difficult to trace members if they do not provide us with up to date address information. It would take considerable resources to try to trace address details and issue more reminders for outstanding cases . LGA advice is to wait for the regulatory change to be put into place.

Number	11
Date	Apr 23
Category	Administration - Refunds
Description and cause	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	12
Date	Sep 23
Category	Governance – Employer Discretions
Description and cause	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.
Possible effect and wider implications	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. 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. 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.

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>Update December 2023: 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. Update December 2023: 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. Update December 2023: 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	13
Date	Aug 23
Category	Administration - ABS
Description and cause	Failure to produce 100% of Annual Benefit Statement notifications
Possible effect and wider implications	Members and former members do not have up to date information on the value of their LGPS benefits affecting their ability to make informed decisions around pension provision. 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	Nov 23
Category	Administration - Refunds
Description and cause	<p>A refund to which a member was entitled was paid after the deadline stated in the LGPS Regulations 2013 (as amended). Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p>
Possible effect and wider implications	<p>Member does not receive monies they are entitled to. Possibly causing financial hardship however the amounts due are relatively small. The impact to the Fund is insignificant.</p>
Reaction	<p>Under Regulation 18 (1) of the LGPS Regulations 2013 (as amended) when a member with less than 2 years qualifying service ceases active membership of the Fund they are entitled to receive a refund of contributions. Under 18(5) the administering authority must make the refund when the person requests payment or on the expiry of 5 years from the date active membership ceased if no request for payment has been received.</p>
Reported / Not reported	<p>Not Reported. A 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.</p>

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	Finance - Accounts
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	

Breaches Log Ratings Categorisation Table

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

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LONDON BOROUGH OF CROYDON

REPORT:	Pension Committee	
DATE OF DECISION	19 March 2024	
REPORT TITLE:	‘The Audit Findings Report for the London Borough of Croydon Pension Fund’ for the year ended 31 March 2020	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury	
CONTAINS EXEMPT INFORMATION?	NO	[Public]
WARDS AFFECTED:	N/A	

1. SUMMARY OF REPORT

- 1.1 This report asks the Pension Committee to note “The Audit Findings Report for the London Borough of Croydon Pension Fund” for the year ended 31 March 2020, as prepared by Grant Thornton UK LLP and attached as Appendix A.

2. RECOMMENDATIONS

The Committee is recommended:

- 2.1 To review and note the contents of the Audit Findings Report for the year ended 31 March 2020.

3. REASONS FOR RECOMMENDATIONS

- 3.1 To ensure the Committee has taken note of the ‘Audit Findings Report for the London Borough of Croydon Pension Fund for the year ended 31 March 2020’ helping demonstrate good governance.

4. BACKGROUND AND DETAILS

- 4.1 According to the Pension Scheme Regulations the audited Pension Fund Accounts and Annual Report are required to be completed and audited in the summer following the end of each financial year. However, in view of the Covid-19 pandemic the regulations in respect of the completion for 2019/20 were relaxed with the deadline for the preparation of the financial statements extended up to 31 August 2020 and the date for the audit to be completed to 30 November 2020. Due to further issues arising from the

pandemic and matters pertaining to the Council's Accounts the audit has not yet been completed.

- 4.2** The Fund's draft Annual Report and Accounts for 2019/20 were presented to Committee, on 3 December 2021 and at that time the Auditors has indicated that they would not be requiring any significant adjustments and that they expected to provide an unqualified audit opinion.
- 4.3** The Committee understood that when the Audit Findings Report was finalised it would be considered by the, then, General Purposes and Audit Committee as constituting those charged with governance under the regulatory framework.
- 4.4** At their meeting on 30 November 2023 the, now, Audit and Governance Committee noted "The Audit Findings Report for the London Borough of Croydon Pension Fund" attached as Appendix A.
- 4.5** The Report goes into some detail but some highlights which may interest the Committee are as follows:

Headlines (Page 3)

Our audit work was completed remotely between October 2020 and July 2021. Our findings are summarised on pages 4 to 11. To date we have not identified any adjustments which impact on the Net Assets of the fund available to fund benefits reported in the draft Accounts. Some minor adjustments have been identified in respect of some of the disclosures in the Accounts, which are documented in Appendix B.

Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (attached at Appendix D) or material changes to the financial statements, subject to the following outstanding matters;

- *completion of our outstanding testing (refer to Page 4 for more detail);*
- *our final internal quality reviews;*
- *receipt of management representation letter; and*
- *review of the final set of financial statements.*

Our anticipated audit report opinion will be unqualified including an Emphasis of Matter paragraph, highlighting the material uncertainty disclosed in respect of the valuation of your investments in Direct Property. An Emphasis of Matter paragraph is not a qualification.

Significant audit risks (Pages 6 and 8)

From the work performed to date, we have identified that there is a material uncertainty attached to the valuation of the Council's Illiquid Assets, due to the inherent uncertainty over the asset valuations at 31 March 2020. This has been

reflected within the Accounts in Note 5, and will be reflected within our Audit Opinion as an Emphasis of Matter Paragraph, which is not a qualification.

Should any further issues be identified from our remaining testing, then we will provide an update to Management and Committee.

Significant audit risks (Page 8)

During the course of our work in this area, we identified that this transaction [transfer of properties from the Council to the Pension Fund] had not taken place during the course of the 2019/20 or the 2020/21 financial year. On the 25th May 2021 the proposed approach was formally withdrawn by the Pensions Committee and therefore there is no impact on the 2019/20 Statement of Accounts.

Significant findings – key estimates and judgements (Page 9)

- Based on the work performed to date, we have been able to obtain sufficient assurance over the Level 3 valuations [of investments not traded on an open exchange/market with “highly subjective” valuations] included within the Accounts.*
- However, within this work we have identified that there is a material uncertainty attached to the valuation of the Council’s Level 3 Investments, due to the inherent uncertainty over the asset valuations at 31 March 2020. This has been reflected within the Accounts in Note 5, and will be reflected within our Audit Opinion as an Emphasis of Matter Paragraph, which is not a qualification.*
- We have, on a sample basis, reviewed the basis on which the valuation of the Funds/Investments has been prepared, and where appropriate, considered the Audited Accounts of the Funds/Investments as well. To date, no issues have been identified from the work performed in this area.*

Significant findings – key estimates and judgements (Page 9)

- Based on the work performed to date, we have been able to obtain sufficient assurance over the Level 2 valuations [of investments not actively traded on an open market but with underlying investments which are so traded] included within the Accounts.*
- We have undertaken full triangulation of the closing valuations provided by the relevant Fund Managers to the values provided by the Fund’s Custodian, and considered any significant variances identified from this work. No issues have been identified from the work performed in this area.*

4.6 The Committee are invited to consider, comment on and note the Report.

5. CONSULTATION

- 5.1** The Audit Findings Report for the London Borough of Croydon Pension Fund” for the year ended 31 March 2020 has been prepared by the Fund’s auditors, Grant Thornton UK LLP.

6. CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1** Ensuring regulatory compliance, good stewardship and best practise are applied to the Council’s Pension Fund.

7. IMPLICATIONS

7.1 FINANCIAL IMPLICATIONS

- 7.1.1.** There are no direct financial implications other than those considered in this report.
- 7.1.2.** Comments approved by Andrew Lord, Interim Finance Consultant on behalf of Allister Bannin, the Director of Finance. (Date 06/03/2024)

7.2 LEGAL IMPLICATIONS

- 7.2.1.** Burges Salmon LLP (a legal advisor appointed to the Pension Fund) comments there are no direct legal implications arising from this report, but that Committee members should carefully consider the findings and recommendations set out in the Audit Findings Report and agree the relevant necessary actions.
- 7.2.2.** Comments approved by the Burges Salmon LLP. (Date 06/03/2024)

7.3 EQUALITIES IMPLICATIONS

- 7.3.1.** The Council has a statutory duty to comply with the provisions set out in Sec 149 of the Equality Act 2010. The Council must therefore have due regard to:
- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
 - advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
 - foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

- 7.3.2.** There are no equality implications arising from this report.

7.3.3. Comments approved by Felisha Dussard, Senior Communities Officer on behalf of Helen Reeves, Head of Strategy & Policy. (Date 06/03/2024)

7.4 HUMAN REASOURCES IMPLICATIONS

7.4.1. The Council will need to ensure appropriate action and advice is provided to retiring employees in its capacity as the employer and pension scheme administrator.

7.4.2. Comments approved by Dean Shoesmith, Chief People Officer. (Date 29/2/2024)

8. APPENDICES

8.1 A The Audit Findings Report for the London Borough of Croydon Pension Fund

9. BACKGROUND DOCUMENTS

9.1 None

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The Audit Findings Report for the London Borough of Croydon Pension Fund

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The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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1. Headlines

This table summarises the key findings and other matters arising from the statutory audit of the London Borough of Croydon Pension Fund ('the Pension Fund') and the preparation of the Pension Fund's financial statements for the year ended 31 March 2020 for those charged with governance.

<p>Covid-19</p>	<p>The outbreak of the Covid-19 coronavirus pandemic has had a significant impact on the normal operations of the Pension Fund. This has had an impact on both the front-line services operated by the Council, along with those people who work behind the scenes, who have had to get used to a new way of working as the pandemic has progressed.</p> <p>Authorities are still required to prepare financial statements in accordance with the relevant accounting standards and the Code of Audit Practice, albeit to an extended deadline for the preparation of the financial statements up to 31 August 2020 and the date for audited financials statements to 30 November 2020.</p>	<p>We presented our Audit Plan to the General Purposes and Audit Committee on 9 March 2020. We updated our audit risk assessment to consider the impact of the pandemic on our audit and issued an audit plan addendum on 24 November 2020. In that addendum we reported an additional financial statement risk in respect of Covid-19. Further detail is set out on page 6.</p> <p>Restrictions for non-essential travel has meant both the council's finance team and our audit team have had to adapt to remote working arrangements. Your finance team was well set up for remote working and there were no changes in key financial processes that impacted on our approach to your audit. Both teams have had to be flexible in approaches to sharing information. We agreed to use video calling to watch your finance team run the required reports to gain assurance over completeness and accuracy of information produced by you. We have made more use of conference calls and emails to resolve audit queries. Inevitably in these circumstances resolving audit queries has taken a little longer than face to face discussion. Regular meetings were held with the finance teams to highlight key outstanding issues and findings to date. We have used a query log to track and resolve outstanding items; ensuring that the process was as smooth as possible.</p>
<p>Financial statements</p>	<p>Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to report whether, in our opinion, the Pension Fund's financial statements:</p> <ul style="list-style-type: none"> • give a true and fair view of the financial position of the Pension Fund and its income and expenditure for the year; and • have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting and prepared in accordance with the Local Audit and Accountability Act 2014. 	<p>Our audit work was completed remotely between October 2020 and July 2021. Our findings are summarised on pages 4 to 11. To date we have not identified any adjustments which impact on the Net Assets of the fund available to fund benefits reported in the draft Accounts. Some minor adjustments have been identified in respect of some of the disclosures in the Accounts, which are documented in Appendix B.</p> <p>Our work is substantially complete and there are no matters of which we are aware that would require modification of our audit opinion (attached at Appendix D) or material changes to the financial statements, subject to the following outstanding matters;</p> <ul style="list-style-type: none"> • completion of our outstanding testing (refer to Page 4 for more detail); • our final internal quality reviews; • receipt of management representation letter; and • review of the final set of financial statements. <p>Our anticipated audit report opinion will be unqualified including an Emphasis of Matter paragraph, highlighting the material uncertainty disclosed in respect of the valuation of your investments in Direct Property. An Emphasis of Matter paragraph is not a qualification.</p>

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance and timely collaboration provided by the finance team and other staff during these unprecedented times.

2. Audit approach

Overview of the scope of our audit

This Audit Findings Report presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process, as required by International Standard on Auditing (UK) 260 and the Code of Audit Practice ('the Code'). Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK) and the Code, which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

Audit approach

Our audit approach was based on a thorough understanding of the Pension Fund's business and is risk based, and in particular included:

- An evaluation of the Pension Fund's internal controls environment, including its IT systems and controls; and
- Substantive testing on significant transactions and material account balances, including the procedures outlined in this report in relation to the key audit risks

We have had to alter our audit plan, as communicated to you on 24 November 2020, to reflect our response to the Covid-19 pandemic. This included the identification of a new significant Risk relating to Covid-19, which has been detailed on page 6 of this Report.

Conclusion

We have substantially completed our audit of your financial statements and subject to outstanding queries being resolved, we anticipate issuing an unqualified audit opinion following the General Purposes and Audit Committee meeting on 24 August 2021, as detailed in Appendix E. These outstanding items include:

- completion of our outstanding testing in the following areas: Investments – focusing on Direct Property and Fund Manager Control Reports Review and Leavers Testing,
- our final internal quality reviews;
- receipt of management representation letter; and
- review of the final set of financial statements.

2. Materiality

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Materiality levels have been updated from those reported in our Audit Plan to reflect the 2019-20 Draft Accounts, and the updated values are shown below.

	Pension Fund Amount (£) – Planning	Pension Fund Amount (£) – Final Accounts	Qualitative factors considered
Materiality for the financial statements	12,582,000	12,568,000	Our Headline Materiality is based on the prior year Gross Revenue Expenditure included in the Accounts.
Performance materiality	9,436,000	9,426,000	Performance Materiality is based on a percentage of the overall materiality.
Trivial matters	629,000	628,000	Triviality is based on a percentage of the overall materiality.

2. Significant audit risks

Risks identified in our Audit Plan

Covid-19

The global outbreak of the Covid-19 virus pandemic has led to unprecedented uncertainty for all organisations, requiring urgent business continuity arrangements to be implemented. We expect current circumstances will have an impact on the production and audit of the financial statements for the year ended 31 March 2020, including and not limited to;

Remote working arrangements and redeployment of staff to critical front line duties may impact on the quality and timing of the production of the financial statements, and the evidence we can obtain through physical observation

Volatility of financial and property markets will increase the uncertainty of assumptions applied by management to asset valuation, and the reliability of evidence we can obtain to corroborate management estimates

For instruments classified as fair value through profit and loss there may be a need to review the Level 1-3 classification of the instruments if trading may have reduced to such an extent that quoted prices are not readily and regularly available and therefore do not represent actual and regularly occurring market transactions.

Whilst the nature of the Fund and its funding position (i.e. not in a winding up position or no cessation event) means the going concern basis of preparation remains appropriate management may need to consider whether material uncertainties for a period of at least 12 months from the anticipated date of approval of the audited financial statements have arisen; and

Disclosures within the financial statements will require significant revision to reflect the unprecedented situation and its impact on the preparation of the financial statements as at 31 March 2020 in accordance with IAS1, particularly in relation to material uncertainties.

We therefore identified the global outbreak of the Covid-19 virus as a significant risk, which was one of the most significant assessed risks of material misstatement.

Auditor commentary

We have undertaken the following work in respect of this risk:

- Worked with management to understand the implications the response to the Covid-19 pandemic has on the organisation's ability to prepare the financial statements and update financial forecasts and assessed the implications on our audit approach.
- Liaised with other audit suppliers, regulators and government departments to co-ordinate practical cross sector responses to issues as and when they arose.
- Evaluated the adequacy of the disclosures in the financial statements in light of the Covid-19 pandemic, including management's assessment of the impact of Covid-19 on forecast cashflows.
- Evaluated whether sufficient audit evidence using alternative approaches could be obtained for the purposes of our audit whilst working remotely.
- Evaluated whether sufficient audit evidence could be obtained to corroborate management's fair value hierarchy disclosures.
- Evaluated whether sufficient audit evidence could be obtained to corroborate significant management estimates such as Level 3 asset valuations, including direct property.
- Discussed with management any potential implications for our audit report if we have been unable to obtain sufficient audit evidence.

From the work performed to date, we have identified that there is a material uncertainty attached to the valuation of the Council's Illiquid Assets, due to the inherent uncertainty over the asset valuations at 31 March 2020. This has been reflected within the Accounts in Note 5, and will be reflected within our Audit Opinion as an Emphasis of Matter Paragraph, which is not a qualification.

Should any further issues be identified from our remaining testing, then we will provide an update to Management and Committee.

2. Significant audit risks

Risks identified in our Audit Plan

Improper revenue recognition

Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue.

This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.

Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the Fund, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:

- there is little incentive to manipulate revenue recognition
- opportunities to manipulate revenue recognition are very limited
- the culture and ethical frameworks of local authorities, including the London Borough of Croydon, mean that all forms of fraud are seen as unacceptable

Therefore we do not consider this to be a significant risk for the London Borough of Croydon Pension Fund.

Management override of controls

Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.

We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.

Auditor commentary

We have undertaken the following work in respect of this risk:

- reviewed and tested the Pension Fund's revenue recognition policies; and
- performed testing on material revenue streams

Our audit work has not identified any significant issues in relation to the risk identified.

We have undertaken the following work in respect of this risk:

- evaluated the design effectiveness of management controls over journals.
- analysed the journals listing and determined the criteria for selecting high risk unusual journals.
- tested unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.
- gained an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence.
- evaluated the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Our audit work has not identified any significant issues in relation to the risk identified.

2. Significant audit risks

Risks identified in our Audit Plan

Valuation of Level 3 Investments

The Fund revalues its investments on an annual basis to ensure that the carrying value is not materially different from the fair value at the financial statements date.

By their nature Level 3 investment valuations lack observable inputs. These valuations therefore represent a significant estimate by management in the financial statements due to the size of the numbers involved (£438 million) and the sensitivity of this estimate to changes in key assumptions

Under ISA 315 significant risks often relate to significant non-routine transactions and judgemental matters. Level 3 investments by their very nature require a significant degree of judgement to reach an appropriate valuation at year end.

Management utilise the services of investment managers and/or custodians as valuation experts to estimate the fair value as at 31 March 2020.

We therefore identified valuation of Level 3 investments as a significant risk, which was one of the most significant assessed risks of material misstatement.

Auditor commentary

We have undertaken the following work in respect of this risk:

- evaluated management's processes for valuing Level 3 investments
- reviewed the nature and basis of estimated values and considered what assurance management has over the year end valuations provided for these types of investments; to ensure that the requirements of the Code are met
- independently requested year-end confirmations from investment managers and/or custodian(s)
- for a sample of investments, tested the valuation by obtaining and reviewing the audited accounts, (where available) at the latest date for individual investments and agreeing these to the fund manager reports at that date. Reconciled those values to the values at 31 March 2020 with reference to known movements in the intervening period and
- in the absence of available audited accounts, we have evaluated the competence, capabilities and objectivity of the valuation expert
- where available, we have reviewed the investment manager service auditor report on design effectiveness of internal controls.

From the work performed to date, as mentioned earlier we have identified that there is a material uncertainty attached to the valuation of the Fund's Illiquid Assets, due to the inherent uncertainty over the asset valuations at 31 March 2020. This has been reflected within the Accounts in Note 5, and will be reflected within our Audit Opinion as an Emphasis of Matter Paragraph, which is not a qualification.



Should any further issues be identified from our remaining testing, then we will provide an update to Management and Committee.

Transfer of Properties from the Council to the Pension Fund





During the course of the year, the Council will have transferred senior head leases for 346 houses into the Pension Fund. These lease arrangements are in effect directing rental streams for a further 40-year period into the Council's Pension Fund, with the leases expiring between 2057 and 2059. As a result of this arrangement, the Council is seeking a reduced contribution rate which would be set by the Council's Actuary, Hymans Robertson LLP.

During the course of our work in this area, we identified that this transaction had not taken place during the course of the 2019/20 or the 2020/21 financial year. On the 25th May 2021 the proposed approach was formally withdrawn by the Pensions Committee and therefore there is no impact on the 2019/20 Statement of Accounts.

2. Significant findings – key estimates and judgements

Accounting area	Summary of management's policy	Auditor commentary	Assessment
Level 3 investments	<p>The Pension Fund has investments in Pooled Property Investments, Private Equity and Infrastructure Funds that in total are valued on the Net Asset Statement as at 31 March 2020 at £459 million.</p> <p>These investments are not traded on an open exchange/market and the valuation of these investments is highly subjective due to a lack of observable inputs. In order to determine the values, management rely on the valuation provided by the Fund Manager, which are usually based on an audited value of the fund as at 31 December 2019, with the valuation then rolled forward to March 2020, considering any cash movements which have taken place in the intervening period. These are new investments for the Fund in 2019-20.</p>	<ul style="list-style-type: none"> Based on the work performed to date, we have been able to obtain sufficient assurance over the Level 3 valuations included within the Accounts. However, within this work we have identified that there is a material uncertainty attached to the valuation of the Council's Level 3 Investments, due to the inherent uncertainty over the asset valuations at 31 March 2020. This has been reflected within the Accounts in Note 5, and will be reflected within our Audit Opinion as an Emphasis of Matter Paragraph, which is not a qualification. We have, on a sample basis, reviewed the basis on which the valuation of the Funds/Investments has been prepared, and where appropriate, considered the Audited Accounts of the Funds/Investments as well. To date, no issues have been identified from the work performed in this area. 	 Green
Level 2 investments	<p>The Pension Fund have investments in Fixed Interest Funds and Pooled Global Equities Funds that in total are valued on the Net Asset Statement as at 31 March 2020 at £715 million.</p> <p>Whilst these investments themselves are not actively traded on an open market, the underlying investments are and the valuations of these investments will be based on the value of these underlying investments at 31 March 2020, or the closest trade date to year end.</p> <p>The valuation of these investments has decreased by £83 million from their value at 31 March 2019 (£798 million), which is largely down to a change in the Fund's investment focus in this period during the course of the year.</p>	<ul style="list-style-type: none"> Based on the work performed to date, we have been able to obtain sufficient assurance over the Level 2 valuations included within the Accounts. We have undertaken full triangulation of the closing valuations provided by the relevant Fund Managers to the values provided by the Fund's Custodian, and considered any significant variances identified from this work. No issues have been identified from the work performed in this area. 	 Green

Assessment

-  - **Red** - We disagree with the estimation process or judgements that underpin the estimate and consider the estimate to be potentially materially misstated
-  - **Amber** - We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider optimistic
-  - **Yellow** - We consider the estimate is unlikely to be materially misstated however management's estimation process contains assumptions we consider cautious
-  - **Green** - We consider management's process and key assumptions to be reasonable

2. Other matters for communication

We set out below details of other matters which we, as auditors, are required by auditing standards and the Code to communicate to those charged with governance.

Issue	Auditor commentary
Matters in relation to fraud	We have previously discussed the risk of fraud with the General Purposes and Audit Committee. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	We are not aware of any related parties or related party transactions which have not been disclosed.
Matters in relation to laws and regulations	You have not made us aware of any significant incidences of non-compliance with relevant laws and regulations and we have not identified any incidences from our audit work.
Written representations	A letter of representation has been requested from the Pension Fund which is included in the General Purposes and Audit Committee papers.
Confirmation requests from third parties	<p>We requested from management permission to send confirmation requests to all of the Pension Fund's counter parties. This permission was granted and the requests were sent. All of these requests were returned with positive confirmation.</p> <p>We requested management to send letters to those solicitors who worked with the Pension Fund during the year. All responses have been received and no issues have been identified.</p>
Disclosures	Our review identified a small number of disclosures which required amendment or expansion, and management agreed to amend all of the items identified. Further detail is provided within the Misclassifications and disclosure changes page, which is included later in the Report.
Audit evidence and explanations/significant difficulties	The Pension Fund produced a good set of Accounts and working papers in line with the agreed timeframes, and responded promptly to the queries raised during the course of the audit despite the challenges of remote working. The small number of amendments identified in this Report reflect the quality of the draft Accounts prepared by management.
Matters on which we report by exception	We are required to give a separate opinion for the Pension Fund Annual Report on whether the financial statements included therein are consistent with the audited financial statements. Due to the delays in the completion of our work on the Accounts we have not yet completed our work on the Annual Report. We have therefore not given this separate opinion at this time and are unable to certify completion of the audit of the administering authority until this work has been completed.

3. Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and confirm that we, as a firm, and each covered person, are independent and are able to express an objective opinion on the financial statements

We confirm that we have implemented policies and procedures to meet the requirements of the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

Details of fees charged are detailed in Appendix C.

Audit and Non-audit services

For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Pension Fund. No non-audit services were identified which were charged from the beginning of the financial year to 24 August 2021.

Follow up of prior year recommendation

We identified the following issue in the audit of the London Borough of Croydon Pension Fund's 2017/18 financial statements, which resulted in one recommendation being reported in our 2017/18 Audit Findings Report, which we considered further in 2018/19 and noted that the issue had not yet been resolved. We have since followed up further on the implementation of our recommendation and note that this area has now been resolved.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
✓	<p>Statutory Notifications for New Members</p> <p>In the previous year we identified from our controls testing that the statutory notifications of joining the scheme had been sent to two new starters who joined the scheme in April and September 2017 respectively.</p> <p>The reason that the notifications were not sent were because the individuals in question were employed via external payrolls and the payroll providers in question had not notified the Council that they had joined the scheme.</p>	<p>From the Member Data Testing performed in 2018/19, we identified another two starters for whom we were able to confirm that they were valid starters but had not had the appropriate notification sent out to them upon joining the Scheme. Thus, this recommendation was rolled forward to the 2019/20 Accounts Audit.</p> <p>From the testing performed in 2019/20 we tested a sample of starters of new members and agreed back to supporting evidence to confirm that the individual subject to testing had joined the pension scheme in the financial year. We have not identified any instances of statutory notifications not being sent to the individual joining the scheme from testing performed and are therefore satisfied the control weaknesses previously identified has been resolved within the 2019/20 financial year.</p>

Assessment

- ✓ Action completed
- X Not yet addressed

Audit Adjustments

We are required to report all non trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted and unadjusted misstatements

No adjusted or unadjusted misstatements have been identified from the work performed during the course of the audit.

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit which have been made in the final set of financial statements

Disclosure omission	Value (£000)	Impact on the Accounts	Adjusted?
Note 15 – Fair Value Hierarchy	31,803	The initial disclosure of Level 3 Investments excluded the Fund's Investment in Infrastructure Funds, which were new in 2019-20. These investments have subsequently been included in the disclosures in the revised Accounts.	✓
Various Notes	Various	A number of minor presentational and disclosure amendments have been made to the Accounts to enhance the transparency of the disclosures within the Accounts.	✓

Fees

We confirm below our final fees charged for the audit and confirm there were no fees for the provision of non audit services.

Audit fees	Proposed fee	Final fee
Pension Fund	25,000	TBC
Total audit fees (excluding VAT)	£25,000	TBC

The fees reconcile to the financial statements.

No non-audit or audited related services have been undertaken for the Pension Fund.

Audit Opinion

We anticipate we will provide the Pension Fund with an unqualified audit opinion with an Emphasis of Matter Paragraph

Independent auditor's report to the members of the London Borough of Croydon on the pension fund financial statements of the London Borough of Croydon Pension Fund

Opinion

We have audited the financial statements of the London Borough of Croydon Pension Fund (the 'pension fund') administered by the London Borough of Croydon (the 'Authority') for the year ended 31 March 2020 which comprise the Fund Account, the Net Assets Statement and notes to the pension fund financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20.

In our opinion, the financial statements:

- give a true and fair view of the financial transactions of the pension fund during the year ended 31 March 2020 and of the amount and disposition at that date of the fund's assets and liabilities;
- have been properly prepared in accordance with the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the pension fund's financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

The impact of macro-economic uncertainties on our audit

Our audit of the pension fund financial statements requires us to obtain an understanding of all relevant uncertainties, including those arising as a consequence of the effects of macro-economic uncertainties such as Covid-19 and Brexit. All audits assess and challenge the reasonableness of estimates made by the Interim Director of Finance, Investment and Risk and the related disclosures and the appropriateness of the going concern basis of preparation of the financial statements. All of these depend on assessments of the future economic environment.

Covid-19 and Brexit are amongst the most significant economic events currently faced by the UK, and at the date of this report their effects are subject to unprecedented levels of uncertainty, with the full range of possible outcomes and their impacts unknown. We applied a standardised firm-wide approach in response to these uncertainties. However, no audit should be expected to predict the unknowable factors or all possible future implications for a fund associated with these particular events.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Interim Director of Finance, Investment and Risk's use of the going concern basis of accounting in the preparation of the pension fund's financial statements is not appropriate; or
- the Interim Director of Finance, Investment and Risk has not disclosed in the pension fund's financial statements any identified material uncertainties that may cast significant doubt about the Authority's ability to continue to adopt the going concern basis of accounting for the pension fund for a period of at least twelve months from the date when the pension fund's financial statements are authorised for issue.

In our evaluation of the Interim Director of Finance, Investment and Risk's conclusions, and in accordance with the expectation set out within the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom 2019/20 that the pension fund financial statements shall be prepared on a going concern basis, we considered the risks associated with the fund's operating model, including effects arising from macro-economic uncertainties such as Covid-19 and Brexit, and analysed how those risks might affect the fund's financial resources or ability to continue operations over the period of at least twelve months from the date when the financial statements are authorised for issue. In accordance with the above, we have nothing to report in these respects.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the absence of reference to a material uncertainty in this auditor's report is not a guarantee that the fund will continue in operation.

Emphasis of Matter - effects of Covid-19 on the valuation of property investments

We draw attention to Note 5 of the financial statements, which describes the effects of the Covid-19 pandemic on the valuation of the pension fund's property investments as at 31 March 2020. As, disclosed in Note 5 to the financial statements, the ongoing impact of the COVID-19 pandemic has created even greater uncertainty in establishing the asset values

Audit Opinion

We anticipate we will provide the Pension Fund with an unqualified audit opinion with an Emphasis of Matter Paragraph

of illiquid assets. It should be noted that at the reporting date 36.5% of the Fund's assets are illiquid. Our opinion is not modified in respect of this matter.

Other information

The Interim Director of Finance, Investment and Risk is responsible for the other information. The other information comprises the information included in the Statement of Accounts, the Narrative Report, the Annual Governance Statement and the Annual Report, other than the pension fund's financial statements, our auditor's report thereon and our auditor's report on the Authority's financial statements. Our opinion on the pension fund's financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our Report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the pension fund's financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the pension fund's financial statements or our knowledge of the pension fund obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the pension fund's financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice published by the National Audit Office on behalf of the Comptroller and Auditor General (the Code of Audit Practice)

In our opinion, based on the work undertaken in the course of the audit of the pension fund's financial statements and our knowledge of the pension fund the other information published together with the pension fund's financial statements in the Statement of Accounts, the Narrative Report, the Annual Governance Statement and the Annual Report for the financial year for which the financial statements are prepared is consistent with the pension fund's financial statements.

Matters on which we are required to report by exception

Under the Code of Audit Practice, we are required to report to you if

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Authority under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

Responsibilities of the Authority, the Interim Director of Finance, Investment and Risk and Those Charged with Governance for the financial statements

As explained more fully in the Statement of Responsibilities set out on page 11, the Authority is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this authority, that officer is the Interim Director of Finance, Investment and Risk. The Interim Director of Finance, Investment and Risk is responsible for the preparation of the Statement of Accounts, which includes the pension fund's financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on local authority accounting in the United Kingdom 2019/20, for being satisfied that they give a true and fair view, and for such internal control as the Interim Director of Finance, Investment and Risk determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the pension fund's financial statements, the Interim Director of Finance, Investment and Risk is responsible for assessing the pension fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless there is an intention by government that the services provided by the pension fund will no longer be provided.

The General Purposes and Audit Committee is Those Charged with Governance. Those charged with governance are responsible for overseeing the Authority's financial reporting

Audit Opinion

We anticipate we will provide the Pension Fund with an unqualified audit opinion with an Emphasis of Matter Paragraph

process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the pension fund's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the members of the Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Authority's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

[Signature]

Sarah Ironmonger, Key Audit Partner
for and on behalf of Grant Thornton UK LLP, Local Auditor
London
[Date]



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LONDON BOROUGH OF CROYDON

REPORT:	PENSION COMMITTEE	
DATE OF DECISION	19 MARCH 2024	
REPORT TITLE:	Local Government Pension Scheme Advisory Board / The Pensions Regulator Update	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury	
CONTAINS EXEMPT INFORMATION?	NO	
WARDS AFFECTED:	N/A	

1. SUMMARY OF REPORT

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

2. RECOMMENDATION

The Pension Committee 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 Committee 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)

Report on the LGPS and Sharia law

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.

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 27th 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.

Update on LGPS Gender Pensions Gap Report (27 July 2023)

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.

Second reading of the Economic Activity of Public Bodies (Overseas Matters) in the House of Commons

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.

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-week consultation on changes to the Scheme Advisory Board's cost management process – the process that operates separately from, but alongside, the quadrennial scheme-level cost management process, which is based upon HM Treasury legislation and directions. The consultation follows the report from the Government Actuary's Department into changes to the HM Treasury cost management process, and the resulting policy and legislative changes set out in HM Treasury's response to that report. It acknowledges the differences between these two processes but proposes measures suggested by SAB in its consultation response to better integrate the SAB process within the statutory HMT mechanism. The consultation closes on 24 March 2023 and [can be found here](#).

SAB statement on Freedom of Information Act requests on climate advice and data (30th March 2023)

“Some funds have raised with the Board the increasing prevalence of requests for information about the responsible investment policies of administering authorities. These may come from interested scheme members or activist groups and can be “round robin” requests that are made to all LGPS funds with a view to collating information across the scheme (and making comparisons between funds’ responses).

“As public authorities, there are duties on all administering authorities to be open and transparent about their policies and actions. However, the resources available to deal with requests are not unlimited and there will be occasions where cost, commercial sensitivity or other considerations will outweigh the public interest in releasing information. [Further guidance](#) on this is available from the Information Commissioner’s Office. Support in how to respond to these requests, especially if they become onerous or vexatious, should be sought from the authority’s legal and FOI advisers.

“If the new climate reporting duties had been brought in by the Government, as consulted on last year, from 1st April 2023 then that may have helped authorities currently considering the request from Carbon Tracker by putting, or at least having a plan to put, a large amount of information into the public domain which may have helped address some of the requests for information that are being received. Despite the delays in DLUHC concluding that consultation, the Board would recommend that all funds consider having a proactive publication scheme in place for climate data, and their stewardship activities, to minimise the volume of ad hoc requests that they have to field.”

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)*

Equality, Diversity and Inclusion

On 28 March 2023 TPR published equality, diversity and inclusion (EDI) [guidance for pension scheme governing bodies](#) and [employers](#).

TPR hopes the guidance, developed with an industry working group, will be used by pension scheme governing bodies and sponsoring employers to improve the EDI of their scheme's board.

The guidance suggests that pension schemes have an EDI policy, which covers an agreed definition of EDI, the EDI aims of the governing body and an EDI training plan. Assessments of the governing body's performance should include how well EDI has been, and continues to be, embedded into processes, according to scheme objectives.

5. ALTERNATIVE OPTIONS CONSIDERED

5.1 N/A

6. CONSULTATION

6.1 No consultation outside the formal process is required.

7. CONTRIBUTION TO COUNCIL PRIORITIES

7.1 Ensuring regulatory compliance, good stewardship and best practise are applied to the Council's Pension Fund.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS FINANCIAL IMPLICATIONS

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

8.1.2. Comments approved by Andrew Lord, Interim Finance Consultant on behalf of Allister Bannin, the Director of Finance. (Date 06/03/2024)

8.2 LEGAL IMPLICATIONS

8.2.1. Burges Salmon LLP (a legal advisor appointed to the Fund) notes that there are no specific legal implications arising from this report, although the legal framework for the LGPS continues to develop and Committee members should be aware of these developments. In particular, Committee members should consider with their advisers the extent to which their governance arrangements should be updated in light of the General Code of Practice laid by the Pensions Regulator in January 2024.

8.2.2. Comments approved by Burges Salmon LLP (Date 06/03/2024)

8.3 EQUALITIES IMPLICATIONS

8.3.1. Under the Public Sector Equality Duty of the Equality Act 2010, decision makers, must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken. This includes any decisions relating to hoe authorities act as employers, how they develop, evaluate and review policies, how they design, deliver and evaluate services and also how they commission and procure services from others.

8.3.2. Section 149 of the Act requires public bodies to have due regard to the need to:

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

8.3.3. There have been no negative impacts identified for protected groups within this report as noted in section 19 of the government consultation response

8.3.4. Comments approved by Felisha Dussard Senior Communities Officer on behalf of Helen Reeves, Head of Strategy & Policy. (Date 05/03/2024)

8.4 HUMAN RESOURCES IMPLICATIONS HR IMPACTS

8.4.1. There are no immediate workforce implications arising from this report.

8.4.2. Comments approved by: Dean Shoesmith, Chief People Officer. (Date 29/2/2024)

9. APPENDICES

9.1 None

10. BACKGROUND DOCUMENTS

10.1 None

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LONDON BOROUGH OF CROYDON

REPORT:	PENSION COMMITTEE	
DATE OF DECISION	19 March 2024	
REPORT TITLE:	Inter-valuation Funding Update 31 December 2023	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury	
CONTAINS EXEMPT INFORMATION?	NO	[Public]
WARDS AFFECTED:	N/A	

1. SUMMARY OF REPORT

- 1.1 The report updates the Pension Committee on the funding position at 31 December 2023. It informs Committee of the changes in the funding environment since the 2022 valuation and identifies areas to consider when planning for the 2025 valuation. The detailed report has been prepared by Hymans Robertson who act as the Actuary for the London Borough of Croydon Pension Fund ('the Fund'). The report is attached as Appendix A.

2. RECOMMENDATION

The Pension Committee is recommended:

- 2.1 to note the Inter-valuation funding update report provided by the Fund's Actuary.

3. REASONS FOR RECOMMENDATION

- 3.1 This report assists the Pension Committee in monitoring the Fund's funding position. This is key to ensuring the Fund can pay benefits to its members now and in the future.

4. BACKGROUND AND DETAILS

- 4.1 Officers commissioned the Fund's Actuary to produce a report to update the Pension Committee on the Funding position of the Fund at 31 December 2023 and how it

compares to the position at the last formal valuation carried out at 31 March 2022. The Inter-valuation funding update is attached as Appendix A.

- 4.2** The report shows that the funding position at 31 December 2023 is now 122% compared to 97% at the 2022 valuation. The likelihood of the fund achieving the required future investment returns needed to be fully funded has also risen to 86% from 73% at the 2022 valuation. Although this is good news, the Pension Committee are asked to note that the improved funding position is due to changes in the funding environment and has largely been driven by an improvement to the expectations of future investment returns.
- 4.3** The Pension Committee should be cognisant to the fact that since the last valuation the Fund has experienced lower investment returns and higher inflation than assumed at the last valuation. If low investment returns and high inflation were to persist this would be detrimental to the funding position. The reported improvement in the funding position seems counter-intuitive to the actual experience received by the Fund since the last valuation. This helps demonstrate that the headline figures on funding levels have limitations in their usefulness and should be looked at with a degree of caution.
- 4.4** Although the headline figures should be viewed with a degree of caution, they do imply that the Fund is in a relatively good position and as part of the next valuation does mean the Fund has scope to consider the following funding strategy options:
- A reduction in employer contributions
 - Change in investment strategy
 - Increase prudence levels
 - Retain the surplus

The Fund could look at a combination of the above.

- 4.5** The Pension Committee should refer to the Hymans Robertson report for the detail around the funding strategy options mentioned above, especially around the possible implications of any changes.

5. CONSULTATION

- 5.1** The Fund's Actuary is consulted when making any decisions around the funding strategy.

6. CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1** Ensuring regulatory compliance, good stewardship and best practise are applied to the Council's Pension Fund.

7. IMPLICATIONS

7.1 FINANCIAL IMPLICATIONS

- 7.1.1.** This report provides an update on the funding position of the Fund at 31 December 2023 and how it compares to the position at the last formal valuation carried out at 31 March 2022. As set out in Appendix A the funding position at 31 December 2023 is now 122%

compared to 97% at the 2022 valuation. Although this headline position should be treated with some caution the next triennial valuation, in 2025, may present Croydon with a range of funding strategy options such as:

- A reduction in employer contributions
- Change in investment strategy
- Increase prudence levels
- Retain the surplus

7.1.2. Comments approved by Andrew Lord, Interim Finance Consultant on behalf of Allister Bannin, the Director of Finance. (Date 06/03/2024)

7.2 LEGAL IMPLICATIONS

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

7.2.2. Comments approved by Burges Salmon LLP (Date 06/03/2024).

7.3 EQUALITIES IMPLICATIONS

7.3.1. Under the Public Sector Equality Duty of the Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken. This includes any decisions relating to how authorities act as employers; how they develop, evaluate and review policies; how they design, deliver and evaluate services, and also how they commission and procure services from others.

7.3.2. The Council has a statutory duty to comply with the provisions set out in Sec 149 of the Equality Act 2010. The Council must therefore have due regard to:

1. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.
2. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
3. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.3.3. There are no direct negative Equalities impact, any risks to the investment fund are likely to impact on the age characteristic in relation to older workers.

7.3.4. The council is 67.73% female and 32.27% male so therefore women are more likely to be impacted by any investment risks. We expect our managers to carry due diligence when investing and adhere to the three tenets of section 149 of PSED.

7.3.5. Comments approved by Felisha Dussard, Senior Communities Officer on behalf of Helen Reeves, Head of Strategy & Policy. (Date 07/03/2024).

7.4 HUMAN RESOURCES IMPLICATIONS

7.4.1. It is essential that through prudent treasury management the Fund can pay benefits to its members (retired employees) now, and in the future (retiring employees)

7.4.2. Comments approved by: Dean Shoesmith, Chief People Officer. (Date 1/3/2024)

8. APPENDICES

8.1 A - London Borough of Croydon Pension Fund Inter-valuation funding update – Prepared by Hymans Robertson

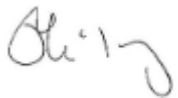
9. BACKGROUND DOCUMENTS

9.1 None

London Borough of Croydon Pension Fund

Inter-valuation funding update

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Robert McInroy FFA



Executive summary

To help manage risk, the Fund carries out regular funding and risk monitoring between valuations. Since the 2022 valuation there has been a significant shift in the economic environment meaning the LGPS is now facing new risks and opportunities which increases the importance of robust risk management.

- The funding position of the whole fund at 31 December 2023 is now 122% (compared to 97% at the 2022 valuation). The likelihood of the fund achieving the required future investment returns needed to be fully funded has also risen to 86% (from 73%).
- This improvement has been largely driven by an improved investment outlook due to a sharp rise in global interest rates.
- Employer funding positions have seen similar improvements. This is potentially very meaningful, for any employers approaching exit, however for many employers, having stable contributions over the longer term may be a more important objective.
- Short term inflation has been high since 2022, with pension increases of 10.1% (2023) and 6.7% (2024). While longer term inflation is expected to fall there remains uncertainty over future forecasts.
- Whilst the improved funding position is good news for the Fund, there remains uncertainty in financial markets, and material risks facing LGPS funds. Early planning for the 2025 valuation will be important to help the Fund manage any changes to its funding and investment strategy in the current environment.

Funding progression since 2022 valuation



It is important for the Fund to consider the impact of risks within the current environment and start planning for the 2025 valuation

Changes in the funding environment

Investment outlook

Investment returns since the 2022 valuation have been slightly positive, with the Fund achieving a return of 3.5% over the period from 31 March 2022 to 31 December 2023. This is slightly lower than the Fund's investment return assumption of 4.0% pa.

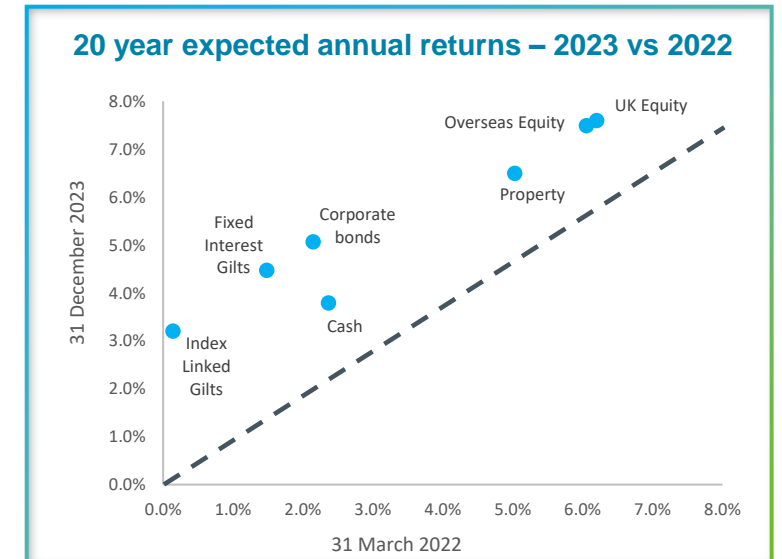
However, as shown in the chart, prudent expectations of *future* investment returns are now higher than at the 2022 valuation for most asset classes, largely due to the sharp rise in global interest rates (which had previously been at historic lows). In the case of the UK, the Bank of England base rate has increased from 0.75% at March 2022 to 5.25% at February 2024. If investors can get a higher return on cash and other lower-risk assets, it follows that the return on riskier assets, such as equities, should also increase.

To put this into context, at 31 March 2022 we estimated that the Fund's investments would return 4.0% pa with a 75% likelihood of success. At 31 December 2023, we now estimate that the Fund will achieve a much higher investment return of 5.6% pa with the same 75% likelihood.

Higher future expected investment returns lead to a lower value being placed on the Fund's liabilities. In other words, this means that the improved funding level is reliant on higher income from future investment returns, which may be a reason to be cautious when setting contribution rates at the 2025 valuation.

What can the Fund do to manage investment risk?

- Consider the Fund's beliefs about the investment outlook and whether it should increase the level of prudence adopted in the future expected investment return assumption to manage increased future uncertainty.
- Explore different combinations of investment strategy to understand what they mean for the likelihood of the Fund requiring additional future contributions.
- Investigate whether a single investment strategy for the whole Fund is still fit for purpose and consider carrying out exploratory work into the implementation of individual employer investment strategies.



The improvement in funding level is being driven by the promise of greater *future* investment returns rather than investment returns actually earned by the Fund.

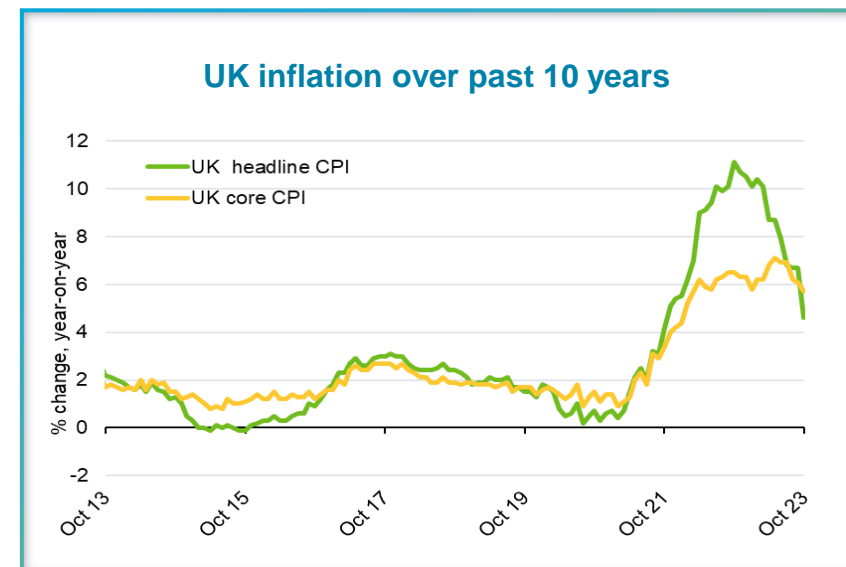
High Inflation

Inflation is a key risk for pension funds to manage. Higher inflation increases the cost of benefits, which increases longer term funding costs but also has an immediate impact on shorter term cash flow (pensions in payment). Since the 2022 valuation, inflation has risen sharply which has increased liabilities (in isolation). However, this has been more than offset by central bank reaction to increase interest rates - which has led to higher expected future investment returns, reducing liabilities.

Recent inflation trends

1. Inflation has risen further and for longer than most market participants expected. Headline inflation has fallen as weaker commodity prices, slowed growth, and eased supply chain issues feed through to prices. Weaker food and energy prices have seen headline inflation fall sharply, but core inflation, which excludes both, is proving stickier, and has fallen more slowly.
2. External global factors have played a part in the inflation story, including disruption to supply chains, and a re-orientation of demand from services to goods during the COVID-19 pandemic.
3. Domestic demand in the form of large monetary and fiscal stimulus and upwards pressure on wages due to tight labour markets have also added to domestically-driven inflation pressures.
4. How much and how quickly inflation falls, and the reaction of the Bank of England, will depend on the relative importance of supply and demand factors that have placed upwards pressure on inflation. Headline inflation is expected to fall sharply but remain slightly above target over the medium term.

Although the expectation is for inflation to fall, it remains uncertain. Persistently higher inflation is a risk for pension funds. For example, if the long-term pension increase assumption was 1% pa higher, this will reduce the funding level by around 20%



Source: Datastream

Monitoring inflation is key to managing both stable long-term funding plans and shorter-term cashflow risks

Funding update

What has happened since the 2022 valuation?

The Fund’s past service funding level has significantly improved since the 2022 valuation, rising to 122% (from 97% at 2022). The Fund now has a surplus of £319m at 31 December 2023 (compared to a deficit £59m at 31 March 2022), which has been driven by significant changes in the financial markets.

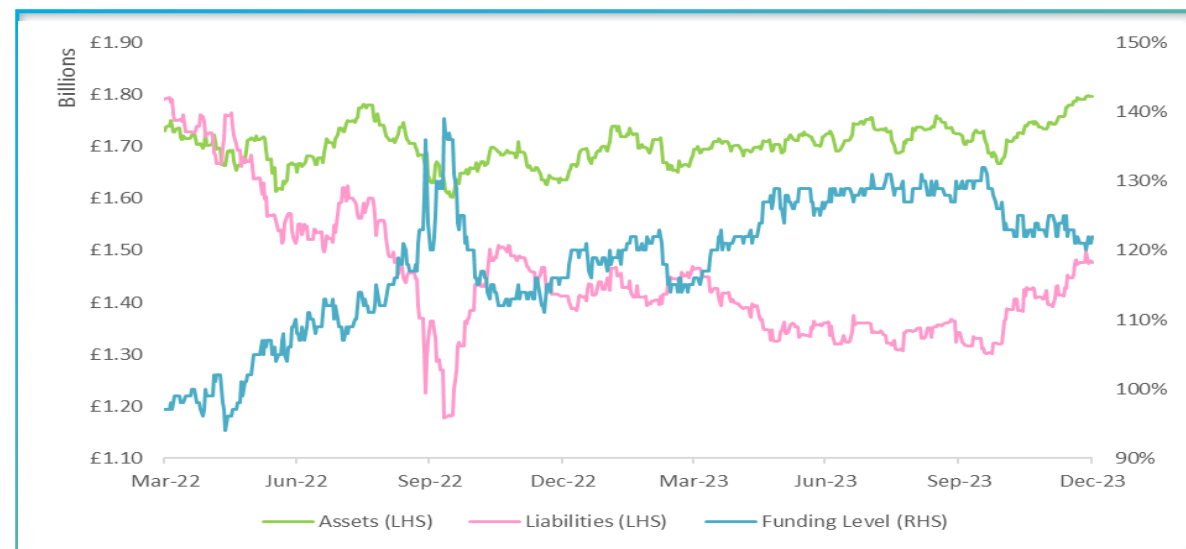
How have assets changed?

The Fund’s asset value has remained relatively stable since the 2022 valuation, although there continues to be volatility (see **green line** in chart). Investment markets have seen headwinds leading to lower-than-expected returns on the Fund’s investments to 30 September 2023. However, investment returns have been positive over the last quarter to 31 December 2023, so the Fund is now holding more assets than it did at the 2022 valuation.

How have liabilities changed?

Asset return expectations have risen since the 2022 valuation, in part due to the rise in global interest rates, which has led to the liability reduction (**pink line**) observed since the 2022 valuation. This effect has been offset, partially, by the effect of inflation being higher than expected at the 2022 valuation.

The improvement in funding level (**blue line**) is being driven by the expectation of higher future investment returns, despite inflationary pressures and dampened investment returns since the 2022 valuation



Being over 100% funded is generally good news, however there are limitations to the usefulness of the funding level metric because it is based on a single set of assumptions about the future and asset values at a single point in time. It also only recognises benefits earned to date (“past service”) and not the cost of future benefits. The Fund therefore needs to consider the risk inherent in their funding strategy before taking action to manage any surplus.

The sharp increase in headline funding level will inevitably lead to various stakeholders seeking to understand what it may mean to them.

Funding level versus investment return assumption

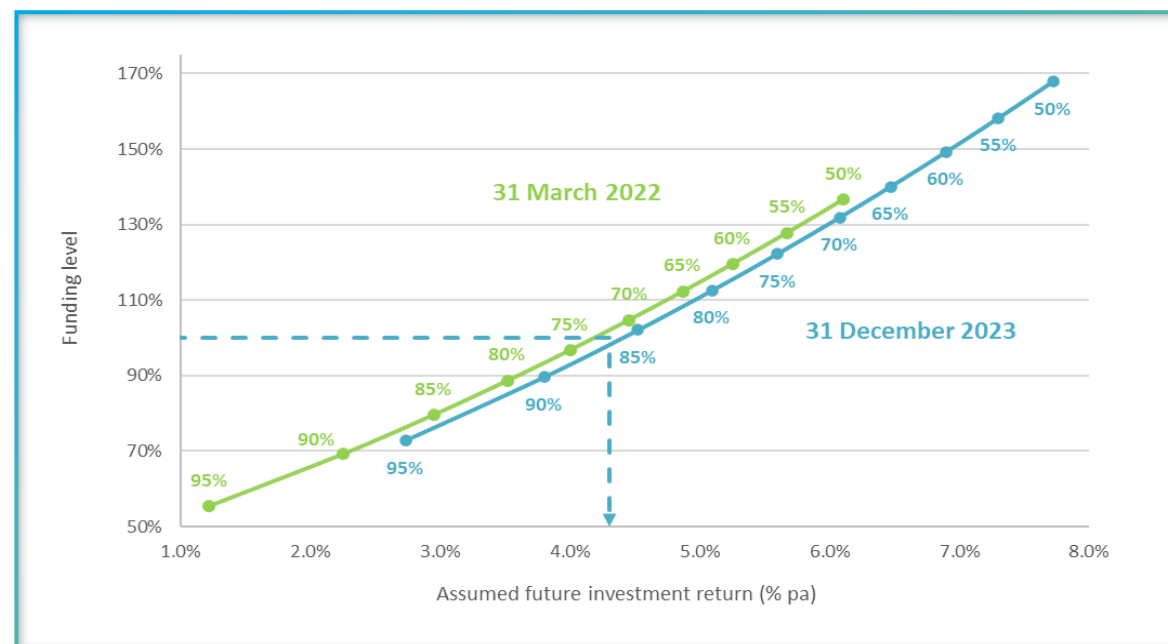
The Fund's funding level of 122% as at 31 December 2023 has been calculated using a future investment return assumption which has a 75% likelihood of being achieved in line with the Fund's Funding Strategy Statement. However, this reported funding level is extremely sensitive to the return assumption adopted.

The chart shows how the Fund's funding level varies with the future investment return assumption adopted, comparing the position at 31 March 2022 (green line) with the updated position at 31 December 2023 (blue line). The percentages next to each point on the chart show the likelihood of the Fund's investment strategy achieving that return. From the chart we can see that:

- The future investment return required to be 100% funded has increased to 4.4% pa, compared to 4.2% pa at the 2022 valuation. In effect, we now require the Fund's investments to return more than we did at 2022.
- The likelihood of achieving any given future investment return is higher than it was at the 2022 valuation. For example, there is now a 86% chance of the Fund achieving the investment returns needed to be 100% funded, compared to 73% at the 2022 valuation.

This highlights that the improvement in funding position is not a result of the Fund holding more assets today. Rather, this has been driven by higher expected future investment returns.

The effect of market volatility may lead to reductions in asset return expectations in the short term. To reflect any concerns about market volatility, additional prudence may be factored into funding plans via the level of assumed future investment return, which all else being equal would reduce the level of surplus in the Fund.



Required return of 4.4% p.a. has a 86% likelihood of being achieved

The Fund is now more likely to have sufficient assets to meet earned benefit payments than at the previous valuation. However, this is due to higher return expectations, not because the Fund holds more assets.

Employer funding and contributions

The Fund is composed of around 90 active employers. The chart opposite shows the funding position of each employer at 31 December 2023. Each of these employers will have its own funding objectives depending on the type of employer and their participation. Given this diversity of employers it is important to understand and monitor employer risks.

At 31 December 2023 the funding position has improved for all employers. This change in funding will be different for each employer depending on their membership (but similar to the Fund improvement for most).

The majority of employers are now fully funded (>100%) on the Fund's ongoing basis. Whilst this is good news for the Fund (and employers), this is not the endgame for employers who continue to participate and accrue benefits in an open scheme.

Impact on contributions

Employer contributions are set at the triennial funding valuation. If the current economic environment persists through to the 2025 valuation, there will be downward pressure on both primary and secondary contributions as a result of higher expectations of future investment returns and strong past-service funding positions.

The Fund may need to consider options for managing employer surplus ahead of the 2025 valuation. In particular, the Fund may need to consider how to manage high levels of surpluses and increased volatility and uncertainty in the economic environment within its funding and investment strategy, and effectively communicate its approach to employers.

Employer funding positions at 31 December 2023



Each dot represents an employer in the Fund, while the red line shows the whole fund position. Green dots indicates where the funding position has improved. Funding positions are on each employer's own funding basis.

It is important to understand the impact of improved funding for each employer to set appropriate funding plans

2025 valuation planning

Preparing for the 2025 valuation

The recent changes in the funding landscape means that the Fund may now be facing new challenges (and opportunities) at the 2025 valuation. Although the valuation is still more than 12 months away the Fund should start to review how its funding and investment strategy may evolve in a surplus environment.

The Fund has four tools to help manage surpluses arising as part of the 2025 valuation (although may decide a combination of two or more options is appropriate):



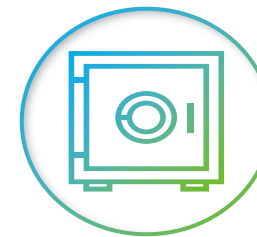
1. Reduce employer contributions



2. Change investment strategy



3. Increase prudence levels



4. Retain the surplus

Seek to balance employer affordability with long term sustainability

Preparing for the 2025 valuation

1. Reduce employer contributions



Given the current cost pressures facing employers, there may be an expectation that surpluses lead to immediate and material contribution reductions. However, the Fund will need to consider:

- **Difficulty of future increases** - The relative ease of reducing contributions versus increasing them. Even if a reduction is only for some short-term relief, it can quickly become the level that employer budgets could anchor on, meaning future required increases are harder to implement.
- **Long term cost of scheme** - What is a long-term stable cost of the LGPS, and are current contribution rates higher or lower than this? If an employer is already paying less than this cost, is it realistic to reduce further?
- **Intergenerational fairness** - Which generation are you being fair to by reducing contributions? The current generation have implicitly supported contribution rate increases over the last 20 years. Or does a reduction place too much risk of future contribution rate increases on future generations?
- **Stabilisation** - How does this interact with the Fund's contribution stability mechanism and are the employers committed to the long-term benefits of stability? Employers have been "underpaying" during the bad times during the last decade, whereas many may now be "overpaying" in the good times to deliver stable long-term contributions

2. Change investment strategy



One of the first things commonly heard when it is apparent that the funding position is good is 'time to de-risk'. This is a mindset born out of private sector pension funding where they are predominantly towards the latter stages of a pension fund lifecycle. The LGPS is very different as for most employers it remains open to new benefit accrual and new joiners, and so this instinct may not be appropriate. However, the Fund may wish to explore and consider:

- Are there any opportunities to use the investment strategy to further increase the long-term stability of contribution rates for the long-term benefit of employers?
- If contributions are reduced, what does this do to the cashflow profile of the Fund, and does it affect how the investments are used to manage cashflow?

Preparing for the 2025 valuation

3. Increase prudence levels



There is risk inherent with funding for a guaranteed pension amount, you can never have 100% certainty and must accept some element of risk in the funding strategy. The question is how much, i.e. how prudent are you going to be?

Each LGPS fund will have their own views on how prudent they want to be. And this can change over time. For example, at the 2019 valuation the Fund increased the prudence in the funding strategy in light of uncertainty around the benefit structure due to McCloud and the Cost Cap valuation.

At the 2025 valuation, the Fund should review the prudence levels in the funding strategy to explore:

- If the current surplus persists, should some of the improved funding position be used to increase prudence levels? This additional prudence could then be used to help manage contribution rates if there are poor funding outcomes in the future.
- Do the current market conditions, and increased levels of volatility and uncertainty, warrant mitigation and management by increasing prudence?

4. Retain the surplus



An alternative approach is explicitly retaining some of the surplus before changes to the funding plan are granted (i.e. contribution rate reductions). For example, the Fund could:

- Only permit rate reductions if an employer is above a certain funding level threshold. The threshold would be higher than 100% funded.
- Require all open employers to pay at least their primary rate so future benefits are being adequately funded.
- Seek to retain a certain level of surplus in the long-term so both today's and future generations can benefit from the surplus. This would involve increasing the long-term funding target for employers to above 100%

Early engagement and planning for the 2025 valuation will be key to successful outcomes

What can the Fund do ahead of the 2025 valuation to prepare?

Risk management

There may be individual sources of uncertainty and volatility in the funding plans that could warrant explicit management or mitigation via the funding and investment strategy. Examples could include:

- **Inflation** being higher and/or remaining elevated longer than expected (LGPS benefits are index-linked so this would increase the cost of benefits).
- **Salary increases** being higher than expected would increase the value of those benefits still linked to final salary at retirement. Conversely, lower than expected salary increases would reduce the Fund's contribution income and potentially affect the cashflow position and management of it.
- **Longevity** being materially different from current expectations. Higher than expected increases in longevity would put upward pressure on the Fund's liabilities. The Fund could also be exposed to a deterioration in longevity if it is symptomatic of an unhealthier population, which would increase the occurrence of ill-health retirements and death-in-service, both of which typically result in funding strains.

The Fund should consider the risks inherent in their funding and investment strategies and consider the implementation of risk management tools to seek to hedge some or all of the risk.

Key actions

- **Start planning** – it is important to start conversations with stakeholders well ahead of the valuation to plan effectively.
- **Monitor employer funding and covenant risks** and engage early with higher risk employers, or those with specific circumstances (eg approaching exit).
- **Seek to engage with all employers** in advance of the valuation to build up the appropriate messaging around funding in a surplus environment and any changes in policies.
- **Consider options for funding and investment**, such as increasing prudence, maintaining a funding 'buffer' or reducing investment risk (in addition to potential contribution reductions).
- **Carry out contribution modelling** for the secure, long-term employers to inform budget setting and financial planning

Summary and next steps

Risk monitoring and valuation planning best practice

As we approach the 2025 valuation, the Fund is now facing new challenges within a surplus environment. Planning and stakeholder engagement will be key to successful outcomes and funds should continue to refine their approach to managing risk within this evolving landscape.

Key considerations and next steps



Funding: continue to monitor the funding position and understand the key drivers of change. Consider the messaging of the improved funding position and what this means for different stakeholders.



Review funding and investment strategy: carry out modelling of longer-term secure employers and consider investment strategy options.



Employers: monitor employer funding and seek to engage early with higher risk employer or those approaching exit. Consider employer covenant as a factor within the risk framework and where employer contribution flexibility may be afforded.



Surplus management: develop the Fund's policy on surplus management and consider the best use of funding levers at the 2025 valuation, including surplus retention, increasing prudence, reducing investment risk and reducing contributions.

Early planning allows more time for informed policy decisions

Appendices

APPENDIX 1

Data

Membership data

The membership data underlying the figures in this report was supplied by the fund for the purpose of the valuation at 31 March 2022 and is summarised below:

31 March 2022				
	Number	Average age	Accrued benefit (£000)	Payroll (£000)
Actives	9,755	53.3	30,639	211,588
Deferred	14,983	52.5	25,598	
Pensioners	8,943	69.3	50,943	

The membership is assumed to evolve over time in line with the demographic assumptions described in the Funding Strategy Statement. Please see Appendix 4 for details of the roll-forward methodology which includes the estimated changes in membership data which have been allowed for.

Cashflows since the valuation at 31 March 2022

We have allowed for the following cashflows in estimating the assets and liabilities at 31 December 2023. Cashflows are assumed to be paid daily. Contributions are based on the estimated payroll, certified employer contributions (including any lump sum contributions) and the average employee contribution rate at 31 March 2022. Benefits paid are projections based on the membership at 31 March 2022.

Cashflows since the valuation at 31 March 2022

We have allowed for the following cashflows in estimating the assets and liabilities at 31 December 2023. Cashflows are assumed to be paid daily. Contributions are based on the estimated payroll, certified employer contributions (including any lump sum contributions) and the average employee contribution rate at 31 March 2022. Benefits paid are projections based on the membership at 31 March 2022.

Estimated cashflows (£000)	31 March 2022 to 31 December 2023
Employer contributions	88,206
Employee contributions	25,913
Benefits paid	109,013

Investment returns since the valuation at 31 March 2022

Investment returns are based on actual returns where available and index returns otherwise.

	Actual / Index	From	To	Return
Whole fund	Actual	1 April 2022	31 December 2023	3.47%

APPENDIX 2

Assumptions

Financial assumptions

The financial assumptions used to calculate the liabilities are detailed below. For further details please see the Funding Strategy Statement.

Assumption	31 March 2022	31 December 2023
Funding basis	Ongoing	Ongoing
Discount rate methodology	Expected returns on the Whole Fund strategy over 20 years with a 75% likelihood	Expected returns on the Whole Fund strategy over 20 years with a 75% likelihood
Discount rate (% pa)	4.0%	5.6%
Pension increase methodology	Expected CPI inflation over 20 years with a 50% likelihood	Expected CPI inflation over 20 years with a 50% likelihood
Pension increase (% pa)	2.7%	2.2%

Salary increases are assumed to be 0.0% pa above pension increases, plus an additional promotional salary scale.

Demographic assumptions

Demographic assumptions are set out in the Funding Strategy Statement. All demographic assumptions, including longevity assumptions, are the same as at the most recent valuation at 31 March 2022.

Life expectancies from age 65, based on the fund's membership data at 31 March 2022, are as follows. Non-pensioners are assumed to be aged 45 at that date.

	Ongoing basis	
	Male	Female
Pensioners	22.0	24.6
Non-pensioners	22.8	25.9

APPENDIX 3

Technical information

Funding update methodology

The last formal valuation of the fund was carried out as at 31 March 2022. The results in this report are based on projecting the results of this valuation forward to 31 December 2023 using approximate methods. The roll-forward allows for

- estimated cashflows over the period as described in Appendix 1;
- investment returns over the period as described in Appendix 1;
- changes in financial assumptions as described in Appendix 2;
- estimated additional benefit accrual.

The CARE, deferred and pensioner liabilities at 31 December 2023 include a total adjustment of 11.4% to reflect the difference between actual September CPI inflation values (up to 30 September 2023) and the assumption made at 31 March 2022. The adjustment for each year's actual inflation is applied from 31 October that year, cumulative with prior years' adjustments, which may lead to step changes in the funding level progression chart.

In preparing the updated funding position at 31 December 2023 no allowance has been made for the effect of changes in the membership profile since 31 March 2022. The principal reason for this is that insufficient information is available to allow me to make any such adjustment. Significant membership movements, or any material difference between estimated inputs and actual ones, may affect the reliability of the results. The fund should consider whether any such factors mean that the roll-forward approach may not be appropriate.

No allowance has been made for any early retirements or bulk transfers since 31 March 2022. There is also no allowance for any changes to Local Government Pension Scheme (LGPS) benefits except where noted in the formal valuation report or Funding Strategy Statement.

Sensitivity of results to assumptions

The results are particularly sensitive to the real discount rate assumption (the discount rate net of pension increases) and the assumptions made for future longevity.

If the real discount rate used to value, the accrued liabilities was lower than the value placed on those liabilities would increase. For example, if the real discount rate at 31 December 2023 was 1.0% pa lower, then the liabilities on the Ongoing basis at that date would increase by 19.0%.

In addition, the results are sensitive to unexpected changes in the rate of future longevity improvements. If life expectancies improve at a faster rate than allowed for in the assumptions then, again, a higher value would be placed on the liabilities. An increase in life expectancy of 1 year would increase the accrued liabilities by around 3-5%.

APPENDIX 4

Economic Scenario Service (ESS)

The ESS uses statistical models to generate a future distribution of year-on-year returns for each asset class e.g. UK equities. This approach is also used to generate future levels of inflation (both realised and expected). The ESS is also designed to reflect the correlations between different asset classes and wider economic variables (e.g. inflation).

In the short-term (first few years), the models in the ESS are fitted with current financial market expectations. Over the longer-term, the models are built around our long-term views of fundamental economic parameters e.g. equity risk premium, credit-spreads, long-term inflation etc.

The ESS is calibrated every month with updated current market expectations (a minor calibration). Every so often (annually at most), the ESS is updated to reflect any changes in the fundamental economic parameters as a result of change in macro-level long-term expectations (a major calibration). The following table shows the calibration at 31 December 2023.

Time period	Percentile	Asset class annualised total returns								Inflation/Yields		
		UK Equity	Developed World ex UK Equity	Emerging Markets Equity	Listed Infrastructure Equity	Private Equity	Property	Multi Asset Credit (sub inv grade)	Absolute Return Bonds (inv grade)	Inflation (CPI)	17-year real yield (CPI)	17-year yield
10 years	16 th	-0.7%	-1.4%	-4.1%	-1.7%	-3.2%	-1.0%	2.3%	2.7%	0.9%	0.4%	3.5%
	50 th	7.3%	7.1%	7.5%	6.8%	11.6%	6.1%	5.3%	4.2%	2.5%	1.3%	4.6%
	84 th	15.5%	15.6%	19.8%	15.0%	26.5%	13.7%	7.9%	5.7%	4.0%	2.2%	5.9%
20 years	16 th	1.4%	1.1%	-0.7%	0.7%	0.6%	1.1%	3.9%	3.0%	0.7%	0.2%	3.0%
	50 th	7.5%	7.3%	7.6%	6.8%	11.4%	6.4%	5.8%	4.4%	2.4%	1.4%	4.4%
	84 th	13.4%	13.5%	16.2%	12.9%	22.3%	11.7%	7.6%	5.9%	4.0%	2.6%	6.2%
40 years	16 th	3.0%	2.9%	1.4%	2.6%	3.8%	2.8%	4.7%	3.0%	0.6%	-0.4%	1.5%
	50 th	7.6%	7.5%	7.7%	7.1%	11.5%	6.5%	6.4%	4.5%	2.2%	1.3%	3.5%
	84 th	12.1%	12.3%	14.2%	11.7%	19.3%	10.5%	7.9%	6.4%	3.8%	3.0%	6.0%
	Volatility (1yr)	16%	17%	23%	18%	31%	19%	7%	3%	1%	-	-

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APPENDIX 5

Reliances and limitations

This paper is addressed to Croydon Council as Administering Authority to the London Borough of Croydon Pension Fund. It has been prepared in our capacity as actuaries to the Fund and is solely for the purpose of discussing funding and risk monitoring ahead of the 2025 valuation. It has not been prepared for any other purpose and should not be used for any other purpose.

The results in this paper are wholly dependent on the valuation data provided to us for the 2022 valuation and the assumptions that we use in our calculations. The reliances and limitations that applied to that valuation apply equally to these results. The results of the valuation have been projected forward using approximate methods. The margin of error in these approximate methods increases as time goes by. The method may not be appropriate if there have been significant data changes since the previous formal valuation (for example redundancy exercises, significant unreduced early retirements, ill health retirements and bulk transfers). The methodology assumes that actual experience since the valuation at 31 March 2022 has been in line with our expectations.

The data used in this exercise is summarised in Appendix 1. Data provided for the purposes of the formal valuation at 31 March 2022 was checked at the time for reasonableness and consistency with other sources. Data provided since then (eg actual investment returns) has been used as-is. The data is the responsibility of the Administering Authority, and the results rely on the data.

The methodology underlying these calculations mean that the results should be treated as indicative only. The nature of the fund's investments means that the surplus or deficit identified in this report can vary significantly over short periods of time. This means that the results set out should not be taken as being applicable at any date other than the date shown.

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- TAS100 – Principles for technical actuarial work
- TAS300 – Pensions

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LONDON BOROUGH OF CROYDON

REPORT:	PENSION COMMITTEE	
DATE OF DECISION	19 March 2024	
REPORT TITLE:	Part A Progress Report for the Quarter Ended 31 December 2023	
CORPORATE DIRECTOR / DIRECTOR:	Jane West, Corporate Director of Resources (Section 151 Officer)	
LEAD OFFICER:	Matthew Hallett – Acting Head of Pensions and Treasury	
CONTAINS EXEMPT INFORMATION?	NO	[Public]
WARDS AFFECTED:	N/A	

1. SUMMARY OF REPORT

- 1.1 The report updates Pension Committee on the Fund’s Investments over the quarter to 31 December 2023.
- 1.2 The report provides an update on the Fund’s performance for the quarter to 31 December 2023. The report falls into four parts. Section 1 addresses performance against strategic goals. Section 2 considers the asset allocation strategy and how that is being applied, specifically current and planned investments. Section 3 deals with risk management and section 4 summarises updates from any recent investment manager meetings.

2. RECOMMENDATIONS

The Pension Committee is recommended:

- 2.1 to note the contents of the report.
- 2.2 to agree that Officers should move to rebalance the Fund’s investments over the next year in line with the target asset allocation set out in the Investment Strategy Statement as agreed by Pension Committee on 19th September 2023.

3. REASONS FOR RECOMMENDATIONS

- 3.1 This report assists the Pension Committee in carrying out its fiduciary duty in regard to the Fund’s investments.

3.2 The Fund’s actual investments should be in accordance with the target asset allocation as set out in the Investment Strategy Statement.

4. BACKGROUND AND DETAILS

Section 1: Performance

4.1 The market value of the Fund investments at 31 December 2023 was £1,781.8m compared to £1,698.3m at 30 September 2023 an increase of £83.5m during the period. The Fund returned 4.2% over the quarter with cash inflows of £12.6m. The large cash inflow was mainly as a result of a bulk transfer from the London Borough of Sutton Pension Fund of £14.4m in relation to the South London Waste Partnership.

4.2 At the 2022 Triennial Actuarial Valuation funding position for the Fund was 97% using a future investment return assumption (otherwise described as the discount rate) of 4.0% p.a. The Fund would be 100% funded if an assumed investment return of 4.2% p.a. was used and the likelihood of achieving this investment return was deemed to be 73%. In setting the Pension Fund’s investment strategy, performance is measured against a benchmark return of CPI + 4% for the whole fund. Achieving this benchmark return will ensure the investments achieve a higher return than as calculated in the valuation and on the basis that other assumptions remain constant, the funding gap will close.

4.3 At the 31 March 2022 valuation the Fund’s investments were £1,731m. Since the valuation date the investments have returned 3.5% compared to an investment return assumption of 7.1%. In isolation the investment returns since the last valuation have had a negative impact on the funding level. However it should be noted that future expectations for investment returns are higher than assumed at the last valuation and this has a positive impact on the funding level which outweighs the negative impact from lower than expected actual returns achieved.

Section 2: Asset Allocation Strategy

4.4 Following the results of the triennial valuation at 31 March 2022, the Fund’s investment advisers have carried out an asset allocation review and a revised asset allocation was agreed at the Pension Committee held on 20 June 2023. The Pension Committee also agreed that an allocation to Private Debt might be added at a later date after further training on this asset class has been undertaken. The revised asset allocation was incorporated in the Investment Strategy Statement which was agreed at the Pension Committee meeting held on 19th September 2023. The revised allocation is as follows:

Asset Class	Previous Strategic Asset Allocation	Actual Allocation 31 March 2023	New Allocation without Private Debt Strategy 1
Developed Equity	42.0%	44.7%	42.0%
Fixed Income	23.0%	15.7%	23.0%
<i>Corporate Bonds</i>	15.3%	11.9%	17.0%

<i>Absolute Return</i>	7.7%	3.8%	-
<i>Multi-Asset Credit</i>	-	-	6.0%
Alternatives	34.0%	36.8%	34.0%
<i>Infrastructure</i>	10.0%	14.8%	12.0%
<i>Private Equity</i>	8.0%	10.0%	10.0%
<i>Private Debt</i>	-	-	-
<i>Property (Core & Residential)</i>	16.0%	12.0%	12.0%
Cash	1.0%	2.8%	1%
Total	100.0%	100.0%	100.0%

4.5 The process of moving to the revised asset allocation will take place over the next year. A report is included in the part B agenda regarding appointment of a Multi-Asset Credit manager.

Monitoring of asset allocation

4.6 Global Equity – Global Equities performed well returning 8.14% over the quarter, ultimately boosted by expectations that major central banks could soon cut interest rates and that the US economy may avoid recession. The LGIM Developed World (ex-Tobacco) Equity fund which follows that of the major indices returned 8.24%, the hedged part 9.7% and unhedged 6.8% as Sterling strengthened against the dollar. The LCIV RBC Sustainable Equity Exclusion Fund returned 7.2% over the quarter outperforming its benchmark by 0.5%. Global equities are now at 47.2% compared to the target allocation of 42%. This is considered slightly above the tolerance allowed for within the target asset allocation. Officers will look to rebalance by moving investments to the fixed interest part of the portfolio.

4.7 Fixed Interest - During the quarter the fixed interest investments returned a positive 7.05%, with Aberdeen Standard 6.51%, Wellington 7.65% and the LCIV Global Bond - 7.50%. The strong positive performance was again due to the expectations that major central banks would begin to cut interest rates in 2024. Government bond yields fell meaning prices rose. The fixed interest allocation is at 15.5% which is well under the target asset allocation. Officers will begin to rebalance the portfolio when the appointment of the Multi-Asset Credit manager has been confirmed.

4.8 Infrastructure - Due to the nature of these assets, performance of Infrastructure investments and indeed Private Equity, discussed in more detail below, is better measured over a period of time, rather than quarter by quarter. All the Fund's Infrastructure investments continue to perform well largely due to their link to inflation. All of the managers have returned close to or above the benchmark since inception. The allocation currently stands at 13.7% compared to the revised target of 12%. The actual percentage allocation reduced by 0.6% over the quarter due to the strong performance in global equities and fixed interest.

4.9 Private Equity - Our Private Equity managers continue to perform extremely well and have been the main contributor to positive returns over the last few years. During the last quarter valuations have fallen mainly due to the currency effect. All the private equity assets are valued in currencies other than Sterling, so valuations gain when Sterling depreciates fall when Sterling appreciates. The performance of the underlying companies remains strong. Over the quarter the allocation moved from 9.9% to 9.1%. This is slightly below the target allocation of 10%.

4.10 Property - During the quarter the Schroders property portfolio returned -0.6% and the M&G UK Residential Property Fund returned -2.5%. The allocation to property is 11.2% which is in line with the new target asset allocation of 12.0%.

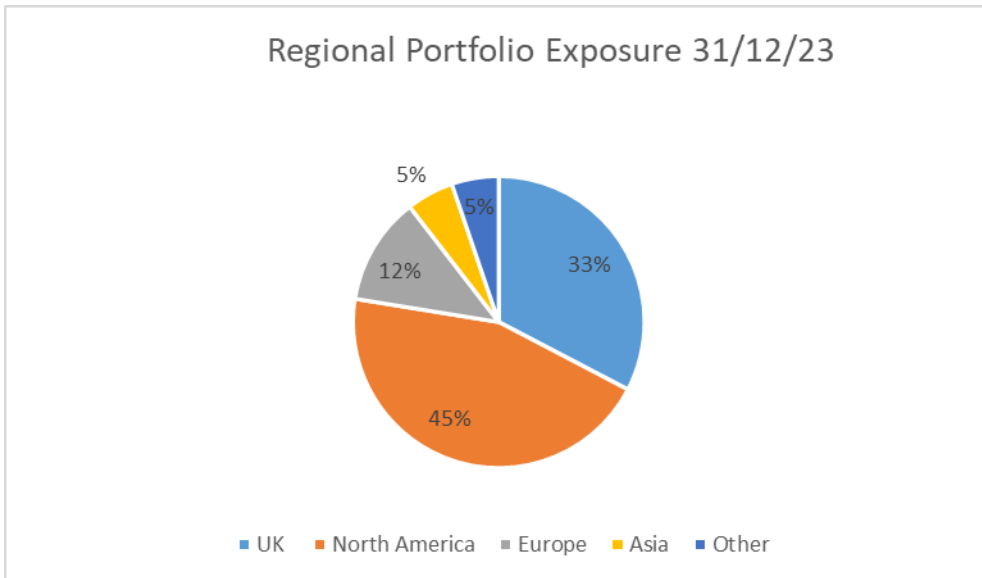
4.11 The table below illustrates the movement in the Fund's valuation during the quarter and the current asset allocation against the target.

London Borough of Croydon Pension Fund
Fund valuation and asset allocation for the quarter ending 31 December 2023

	Valuation at 30/09/23 £'000	Net cashflow £'000	Gain/Loss £'000	Valuation at 31/12/2023 £'000	Asset allocation Fund percentage	Asset allocation target percentage
Equities					47.2%	42%
Legal & General FTSE World (Ex Tobacco)	701,852	-	57,837	759,690		
LCIV RBC	76,527	-	5,523	82,051		
LCIV	150			150		
Fixed Interest					15.5%	23%
Standard Life	123,675	-	8,046	131,721		
Wellington	53,769	-	4,112	57,882		
LCIV Global Bond	80,521	-	6,039	86,560		
Infrastructure					13.7%	12%
Access	38,970	1,064	42	37,863		
Temporis	79,789	1,871	265	81,395		
Equitix	72,873	-	809	73,682		
Macquarie GIG Renewable Energy	20,876	720	379	20,535		
I Squared	30,971	444	1,383	30,032		
Private Equity					9.1%	10%
Knightsbridge	62,411	347	4,472	57,592		
Pantheon	68,800	730	3,212	66,318		
Access	16,746	645	543	16,849		
North Sea	20,984	-	415	21,399		
Property					11.2%	12%
Schroders	138,297	-	791	137,506		
M&G	63,772	374	1,546	61,853		
Cash					3.3%	1%
Legal & General FTSE4Good Cash	1,015	-	9	1,006		
Cash	46,300	11,445	-	57,745		
Fund Total	1,698,300	12,629	70,899	1,781,828	100%	100%

Valuations are based on the bid price as reported by the Fund Managers. The valuations of the Infrastructure and Private Equity funds are the latest available and can be lagged by 3 months.

4.12 The following chart gives an indication of the geographical dispersion of the underlying assets comprising the portfolio. This is set out graphically in the chart below. This information is for illustrative purposes only. It should be noted that there are differences in the period represented as some data is updated far more frequently than others.



- 4.13** The descriptor Asia includes Japan, Korea and Australia. The descriptor Other includes the continent of Africa and Latin America.
- 4.14** It should be noted that of the 33% invested in the UK 11.2% is allocated to Property and 9.3% to Infrastructure. The majority of the Private Equity and Global Equity investments are in the US and Canada.

Section 3: Risk Management

- 4.15** The main risk addressed by the Funding Strategy is that returns on investment will fall below the target asset outperformance assumption to ensure that the Pension Fund matches the value of liabilities in the future. Dependent upon that are of course a number of issues.
- 4.16** The global economy will always represent a specific risk and opportunity for the Fund and will effectively be impossible to quantify or evaluate. The Fund takes a long-term view and manages risk by investing in a portfolio of assets which is sufficiently diversified. Having a sufficiently diversified portfolio should ensure the Fund continues to meet its performance objectives over the long term while reducing the impact of short term volatility in caused by uncertainty in global markets.
- 4.17** Mercer, the Fund's investment adviser, have drafted a Fund Monitoring Report, for the 3 months to 31 December 2023. These reports are included in Part B of this Committee agenda.

Section 4: Investment Manager Meetings

- 4.18** Officers attended the AGM for Knightsbridge, met with Access Capital Partners and North Sea Capital Partners. All three managers are performing well and looking to launch new funds in 2024.
- 4.19** The London CIV and RBC BlueBay attended the December 2023 Pensions Committee.

5. CONSULTATION

- 5.1** Officer consult with the Fund's advisers and Investment managers when monitoring the performance of the Fund.

6. CONTRIBUTION TO COUNCIL PRIORITIES

- 6.1** Ensuring regulatory compliance, good stewardship and best practise are applied to the Council's Pension Fund.

7. IMPLICATIONS

7.1 FINANCIAL IMPLICATIONS

- 7.1.1.** This report provides an update on the investment of the Council's Pension Fund, including the value of investments to fund future liabilities and the allocations between different asset classes to diversify risk, maximise return and ensure necessary liquidity. The report notes that at the 2022 Triennial Actuarial Valuation, the funding position for the Pension Fund was 97% using a future investment return assumption (otherwise described as the discount rate) of 4.0% p.a.

- 7.1.2.** Comments approved by Andrew Lord, Interim Finance Consultant on behalf of Allister Bannin the Director of Finance. (Date 06/03/2024)

7.2 LEGAL IMPLICATIONS

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

- 7.2.2.** The Committee must, however, be mindful of their fiduciary duty to make investment decisions including in the best long-term interests of Fund beneficiaries and taxpayers within the investment strategy framework.

- 7.2.3.** Comments approved by Burges Salmon LLP (06/03/2024)

7.3 EQUALITIES IMPLICATIONS

- 7.3.1.** Under the Public Sector Equality Duty of the Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken. This includes any decisions relating to how authorities act as employers; how they develop, evaluate and review policies; how they design, deliver and evaluate services, and also how they commission and procure services from others.

- 7.3.2.** The Council has a statutory duty to comply with the provisions set out in Sec 149 of the Equality Act 2010. The Council must therefore have due regard to:

1. eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act.

2. advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it.
3. foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

7.3.3. Any risks to the investment fund are likely to impact on the age characteristic in relation to older workers. The council is 67.73% female and 32.27% male so therefore women are more likely to be impacted by any investment risks. We expect our managers to carry due diligence when investing and adhere to the three tenet's of section 149 of PSED.

7.3.4. Comments approved by Felisha Dussard, Senior Communities Officer on behalf of Helen Reeves, Head of Strategy & Policy. (Date 07/03/2024).

7.4 HUMAN RESOURCES IMPLICATIONS

7.4.1. It is important through effective management to ensure the Fund can pay benefits to its members now and in the future

7.4.2. Comments approved by: Dean Chief People Officer. (Date 1/3/2024)

8. APPENDICES

8.1 None

9. BACKGROUND DOCUMENTS

9.1 None

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