



2019

Pensions

Governance Policy & Compliance Statement

Your Local Government
Pension Scheme Guide

Your Guide to the London Borough of Croydon Governance Policy & Compliance Statement

As the Administering Authority we have prepared this guide to help you understand the Governance Compliance strategies that Croydon Council (as the Administering Authority) has in place, as agreed at the Pension Committee on 17 September 2019

Administering Authority

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

The Local Government Pension Scheme Regulations, 2013, talk about the governance of the Scheme. Regulation 55 requires the Council to publish this Statement. In it, as set out below, you can read how the Council complies with the Government's guidance and how some functions of the Council are delegated. These Regulations also require the Council to keep the Statement under review and to make revisions as appropriate. Where such revisions are made we will publish a revised statement.

Aims and Objectives

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

- ▶ Around 28,000 current and former members of the Fund, and their dependants;
- ▶ Over 100 employers within the Croydon Council area or with close links to Croydon Council;
- ▶ The local taxpayers within the Borough of Croydon; and
- ▶ Central Government.

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

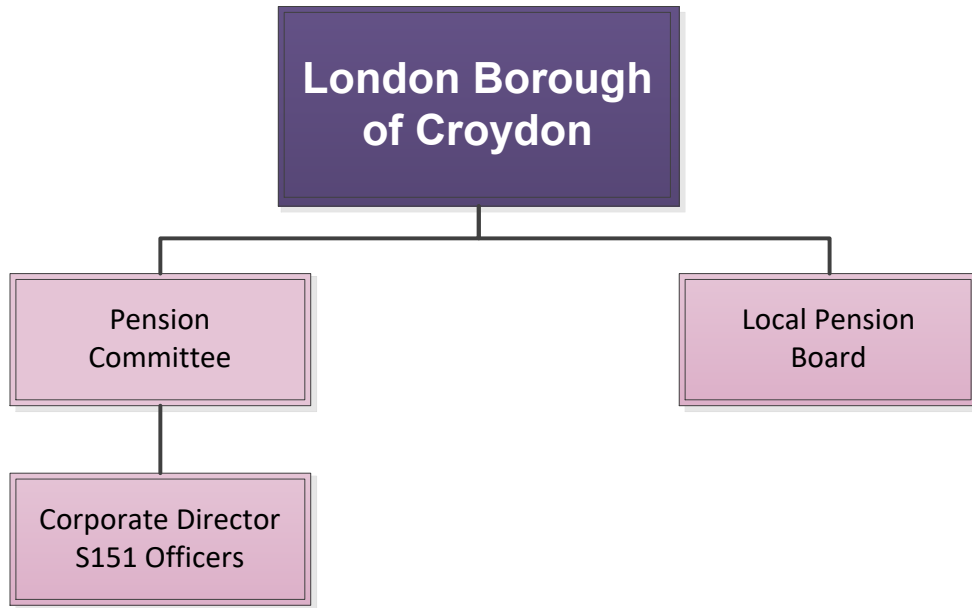
- ▶ All officers and Pension Committee Members charged with the financial administration and decision-making with regard to the Fund are fully equipped with the knowledge and skills to discharge the duties and responsibilities allocated to them.
- ▶ The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties.
- ▶ Appropriate measures are in place to manage the risks associated with the investment of the Fund, to understand those risks and to evaluate them.
- ▶ All relevant legislation is understood and complied with.
- ▶ The Fund aims to be at the forefront of best practice for LGPS funds.
- ▶ The Fund manages conflicts of interest appropriately.

Structure

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

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

See Appendix A for the Terms of Reference for the Pension Committee



The London Collective Investment Vehicle (CIV) is an FCA Regulated fund manager that represents the pooled investments of 32 London local authority pension funds. It has an Authorised Contractual Scheme fund structure and all the funds are equal shareholders.

Pension Committee

Membership

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

Currently the membership of the Pension Committee is 8 elected Members from Croydon Council on a politically proportionate basis. All Croydon Council Members have voting rights on the Committee and three voting members of the Committee are required to be able to deem the meeting quorate.

In addition there are two elected members (one-voting and one non-voting) and one non-voting Union Representative, representing Pensioner and Scheme member interests. Although some of the representatives do not have voting rights they are treated as equal members of the Committee, they have access to all Committee Advisers, officers, meetings and training as if they were Council Members and have the opportunity to contribute to the decision making process. Voting rights are mainly restricted to elected Members as they are deemed to be fulfilling the role of Trustees as the Pension Fund with all the legal responsibilities that this entails, it was not felt appropriate to apply the same legal definition to the lay members of the Committee and, hence, only one has voting rights.

The Pension Committee may co-opt non-voting members as is appropriate.

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

The Fund is aware that good governance means an organisation is open in its dealings and readily provides information to interested parties; meetings are open to members of the public who are welcome to attend. However, there may be occasions when members of the public are excluded from meetings when it is likely in view of the nature of the business to be transacted of the nature of the proceedings that confidential information would be disclosed.

Pension Committee Member	Voting Member	Non-Voting Member
Councillor Andrew Pelling, Chairman	✓	
Councillor Simon Hall, Vice-Chairman	✓	
Councillor Simon Brew	✓	
Councillor Robert Canning	✓	
Councillor Luke Clancy	✓	
Councillor Clive Fraser	✓	
Councillor Patricia Hay-Justice	✓	
Councillor Yvette Hopley	✓	
Reserve Panel: Councillors: Jamie Audsley, Sherwan Chowdhury, Pat Clouder, Patsy Cummings, Steve Hollands, Vidhi Mohan, Robert Ward	✓	
Ms Gilli Driver, Pensioners Representative	✓	
Mr Peter Howard, Pensioners Representative		✓
Mr Chartles Quaye, Staff Representative		✓

Meetings

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

Agendas for meetings will be agreed with the Chair and will be circulated electronically with supporting papers to all members of the Committee, officers of the Council as appropriate and the Fund's Advisors.

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

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

The Council will make available copies of the minutes of the meeting and records of decisions; these are stored indefinitely. Minutes of meetings and records of decisions are available for inspection on the Council's website <https://www.croydon.gov.uk/democracy/dande/>.

Other Delegations of Powers

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

Pension Board

With effect from 1 April 2015, each Administering Authority was required to establish a Local Pensions Board to assist them with:

- ▶ Securing compliance with the LGPS Regulations and any other legislation relating to the governance and administration of the Scheme, and requirements imposed in relation to the LGPS by the Pensions Regulator;
- ▶ Ensuring the effective and efficient governance and administration of the Pension Fund.

Such Pensions Boards are not local authority committees but are reflected in the Council's Constitution. The Croydon Pension Board was established by Croydon Council and the full terms of reference of the Board can be found within the Council's Constitution.

<https://www.croydon.gov.uk/sites/default/files/articles/downloads/Constitution%20of%20the%20London%20Borough%20of%20Croydon%20-%20June%202017.pdf>

Role

The Council has charged the Pension Board with providing oversight of the matters outlined above. The Pension Board, however, is not a decision making body in relation to the management of the Pension Fund.

Membership

The Pension Board consist of 7 members as follows:

- ▶ An Independent Chair;
- ▶ Three Employer Representatives, one of which is from Croydon Council; and
- ▶ Three Scheme Member Representatives, two of which are nominated by the Trade Unions.

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

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

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

Meetings

The Pensions Board meets at least 4 times a year in the ordinary course of business and additional meetings may be arranged as required to facilitate its work.

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

Policy Documents

In addition to the foregoing, there are a number of other documents which are relevant to the governance and management of the Pension Fund. Brief details of these are listed below and full copies of all documents can be found on the Pension Fund Website: www.croydonpensionscheme.org.

Funding Strategy Statement

The Funding Strategy Statement (FSS) forms part of the framework for the funding and management of the Pension Fund. It sets out how the Fund will approach its liabilities and contains a schedule of the minimum contribution rates that are required of individual employers within the Fund. The FSS is drawn up by the Council in collaboration with the Fund's Actuary and after consultation with the Fund's employers. The FSS forms part of a broader framework which covers the Pension Fund and applies to all employers participating in the Fund. The FSS represents a summary of the Fund's approach to funding the liabilities of the Pension Fund.

Investment Strategy Statement

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

The areas covered in the statement of investment principles are as follows:

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

Governance Best Practice—Compliance Statement

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

Training Policy

Croydon Council has a Training Policy which has been put into place to assist the Fund in achieving its governance objectives. Pension Committee members and senior officers are expected to continually demonstrate their own personal commitment to training and to ensure that the governance objectives are met.

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

- ▶ The CIPFA Knowledge and Skills Framework; and
- ▶ The knowledge and skills elements of the Public Service Pensions Act 2013 and the Pensions Regulator's (TPR) Code of Practice for Public Service Schemes.

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

Members of the Pensions Committee, and officers involved in the management of the Fund will receive training to ensure that they meet the aims of the Policy with schedules drawn up and reviewed on an annual basis.

Annual Report and Accounts

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

Communication Policy

This document sets out the communication policy of the Administering Authority which is the strategy for ensuring that all interested parties are kept informed of developments in the Pension Fund. This helps to ensure transparency and an effective communication process for all interested parties. A copy of the policy can be found on the Pensions website www.croydonpensionscheme.org.

Discretions Policy

Under the Local Government Pension Scheme Regulations, the Administering Authority has a level of discretion in relation to a number of areas. The Administering Authority reviews the policy relating to the exercise of those discretions as appropriate and will notify interested parties of any significant changes. Employing Authorities are also required to set out their discretions policies in respect of areas under the Regulations where they have a discretionary power. Copies of the Administering Authority policy can be found on the Pensions website www.croydonpensionscheme.org.

Pension Administration Strategy

In order to assist with the management and efficient running of the Pension Fund, there is a Pension Administration Strategy. This encompasses administrative procedures and responsibilities for the Pension Fund for both the Administering Authority and Employing Authorities. It has been distributed to employers within the Fund following consultation and can be found on the Pensions website. This represents part of the process for ensuring the ongoing efficient management of the Fund and maintenance of accurate data and forms part of the overall governance procedures for the Fund.

Approval, Review and Consultation

The Governance Policy and Compliance Statement will be formally reviewed and updated annually or sooner if the governance arrangements or other matters including with it merit consideration.

Appendix A

Terms of Reference for Croydon Council Pension Committee December 2016

Appendix B

Governance Best Practice - Compliance Statement

Further Information

This document is available in large sight and Braille upon request.

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

Pensions Section

5A, Bernard Weatherill House
8 Mint Walk
Croydon
CR0 1EA

Tele: 020 8760 5768 x 62892

Email: pensions@croydon.gov.uk

Website: www.croydonpensionscheme.org



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