

## **LONDON BOROUGH OF CROYDON PENSION FUND**

### **Pension Board Annual Report 2019/20**

#### **Introduction**

Local Pension Boards were established under the 2013 Pensions Act. Each Local Government Pension Scheme Administering Authority is required to establish a Board to assist with the effective and efficient governance and administration of the Local Government Pension Scheme. The Croydon Board is tasked with assisting the Pension Committee in ensuring compliance with legislative requirements and those of The Pensions Regulator. The Board has an oversight role, with the decision making body remaining the Committee.

The Board is now established as an important part of the governance structure of the Fund. Board members take their responsibilities seriously and have particularly highlighted their wish to be seen to be properly fulfilling their role in the eyes of The Pensions Regulator.

#### **Membership**

The Board consists of 6 voting members comprising 3 member representatives and 3 employer representatives and an independent chair. During 2019/20 these posts were held by:

**Chair:** Michael Ellsmore

#### **Employer Representatives:**

Richard Elliott (The BRIT School for Performing Arts and Technology until 17 October 2019)

Richard Elliott

Councillor Jerry Fitzpatrick

Daniel Pyke (The Collegiate Trust)

#### **Member Representatives:**

Teresa Fritz

Ava Payne (Union representative)

David Whickman (Union representative)

The Board is supported by the Director of Finance, Investment and Risk and s151 Officer, Lisa Taylor, the Head of Pensions and Treasury, Nigel Cook and the pensions teams.

#### **Activity during 2019/20**

Last year we commissioned Aon Hewitt to carry out a follow up to the Governance Review they presented three years ago and we considered this at our October meeting. The Board endorsed the findings of the Review having particularly emphasised the need for the Committee to manage any potential conflicts of interest

and to ensure that sufficient resources are allocated to enable the recommendations to be implemented. With the encouragement of the Board the Committee held an additional meeting to those scheduled when they agreed the Review and asked for regular updates on the implementation of the action plan and for a specific report on conflicts of interest.

Other significant items considered formally by the Board during the year included:

- Fund Annual Report 2018/19 – the Board asked that the Report specifically acknowledged the property asset transfer;
- Local Government Pension Scheme Advisory Board's consultation on "Good Governance in the LGPS" which covered the separation of responsibilities between the "host authority" and the Pension Fund. The Chair of the Board was interviewed as part of the consultation process;
- Scheme Advisory Board's Annual Report and other matters raised by them including the Code of Transparency and Responsible Investment Guidance consultation;
- The Pensions Regulator's report on "Governance and administration risks in public service pension schemes;"
- Developments in the "McCloud" Case;
- Administration Team's Key Performance Indicators;
- Risk Register;
- Governance Policy and Compliance Statement;
- Communications Policy Statement; and
- Training Policy and Training Plan.

One of the highlights of the year was a presentation to the Board on 16 January 2020 by Mr Robert Holloway, Secretary to the Scheme Advisory Board. The aim of the session was to provide Board members with training on the role of the Scheme Advisory Board and its views on the role of Pension Boards. He specifically covered the following:

- Background, statutory basis and duties and responsibilities of the Pension Board;
- Ways for the Board to carry out its duties and guide the Administering Authority;
- Ultimate funding source of the Local Government Pension Scheme;
- The "McCloud" Case; and
- Investment policy initiatives.

Mr Holloway was invited to participate in the Board's consideration of the items on the Agenda and made a number of helpful contributions.

## **Looking Ahead**

This Report has been written during the summer of 2020 at which time, as with all other aspects of our lives, the Covid-19 pandemic had had a severe impact on the Board's work. Our meetings in April and July have been cancelled and we are expecting a busy time when we meet in October and for the rest of the year.

Training and keeping our knowledge and skills up-to-date will remain important to us and we shall be looking to take advantage of opportunities that become available. We have specifically asked for training on cyber security to take place as early as possible.

Following on from the work done in 2019/20 the Board will take a keen interest in the implementation of the Action Plan arising from the Aon Hewitt Governance Report and will receive an update towards the end of the year. We shall also take a great interest in the Fund's latest Governance and Compliance Statement and the "Good Governance" Review commissioned by the Scheme Advisory Board.

Pensions administration will continue to attract attention from The Pensions Regulator and the Board will be taking a particular interest in the administration of the Fund and the service provided to both employers and members. In particular we expect to review the Fund's Administration Strategy and matters arising including the Discretionary Policy, the development of the Key Performance Indicators, the Data Improvement Plan and Record Management Policy and self-service facilities for members.

Having received a positive response from the Director of Finance we shall pay particular attention to the resources made available for the management of the Fund. We plan to review the Budget, compliance with pooling requirements and savings arising therefrom, staffing resources, training and succession planning.

The implications of the "McCloud" case for the LGPS are still being considered and we are keen to be involved in considering its effect on the Croydon Fund.

Whist recognising that every Fund in the Local Government Pension Scheme is, and should be, managed in accordance with its own strategies, policies and priorities we shall consider with interest the findings of the Government Actuary's Department after their review of the 2019 triennial valuations of all the funds in the Scheme.

Whilst the Board is expecting 2020/21 to be another busy year for the Croydon Fund it may also see developments to the Scheme at a national level. We shall look at the implications of all the relevant reports and guidance issued by the Scheme Advisory Board and The Pensions Regulator.

We are looking forward to receiving a more extensive Medium Term Business Plan than we have seen before and expect to have a significant input. At each alternate meeting we shall consider the Risk Register, in particular the changes thereto.

In its last meeting of 2019/20 the Board considered a consultation document on responsible investments and expect this to play an increasingly important part in the management of the Fund.

Finally, 2020/21 may see further transfers of assets to the London CIV and developments in its governance arrangements. The Board will continue to monitor and support the Council as these developments unfurl.

**Michael Ellsmore**  
**Chair**  
**October 2020**