

# **CROYDON PENSION FUND**

## **Annual Report 2020/21**

**31 March 2021**

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## Foreword by Chair of Pension Committee

As the new, albeit returning, Chair of the Pension Committee I am delighted to be able to present to you this Annual Report of the Croydon Pension Fund.

I would like to start by thanking my predecessor, Councillor Humayun Kabir, for his hard work and diligence in chairing the Committee for the last year. It almost goes without saying that the challenges of the year have probably exceeded those of any other in the history of the Fund.

The Fund has around 100 employers, 30,000 members and assets of £1.54bn. Over the last five years it has grown on average by around 15% per year with its assets now worth £667m more than they were in March 2016.

Notwithstanding the tumultuous events surrounding the Covid-19 pandemic, in investment terms the year has been most successful. In the first three months the losses incurred at the end of the previous year were recovered and the Fund has since gone from strength to strength with almost every investment showing significant gains. The lengthy rally in global equity markets, temporarily interrupted by the pandemic, continued and by year-end the target allocation was slightly exceeded, offset by balances below target in our infrastructure and private rental sector investments.

In April 2020 the Fund invested £55m in the LCIV Sustainable Equity Exclusion Fund as managed by RBC Global Asset Management (UK) Ltd. The Fund has strong Environmental, Social and Governance credentials and offers investors the opportunity to exclude investments in sectors such as fossil fuels, tobacco and weapons.

We remain committed to the “pooling” concept and were pleased to be able to invest the funds released by the liquidation of the Janus Henderson fund into the RBC Fund. The percentage of our assets invested within the scope of the London CIV has now risen to 52%, the highest it has ever been. We shall continue to be an active member of the CIV and look at all opportunities they make available. However, we shall only invest when we are satisfied that managers and asset classes offered are likely to assist in the achievement of our policies and are conscious that the illiquid nature of many of our investments makes transfers difficult.

Our funding strategy remains in accordance with the results of the 2019 Actuarial Valuation which advised us that our funding level had increased over the previous three years from 73% to 88%. By making substantial “deficit recovery” payments and seeking good investment performance the Fund is moving towards achieving its objective of a 100% funding level within 20 years.

During 2019/20 a currency hedge was put in place for the Legal and General Equity Fund. Our officers monitor its effect closely and as at 31 March 2021 the hedged portion of the mandate was significantly outperforming the unhedged portion.

Notwithstanding the effects of the pandemic, careful monitoring and reviews of developments, diversification across assets, regions and investment styles, and sound governance arrangements have all contributed to a steadily improving outlook for the Fund. In addition to discharging their fiduciary responsibility to stakeholders the Committee are committed to ensuring that sound Environmental, Social and Governance practices are embedded in the investment strategy, specifically in respect of tobacco and a desire to move towards carbon neutrality. I am pleased with our investment in the RBC Fund and to see that this Report includes a substantial section on our responsible investment strategy.

As usual, at our meetings, the Committee have been busy addressing a number of very important investment, service and valuation issues. At each of our meetings we have considered investment performance and have taken a particular interest in the infrastructure mandates and the implications of Environmental Social and Governance policies. We have appreciated both the verbal and written advice provided by consultants from WM Mercer. To help to develop the relationship between the Fund and its investment managers several meetings have been held between Members, officers and managers.

Also, at each Committee meeting we have reviewed the services provided to the Fund members including those offered to them by the self-service facility. The Committee have a particular wish to ensure that the best possible service is provided to members of the Fund, when they or their dependants need advice and support in connection with retirement and death benefits. In this regard, we are pleased with the performance which you will see detailed in the Report. We are also very conscious of allocating sufficient staffing resources to provide the service

At our December meeting the Committee received a report detailing progress against the agreed action plan arising from the Aon Hewitt Governance Review and its implications for the Committee's Business Plan. The Committee were particularly anxious to see that progress be made as soon as possible, particularly as regards the CIV governance structure, key performance indicators and data improvement.

The Committee also ensures that the Fund operates in accordance with the Local Government Pensions Scheme Regulations and relevant Guidance and adopts sound policies and procedures for the administration of the Fund.

I would like to acknowledge the very helpful contribution in assisting the Committee made by the Pension Board and, particularly, by its Chair, Mike Ellsmore. Mr Ellsmore regularly attends our Committee and I know that he is always made welcome and invited to speak on matters of mutual interest. I hope to carry on this tradition.

I will conclude by also offering my thanks to the many professional officers and advisers listed within the pages of this Report who have contributed to ensuring the continued success of our Fund. Croydon is most fortunate to have such professional and experienced officers in its Pensions team.

I hope you find our Report an interesting read.

Andrew Pelling, Chair, London Borough of Croydon Pension Committee

# A OVERALL FUND MANAGEMENT

## 1 Scheme Management and Advisers

### Introduction

Under the Local Government Pension Scheme Regulations 2013 (“the Regulations”) the London Borough of Croydon (“the Council”) is specified as an Administering Authority for the Local Government Pension Scheme (“the Scheme”). As such, the Council is required to maintain a pension fund (“the Fund”). The Council acts as Scheme manager with responsibility for managing the Fund’s assets, collecting employer and employee contributions, paying pension benefits as they fall due and various other aspects of administration.

Under the Regulations the Council must prepare a “fund annual report” which contains a number of specified features. This Report has been prepared in accordance with the CIPFA publication “preparing the annual report – Guidance for Local Government Pension Scheme Funds 2019 Edition” which has been adopted by the Ministry for Housing, Communities and Local Government as statutory guidance for the purposes of the Regulations.

### Pension Committee

The Council discharges its duties through the Pension Committee (“the Committee”). 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 Pensions Regulator, including financial, governance and administrative matters;
- To adopt Fund specific policies concerning the administration of the Fund, investing of Fund monies and the management of the Fund’s solvency level. In addition, the Committee is responsible for compliance with all financial and regulatory requirements of the Fund; and
- To discharge its fiduciary responsibility in the best interest of the Fund, in particular:
  - a. To set the investment policy and review the performance of the Fund’s investment managers, pooling arrangements, scheme administration, and external advisers;
  - b. To make arrangements for the triennial actuarial valuation;
  - c. To determine the Pension Administration Strategy;
  - d. To approve and monitor compliance of statutory statements and policies required under the Regulations;
  - e. To approve the Fund’s Statements of Accounts and Annual Report;
  - f. To ensure that the Council discharges its obligation, as Administering Authority for the Local Government Pension Scheme, to other Scheme employers;

- g. To make representations to Government as appropriate concerning any proposed changes to the Local Government Pension Scheme; and
- h. To keep these Terms of Reference under review.

The Committee comprises eight voting Members of the Council, one voting Pensioner Representative and two non-voting members being a Pensioner Representative and a Trade Union Representative.

The members of the Committee for the 2020/21 Municipal Year were:

Councillors:

Chair: Humayun Kabir  
Vice-Chair: Simon Hall (replaced during year by Andrew Pelling)  
Simon Brew  
Robert Canning  
Luke Clancy (replaced during year by Jan Buttinger)  
Clive Fraser  
Patricia Hay-Justice  
Yvette Hopley

Substitutes Pat Clouder, Nina Degrads,, Steve Hollands, Karen Jewitt, Vidhi Mohan (replaced during year by Luke Clancy), Caragh Skipper, Robert Ward, Callton Young (resigned during year but not replaced)

Other members:

Pensioners' Representatives: Gilli Driver (Voting)  
Peter Howard (Non-voting)  
Trade Union Representative: Charles Quaye (Non-voting)

The Committee is supported by officers and independent external advisers.

## Pension Board

As Administering Authority, the Council is required to establish a Local Pension Board to assist them with securing compliance with the Regulations and other legislation relating to the governance and administration of the Scheme and requirements imposed in relation to the Scheme by The Pensions Regulator.

During 2020/21 the members of the Board were:

Independent Chair: Michael Ellsmore  
Employer Representatives: Richard Elliott  
Cllr Andrew Pelling (resigned during year but not replaced)  
Daniel Pyke  
Member Representatives: Teresa Fritz  
Ava Payne  
Daniel Whickman

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

The Board is supported by officers and independent external advisers.

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**Administering Authority**

London Borough of Croydon  
Treasury and Pensions Management, Resources Department  
5A Bernard Weatherill House  
8 Mint Walk  
Croydon CR0 1EA

Interim Director of Finance, Investment and Risk, S151 Officer

Nigel Cook - Head of Pensions and Treasury

[Nigel.Cook@Croydon.gov.uk](mailto:Nigel.Cook@Croydon.gov.uk)

Matthew Hallett - Pension Fund Investment Manager

[Matthew.Hallett@Croydon.gov.uk](mailto:Matthew.Hallett@Croydon.gov.uk)

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**Asset Pool Operator**

London CIV  
Fourth Floor  
22 Lavington Street  
London SE1 0NZ

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**Investment Adviser**

Mercer Ltd  
1 Tower Place West  
Tower Place  
London EC3R 5BU  
Peter Gent - Senior Investment Consultant

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**Governance Adviser**

Aon Hewitt Ltd  
The Aon Centre  
The Leadenhall Building  
122 Leadenhall Street  
London EC3V 4 AN  
Karen McWilliam - Partner & Head of Public Sector Benefits & Governance Consultancy

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**Actuary**

Hymans Robertson LLP  
20 Waterloo Street  
Glasgow G2 6DB  
Richard Warden - Partner and Actuary



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**Custodian of Assets**

Bank of New York Mellon  
160 Queen Victoria Street  
London EC4V 4LA

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**Auditor - external**

Grant Thornton UK LLP  
110 Bishopsgate  
London EC2N 4AY  
Sarah Ironmonger - Director

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**Auditor - internal**

Mazars  
Tower Bridge House  
St Katherine's Way  
London E1W 1DD

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**Bankers**

NatWest Bank  
250 Bishopsgate  
London EC2M 4AA

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**Legal Advisers**

The Fund opts to procure legal advice on a case by case basis from the Croydon Council Legal Framework

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**National LGPS Framework**

The Fund is a founder member of the National LGPS Framework

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**AVC Provider**

Prudential  
Laurence Pountney Hill  
London EC4R 0HH

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## 2 Fund Managers

FUND MANAGER	INVESTMENT MANDATE
Legal and General 1 Coleman Street London EC2R 5AA	Developed World (Ex-tobacco) Equities (Pooled)
London CIV - RBC Fourth Floor 2 Lavington Street London SE1 0NZ	Sustainable Equity Exclusion (Pooled)
London CIV Fourth Floor 2 Lavington Street London SE1 0NZ	Global Equities (Segregated)
Aberdeen Standard 30 St Mary Axe London EC3A 8BF	UK Corporate Bonds and Absolute Return Bonds (Pooled)
London CIV - PIMCO Fourth Floor 2 Lavington Street London SE1 0NZ	Global Bonds (Pooled)
Wellington 80 Victoria Street London SW1E 5JL	Sterling Bonds (Pooled)
Pantheon 10 Finsbury Square London EC2A 1AD	Private Equity Invest in unquoted companies (Pooled fund of funds) (US Dollar & Euro)
Knightsbridge 122 SW Frank Phillips Boulevard Bartlesville OK 74003 USA	Private Equity – Venture Capital (Pooled fund of funds) (US Dollar)
Access Capital Central Court 25 Southampton Buildings London WC2A 1AL	Private Equity - Co-Investment small European buyout (Euro)

North Sea Capital Ny Vesterdade 13.3 1471 Copenhagen K	Private Equity Invest in unquoted companies (Pooled fund of funds) (Euro)
Equitix Welken House 10-11 Charterhouse Square London EC1M 6EH	Infrastructure – PFI Projects (Pooled)
Temporis Capital Berger House 36-38 Berkeley Square Mayfair London W1J 5AE	Infrastructure – Onshore wind farms
Green Investment Bank Macquarie Infrastructure and Real Assets (MIRA) 28 Ropemaker Street London EC2Y 9HD	Infrastructure – Offshore wind farms
Access Capital Central Court 25 Southampton Buildings London WC2A 1AL	Infrastructure – European projects
I-Squared Capital 600 Brickell Penthouse Miami Florida 33131 USA	Infrastructure- Global projects
M & G 10 Fenchurch Avenue London EC3M 5AG	Private Rental Sector UK
Schroders 1 London Wall Place London EC2Y 5AU	UK Property Funds

### 3 Risk Management

On 17 March 2020 the Fund confirmed the adoption of a Risk Management Policy which details its risk management strategy including:

- the risk philosophy for the management of the Fund and, in particular, attitudes to and appetite for, risk;
- how risk management is implemented;
- risk management responsibilities;
- the procedures that are adopted in the Fund's risk management process;
- the key internal controls operated by the Fund and other parties responsible for the management of the Fund

The Policy (Appendix B) can be accessed via the Pension Fund website.:

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

Following best practice, the Committee maintain a risk register which is reviewed by themselves and the Pension Board several times each year. Officers, the Committee and the Board attempt to identify all relevant risk scenarios together with an assessment of their potential likelihood and impact.

Risks have been identified in four categories – Governance, Funding, Investment and Operational – and mitigation work has concentrated on the relatively few but most important risks. For each risk, existing controls are identified and actions designed to mitigate them are considered. The Risk Register is considered by the Pension Committee and / or Pension Board several times each year.

Both the Investment Strategy Statement and the Funding Strategy Statement identify risks specific to the subject matters covered.

Additionally, the Fund Account and Net Assets Statement (Appendix A) includes a substantial section detailing the nature and extent of some specific risks. It covers price, currency and interest rate risks associated with financial instruments and provides sensitivity analyses showing the potential impact of these risks. It particularly details the valuation risks associated with unquoted private equity and infrastructure investments together with liquidity, re-financing and credit risk.

The Fund is also exposed to third party risk due largely to the outsourcing of its fund manager functions. It seeks assurance as to the efficacy of controls in operation by reviewing each manager's ISAE 3402 or equivalent report. The report is prepared by the manager's auditor who is expected to provide an opinion on the following lines:

*Our opinion has been formed on the basis of the matters outlined in this report. The criteria we used in forming our opinion are those described on pages .... to .....* In our opinion, in all material respects:

*(a) The description fairly presents the investment management services conducted on behalf of institutional clients invested in direct portfolios or pooled funds that were designed and implemented throughout the period from ..... to .....*;

*(b) The controls related to the control objectives stated in the description were suitably designed throughout the period from ..... to .....*; and

(c) *The controls tested, which were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period from ..... to .....*

The status for each of the managers is as follows:

FUND MANAGER	TYPE OF REPORT	ASSURANCE OBTAINED	REPORTING ACCOUNTANT
Legal and General	ISAE 3402 and AAF 01/06	Obtained	KPMG LLP
London CIV - RBC	Third Party Controls Oversight Summary Report	Obtained	PWC
Aberdeen Standard	ISAE 3402 and AAF 01/06	Obtained	KPMG LLP
London CIV - PIMCO	Third Party Controls Oversight Summary Report	Obtained	PWC
Wellington	Management Assertion Statement (American Institute of Certified Public Accountants)	Obtained	PWC
Pantheon	SSAE18 and ISAE 3402	Obtained	KPMG LLP
Knightsbridge	Annual financial statement audit of each fund includes consideration of internal controls	n/a	KPMG LLP
Access Capital	Funds' administrator, APEX Group Ltd. has ISAE 3402.	n/a	n/a
North Sea Capital	ISAE 3402 (Saltgate Group)	Obtained	Deloitte LLP
Equitix	Relies on Annual Audit, FCA and AIFMD requirements and independent custodian	n/a	n/a
Temporis Capital	Compliance and Procedures Manual	Obtained	n/a
Green Investment Bank	Internal Controls - Policies and Procedures	Obtained	n/a
I-Squared Capital	Management Assertion Statement (American Institute of Certified Public Accountants) SOC1 Type2 Report for The Citco Group	Obtained	Ernst and Young LLP
M & G	ISAE 3402 and AAF 01/06	Obtained	Ernst and Young LLP
Schroders	ISAE 3402 and AAF 01/06	Obtained	Ernst and Young LLP

During the year the Mazars, the Fund's Internal Auditors carried out rolling quarterly audits covering contributions, transfer values, refunds, benefits, fund implications of deaths and performance monitoring. The results have been almost entirely positive.

## B. FINANCIAL PERFORMANCE

FUND ACCOUNT	2017/18 £'000	2018/19 £'000	2019/20 £'000	2020/21 £'000
<b>Dealing with members and employers</b>				
Contributions - members	12,038	12,746	13,965	14,743
Contributions - employers	32,140	35,062	38,243	54,313
Transfers in	7,880	11,584	14,179	8,001
Pensions	-42,381	-43,431	-46,540	-47,839
Lump sums	-7,908	-8,923	-10,310	-9,373
Transfers out	-4,922	-5,794	-10,769	-7,031
<b>Net additions/withdrawals (-)</b>	<b>-3,153</b>	<b>1,244</b>	<b>-1,232</b>	<b>12,814</b>
<b>Management expenses</b>				
Administration	-1,417	-1,083	-1,676	-1,368
Oversight and governance	-669	-674	-1,041	-818
Investment management	-4,759	-6,410	-8,708	-12,375
<b>Total management expenses</b>	<b>-6,845</b>	<b>-8,167</b>	<b>-11,425</b>	<b>-14,561</b>
<b>Return on investments</b>				
Income	12,661	5,468	9,425	7,310
Change in market value	32,725	120,171	1,912	275,295
<b>Total return on investments</b>	<b>45,386</b>	<b>125,639</b>	<b>11,337</b>	<b>282,605</b>
<b>NET INCREASE IN FUND</b>	<b>35,388</b>	<b>118,716</b>	<b>-1,320</b>	<b>280,858</b>

In three of the last four years the Fund asset value has increased substantially, in 2020/21 by £281m to £1,538m overall.

Officers and the Pension Committee monitor investment performance continuously and seek advice from the Fund's independent Investment Adviser as necessary.

<b>UNIT COSTS</b>	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Administration, oversight and governance costs</b>				
Administration costs (£'000)	1,417	1,083	1,676	1,368
Administration costs per member (£)	53.22	37.80	57.26	45.45
Oversight and governance costs (£'000)	669	674	1,041	818
Oversight and governance costs per member (£)	25.13	23.52	35.56	27.18
<b>Total administration, oversight and governance costs per member</b>	<b>78.35</b>	<b>61.32</b>	<b>92.82</b>	<b>72.63</b>
Investment management costs (£'000)	4,759	6,410	8,708	12,375
Investment management costs as percentage of investment assets	0.42	0.51	0.73	0.82

At the end of the year the staffing position was as follows:

	<b>Full time equivalents</b>	<b>Vacancies</b>
Investment and Treasury	6	2
Governance and Compliance	3	1
Administration	15	2
Technical Support	2	-

## C. INVESTMENT POLICY AND PERFORMANCE

### 1 Introduction

As Administering Authority, the Council discharges its duties through the Pension Committee. The strategic management of the assets is one of the responsibilities of the Committee which it carries out in consultation with the Fund's Investment Adviser. Day-to-day management of the investments is the responsibility of fund managers, who have been appointed by the Committee, acting under agreed mandates, and Council officers acting under delegated powers.

The Committee has adopted an Investment Strategy Statement in accordance with relevant Regulations and Guidance. The full Statement (Appendix C) can be accessed via: <https://www.croydonpensionscheme.org/media/4443/iss-september-2018.pdf>

The Fund's goal is to ensure there are sufficient assets to meet all liabilities as they fall due. In order to achieve this goal the Committee has adopted the following objectives:

- Achieve a return on investments which at least meets the assumed return (the discount rate) used by the Actuary when setting the triennial valuation;
- Keep risk within acceptable levels; and
- Maintain liquidity requirements to pay liabilities when they fall due.

The Statement includes details of the Fund's approach to:

- Asset allocation;
- Risk management;
- Pooling of assets;
- Environmental, social and governance issues; and
- Voting.

As set out in the Regulations, the Committee reviews the Investment Strategy Statement from time to time and at least every three years. In the event of any material change to any matter contained within the Statement, this will be reflected within six months of it occurring.

### 2 Asset Allocation

The strategic asset allocation target used through the year came into force in March 2020 as follows.

ASSET CLASS	TARGET %	OPERATIONAL RANGE %
Equities	40	35-45
Fixed interest	20	17-23
Private equity	10	
Infrastructure	14	
Property	10	7-13
Private rental sector property	6	
<b>TOTAL</b>	<b>100</b>	



The Fund's main currency exposures are to the US Dollar and the Euro. In view of Sterling's long term weakness against these currencies, exacerbated by Brexit uncertainties, the opportunity was taken to "lock-in" some of the gains made by the Fund and to provide some cover against future risks. On 1 August 2019 a 50% currency hedge was applied to the Legal and General Developed World (ex-tobacco) Equities fund. The decision to hedge half of the L&G mandate has continued to benefit the Fund and for the year to 31 March 2021 the hedged portion of the mandate returned 50.4%, whilst the unhedged portion returned 39.5%.

The distribution of the Fund's investment assets among fund managers at 31 March 2020 and 31 March 2021 is detailed below.

Fund Manager	Investment Mandate	% of Investment Assets at 31 March 2020	% of Investment Assets at 31 March 2021
Legal and General	Developed World (Ex-tobacco) Equities (pooled)	36.0	40.8
London CIV - RBC (UK)	Sustainable Equity Exclusion		5.1
London CIV	Global Equities (Segregated)		
Aberdeen Standard	UK Corporate Bonds and Absolute Return Bonds (Pooled)	11.2	9.3
London CIV - PIMCO	Global Bonds (Pooled)	7.1	6.1
Wellington	Sterling Bonds (Pooled)	6.1	4.7
Pantheon	Private Equity Invest in unquoted companies (Pooled fund of funds) (US Dollar & Euro)	5.1	4.3
Knightsbridge	Private Equity – Venture Capital (Pooled fund of funds) (US Dollar)	3	3.5
Access Capital	Private Equity - Co-Investment small European buyout (Euro)	1.1	1.6
North Sea Capital	Private Equity Invest in unquoted companies (Pooled fund of funds) (Euro)	0.4	0.6
Equitix	Infrastructure – PFI Projects (Pooled)	6.6	4.8
Temporis Capital	Infrastructure – Onshore wind farms	2.5	1.9
Green Investment Bank	Infrastructure – Offshore wind farms	1.9	1.4
Access Capital	Infrastructure – European projects	1.6	1.9

I-Squared Capital	Infrastructure	1.6	1.3
M & G	Private Rental Sector UK	5.2	4.1
Schroders	UK Property Funds	9.7	7.9
Cash		0.9	0.7
<b>TOTAL</b>		<b>100.0</b>	<b>100.0</b>

### 3 Monitoring the Fund Managers

Performance of the fund managers is reviewed formally at the quarterly Committee meetings. To assist the Committee, reports on managers' performance are provided by the Council's officers and the Investment Adviser. Additionally, the Council's officers and the Adviser meet the managers regularly to review their actions together with the reasons for their investment performance.

### 4 Custody

The Fund employs The Bank of New York Mellon as an independent custodian for use as required. However, as the proportion of its assets managed on a pooled basis through the London CIV increases the role of the custodian will be reviewed.

### 5 Performance

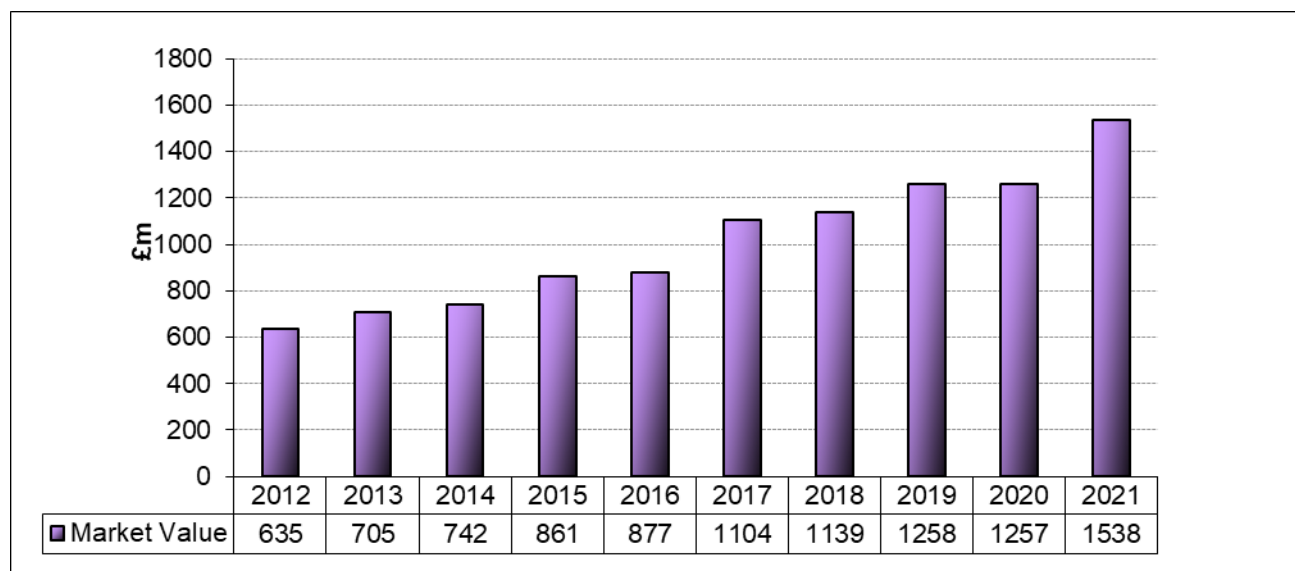
The Fund's performance is measured against its own customised benchmark of CPI plus 4%. During the 2020/2021 financial year it returned 19.9%, outperforming its benchmark by 15.4%. This outstanding performance was due primarily to the return of 45% on the global equities fund and very high returns from most of the private equity mandates. This has also led to significant outperformance over the 3 years' and 5 years' periods. This is extremely positive as it shows the Fund can continue to perform over the long term and to withstand a major shock caused by an unpredictable and potentially catastrophic event.

The annualised investment returns of the Fund for 1, 3 and 5 years are as follows:

	<b>FUND (% PER YEAR)</b>	<b>BENCHMARK (% PER YEAR)</b>
1 Year	19.9	4.5
3 Years	9.8	5.3
5 Years	10.8	5.8

## 6 Movement in the Market Value of the Fund

The net assets of the Fund at 31 March 2021 were £1,538m compared with £635m at 31 March 2012. The chart below shows the growth of the assets over the past ten years.



NET ASSETS AT 31 MARCH 2021	£m	%
Market value of investments	1,501.6	97.7
Other balances held by fund managers	0.7	0.0
Cash held by fund managers	10.6	0.7
Net current assets	24.8	1.6
<b>TOTAL</b>	<b>1537.7</b>	<b>100.0</b>

## 7 Distribution of Assets by Market Value

INVESTMENTS AT 31 MARCH 2021	£m	%
Global equities	693.93	46.2
Private equity	151.78	10.1
Bonds	303.74	20.3
Private rental sector	62.11	4.2
Property	119.14	7.9
Infrastructure	170.92	11.3
<b>TOTAL</b>	<b>1501.62</b>	<b>100.0</b>

## 8 Top 10 Global Holdings

	Approximate market value £m	% of total fund
Apple Inc	26.05	1.69
Microsoft Corporation	19.75	1.28
Amazon.com Inc	14.81	0.96
Alphabet A	10.58	0.69
Facebook	8.02	0.52
Alphabet C	6.79	0.44
Tesla Inc	5.55	0.36
Johnson and Johnson	4.94	0.32
JP Morgan Chase & Co	4.94	0.32
Visa Inc A	3.70	0.24

## 9 Environmental, Social and Governance Issues

Paragraph 6 of the Investment Strategy Statement describes the Fund's Environmental, Social and Governance Strategy as follows:

*6.1 The Fund is committed to being a long term steward of the assets in which it invests and expects this approach to protect and enhance the value of the Fund in the long term. In making investment decisions, the Fund seeks and receives proper advice from internal and external advisers with the requisite knowledge and skills. In addition the Pension Committee undertakes training on a regular basis and this will include training and information sessions on matters of social, environmental and corporate governance.*

*6.2 The Fund requires its investment managers to integrate all material financial factors, including corporate governance, environmental, social, and ethical considerations, into the decision-making process for all fund investments. It expects its managers to follow good practice and use their influence as major institutional investors and long-term stewards of capital to promote good practice in the investee companies and markets to which the Fund is exposed.*

*6.3 The Fund will only invest in investments with a strong environmental, social and governance policy that includes no tobacco investments. The Fund will disinvest from existing fossil fuel investments in a prudent and sensible way that reflects the fiduciary responsibility due to stakeholders. Furthermore, where this is consistent with the agreed investment strategy, the Fund will invest in assets that positively address these issues. Examples of this approach include investing in renewable energy projects, screening out regional markets where there might be issues with modern slavery, and looking to explore opportunities to contribute to and invest in the Borough.*

*6.4 The Fund expects its external investment managers (and specifically the London CIV through which the Fund will increasingly invest) to undertake appropriate monitoring of current investments with regard to their policies and practices on all issues which could present a material financial risk to the long term performance of the Fund such as corporate governance and environmental factors. The Fund expects its fund managers to integrate material ESG factors within its investment analysis and decision making.*

*6.5 Effective monitoring and identification of these issues can enable engagement with boards and management of investee companies to seek resolution of potential problems at an early stage. Where collaboration is likely to be the most effective mechanism for encouraging issues to be addressed, the Fund expects its investment managers to participate in joint action with other institutional investors as permitted by relevant legal and regulatory codes.*

*6.6 The Fund monitors this activity on an ongoing basis with the aim of maximising its impact and effectiveness.*

*6.7 The Fund will invest on the basis of financial risk and return having considered a full range of factors contributing to the financial risk including social, environment and governance factors to the extent these directly or indirectly impact on financial risk and return.*

*6.8 The Fund in preparing and reviewing its Investment Strategy Statement will consult with interested stakeholders including, but not limited to Fund employers, investment managers, Local Pension Board, advisers to the Fund and other parties that it deems appropriate to consult with.*

At their meeting in May 2019 The committee considered a report from the Investment Adviser on the environmental impact of the Fund and the challenges inherent in seeking to move to a “carbon neutral” approach by the Fund. They further agreed to

- Undertake a fact-finding and information session on climate change and investment
- Undertake a fuller carbon footprint exercise
- Update the policy on climate change, incorporating targets and metrics
- Consult with Fund members and other scheme employers on the next steps around moving towards carbon neutrality in the Fund
- Implement the adopted policy

In November 2019 the Committee received a training presentation entitled “Investing in a Time of Climate Change Crisis.”



## 10 Voting

Paragraph 7 of the Investment Strategy Statement describes the Fund's Voting Strategy as follows:

*7.1 The Fund recognises the importance of its role as stewards of capital and the need to ensure the highest standards of governance and promoting corporate responsibility in the underlying companies in which its investments reside. The Fund recognises that ultimately this protects the financial interests of the Fund and its ultimate beneficiaries. The Fund has a commitment to actively exercising the ownership rights attached to its investments reflecting the Fund's conviction that responsible asset owners should maintain oversight of the companies in which it ultimately invests recognising that the companies' activities impact upon not only their customers and clients, but more widely upon their employees and other stakeholders and also wider society.*

*7.2 The Fund has delegated responsibility for voting rights to the Fund's external investment manager, currently LGIM, and expects them to vote in accordance with the Fund's voting policy.*

*7.3 The Fund will incorporate a report of voting activity as part of its Pension Fund Annual report which is published on the Pension Fund website.*

*7.4 The Fund has not issued a separate Statement of Compliance with the Stewardship Code, but fully endorses the principles embedded in the seven Principles of the Stewardship Code.*

*7.5 The Fund expects its external investment managers to be signatories of the Stewardship Code and reach Tier One level of compliance or to be seeking to achieve a Tier One status within a reasonable timeframe. Where this is not feasible the Fund expects a detailed explanation as to why it will not be able to achieve this level.*

*7.6 In addition, the Fund expects its investment managers to work collaboratively with others if this will lead to greater influence and deliver improved outcomes for shareholders and more broad*

*7.7 The Fund through its participation in the London CIV will work closely with other LGPS Funds in London to enhance the level of engagement both with external managers and the underlying companies in which invests.*

*7.8 In addition the Fund:*

- Is a member of the Local Authority Pension Fund Forum (LAPFF) and in this way joins with other LGPS Funds to magnify its voice and maximise the influence of investors as asset owners;*
- is a member of the Pension and Lifetime Savings Association (PLSA) and in this way joins with other investors to magnify its voice and maximise the influence of investors as asset owners;*
- Joins wider lobbying activities where appropriate opportunities arise.*



## D. SCHEME ADMINISTRATION

The Fund's Administration Team carry out a wide range of functions in support of the members.

Performance in 2020/2021 against some of the most important of the metrics was as follows:

LEGAL DEADLINES			
PROCESS	LEGAL REQUIREMENT	TOTAL NUMBER COMPLETED	% ACHIEVED WITHIN LEGAL DEADLINE
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	397	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.	779	99
Calculate and notify dependent(s) of amount of death benefits	As soon as possible but, in any event, no more than two months from the date of becoming aware of death or from date of request from a third party (eg personal representative).	351	99
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	1,430	77
Inform a member who has left the Scheme of their calculated benefits – backlog cases	As soon as practicable and no more than two months from the date of notification (from employer or Scheme member)	499	32
Inform a member who has left the Scheme of their calculated benefits – new cases	As soon as practicable and no more than two months from the date of notification (from employer or Scheme member)	587	78
Obtain transfer details for transfer in, calculate and provide quotation to member	Two months from date of request	68	94
Provide all active and deferred members with Annual Benefit Statements each year	By 31 August	16,690	100

<b>TEAM PERFORMANCE TARGETS</b>				
<b>PROCESS</b>	<b>TEAM TARGET</b>	<b>TOTAL NUMBER COMPLETED</b>	<b>% ACHIEVED AGAINST TARGET</b>	<b>AVERAGE DAYS TO PROCESS</b>
Notify the amount of retirement benefits	20 working days from date of retirement	397	100	3
Provide a retirement quotation on request	15 working days from date of request	779	97	8
Calculate and notify dependent(s) of amount of death benefits	20 working days from receipt of all information	351	95	8
Send a notification of joining the LGPS to a Scheme member	30 days from date of notification of joining member	1,430	72	26
Inform a member who has left the Scheme of their calculated benefits – backlog cases	40 working days from date of notification (from employer or Scheme member)	499	24	561
Inform a member who has left the Scheme of their calculated benefits – new cases	40 working days from date of notification (from employer or Scheme member)	587	66	41
Obtain transfer details for transfer in, calculate and provide quotation to member	40 working days from date of request	68	84	16
Provide all active and deferred members with Annual Benefits Statements each year	By 31 August	16,690	100	

## E. ACTUARIAL REPORT

### 1 Valuation

In accordance with the Regulations the Fund commissions a revaluation of its assets and liabilities every three years. The most recent valuation was produced by the Actuary during 2019/20 reflecting the position as at 31 March 2019 with the following results:

ACTUARIAL VALUATION	31 March 2007	31 March 2010	31 March 2013	31 March 2016	31 March 2019
Assets (£m)	545	583	705	877	1,258
Liabilities (£m)	806	884	1,064	1,203	1,423
Deficit (£m)	261	301	359	326	165
Funding Level (%)	68	66	66	73	88

The key financial assumptions underpinning the valuation were:

FINANCIAL ASSUMPTIONS	31 March 2019 %
Discount rate	4.0
Pay increases	2.3
Pension increases	2.3
Revaluation of accrued CARE pension	2.3

Demographic assumptions are more complex and can be seen in the Actuarial Report. The Fund's target to achieve full funding is 20 years and employers' contribution rates are set to give a high likelihood of achieving this.

At the valuation, contribution rates were set for the Council and for approximately 100 Admitted and Scheduled bodies. The percentage of pensionable pay set for the Council for 2019/20 was 16.1% whilst for all other bodies it ranged from zero to over 30%.

A copy of the Actuarial Valuation Report (Appendix D) can be accessed via:

<https://www.croydonpensionscheme.org/media/5339/london-borough-of-croydon-pension-fund-2019-final-valuation-report-at-31-march-2019.pdf>

## 2 Membership of the Fund

During 2020/21 employers made payments into the Fund as follows:

EMPLOYERS IN FUND	Employers' Contributions £'000	Employers' Contributions £'000	Total Contributions £'000
<b>London Borough of Croydon</b>	<b>10,385</b>	<b>40,952</b>	<b>51,337</b>
<b>(Community) Admitted Bodies</b>			
Croydon Voluntary Action	30	70	100
<b>Admitted Bodies</b>			
Arthur McKay Ltd	3	11	14
AXIS Europe plc (Housing Repairs)	13	46	59
Brick by Brick Croydon Ltd	21	63	84
Churchill Croydon	4		4
Churchill Services Ltd	0	-	-
Conway Construction Ltd	7	93	100
Croydon Equipment Services Ltd	183	724	907
Greenwich Leisure Ltd	27	18	45
Idverde 622	62	169	231
Impact Group Ltd	1	-	1
Keyring Living Support Networks	2	7	9
Nationwide Cleaning	3	15	18
Octavo	-	0	-
Olive Dining Ltd	1	6	7
London Hire (now joined Olympic South)	5	31	36
Roman Catholic Archdiocese of Southwark	2	5	7
Skanska Construction UK Ltd	4	-	4
Sodexo Ltd	2	5	7
The BRIT School	133	215	348
Veolia (ex Cleanaway) 536	10	39	49
Veolia SLWP1 608	21	54	75
Veolia SLWP2 (ex Sutton and Merton) 625	256	711	967
Vinci Facilities Ltd	2	9	11
Wallington Cars and Couriers Ltd	1	5	6
Westgate Cleaning Services Ltd	0	1	1
XMA	2	12	14
<b>Total Contributions from Admitted Bodies</b>	<b>795</b>	<b>2,309</b>	<b>3,104</b>
<b>Scheduled Bodies</b>			
Aerodrome Primary Academy	41	128	169
Applegarth STEP	27	80	107
Ark Blake Academy	4	16	20
Ark Oval Primary Academy	43	107	150
Atwood Primary Academy	33	122	155
Broadmead Primary Academy	27	128	155
Castle Hill Academy	30	88	118
Chestnut Park Primary School	31	90	121
Chipstead Valley Primary School	66	224	290
Coombe Wood School - Part of Folio Trust	141	433	574
Courtwood Primary School - Part of Collegiate Trust	28	77	105

Crescent Primary Academy	37	105	142
Croydon College	303	1,197	1,500
David Livingstone Academy - STEP Academy Trust	10	23	33
Davidson Primary Academy	11	89	100
Fairchildes Primary School	63	141	204
Forest Academy	22	59	81
Gilbert Scott Primary School - Part of Collegiate Trust	22	98	120
Gonville Academy - STEP Academy Trust	25	92	117
Good Shepherd Catholic Primary and Nursery School	18	73	91
Harris Academy Purley	57	166	223
Harris Academy South Norwood	93	213	306
Harris City Academy Crystal Palace	460	812	1,272
Harris Invictus Academy	39	81	120
Harris Primary Academy Benson	19	64	83
Harris Primary Academy Haling Park	20	53	73
Harris Primary Academy Kenley	24	72	96
Kingsley Primary Academy	45	204	249
Harris Purley Way	15	35	50
Heathfield Academy - STEP Academy Trust	16	44	60
Keston Primary School - PACE Academy Trust	29	119	148
Krishna Avanti Primary School	5	13	18
Manor Trust	54	209	263
Meridian High School	39	112	151
Monks Orchard Primary & Nursery School	26	94	120
New Valley Primary School - PACE Academy Trust	12	48	60
Norbury Manor Business and Enterprise College for Girls - The Manor Trust	53	162	215
Oasis Academy Arena	32	82	114
Oasis Academy Byron	16	51	67
Oasis Academy Coulsdon	67	218	285
Oasis Academy Ryelands	27	104	131
Oasis Academy Shirley Park	109	324	433
Orchard Park High School	33	165	198
Paxton Academy	8	24	32
Pegasus Academy Trust	142	337	479
Riddlesdown Collegiate	132	381	513
Rowdown Primary School	24	85	109
Shirley High School Performing Arts College	50	149	199
South Norwood Primary School - The Pioneer Academy	27	101	128
St Aidan's Catholic Primary School	16	64	80
St Chad's Catholic Primary School	34	148	182
St Cyprian's Greek Orthodox Primary Academy	31	101	132
St James the Great RC Primary and Nursery	40	165	205
St Joseph's College	49	206	255
St Mark's C of E Primary Academy	15	51	66
St Mary's Catholic Infant School	22	91	113
St Mary's Catholic Junior School	20	75	95
St Thomas Becket Catholic Primary	25	83	108
STEP Central (part of Gonville)	140	398	538
The Archbishop Lanfranc Academy - Coloma Trust	40	184	224
The Beckmead Trust	181	584	765
The Quest Academy	38	135	173
The Robert Fitzroy Academy	53	138	191
Tudor Academy - Wolsey Infants	0	36	36
West Thornton Primary School	54	168	222

Winterbourne Boys Academy	8	46	54
Tudor Academy -Wolsey Juniors	33	98	131
Woodcote High School	67	209	276
Woodside Primary School & Children's Centre	44	222	266
Early Retirement Costs	-	27	27
<b>Total Contributions from Scheduled Bodies</b>	<b>3,563</b>	<b>11,052</b>	<b>14,614</b>
<b>TOTAL CONTRIBUTIONS</b>	<b>14,743</b>	<b>54,313</b>	<b>69,056</b>

The tables below explain the growth in membership of the Fund over the last year.

	As at 31 March 2021	As at 31 March 2020	Variance	% change
Contributing members	10,044	10,064	-20	- 0.2
Deferred pensioners	11,532	10,923	609	5.6
Pensioners	8,523	8,285	238	2.9
<b>TOTAL</b>	<b>30,099</b>	<b>29,272</b>	<b>827</b>	<b>2.8</b>

	Pensioners approximate variances in 2020/21
Ill-health retirements	13
Normal and early retirements	145
Deferred pensions becoming payable	241
New dependants	113
<b>Sub total</b>	<b>512</b>
Less deaths	274
<b>TOTAL</b>	<b>238</b>

## F. GOVERNANCE

### 1 Governance Compliance Statement

The administering authority of a Local Government Pension Scheme is required to publish a Governance Compliance Statement. The Statement aims to make the administration and stewardship of the scheme more transparent and accountable to stakeholders and provides the following information:

- how the Council, as the Fund's Administering Authority, discharges its responsibilities to maintain and manage the Fund in accordance with regulatory requirements;
- the structure of the decision making process;
- the frequency of Pension Committee meetings; and
- the voting rights of Committee members.

The Fund's Statement (Appendix E) can be accessed via:

<https://www.croydonpensionscheme.org/media/6714/compliance-statement-2021.pdf>

### 2 Attendance at Meetings

Attendance at the meetings of the Committee and the Board by the members during 2020/21 was as follows:

Date of Committee Meeting	15 September 2020	8 December 2020	16 March 2021
Councillor Humayun Kabir (Chair)	✓	✓	✓
Councillor Simon Hall (Vice Chair)	☐	☐	☐
Councillor Simon Brew	✓	✓	✓
Councillor Jan Buttinger			✓
Councillor Robert Canning	✓	✓	✓
Councillor Luke Clancy	☐	☐	☐
Councillor Clive Fraser	✓	✓	✓
Councillor Patricia Hay- Justice	✓	✓	✓
Councillor Yvette Hopley	✓	✓	✓
Councillor Andrew Pelling			✓
Gilli Driver (Pensioner Representative)	✓	✓	✓
Peter Howard (Pensioner Representative)	✓	✓	✓
Charles Quaye (Union Representative)	✓	✓	✓

Date of Board Meeting	15 October 2020	14 January 2021	25 March 2021
Michael Ellsmore (Chair)	✓	✓	✓
Richard Elliott	✓	✓	✓
Councillor Andrew Pelling	✓	☐	✓
Daniel Pyke	✓	☐	✓
Teresa Fritz	✓	✓	✓
Ava Payne	☐	☐	✓
David Wickman	✓	✓	✓

### 3 Training

The Fund's Knowledge and Skills Policy was agreed by the Committee at their meeting on 17 March 2020 and, at the same time, the Committee adopted the CIPFA Knowledge and Skills Framework.

During the year members of both the Committee and the Board were invited to assess their training requirements and to provide feedback on training "events" attended.

A wide range of training opportunities were made available to all members of the Committee and the Board including The Pensions Regulator's Trustee Toolkit modules, the LGE Fundamentals Course and various seminars offered by CIPFA and other providers. Training was also specifically targeted as requested by Committee and Board members.

Specific training sessions included:

- Implications of the McCloud judgment;
- Cyber security; and
- Funding, risk and regulatory updates.



## **G. FUND ACCOUNT, NET ASSETS STATEMENT AND NOTES**

The Fund's Fund Account and Net Asset Statement is attached as Appendix A.

## H. ASSET POOLS

In 2015 the, then, Department of Housing, Communities and Local Government issued Guidance which set out how the Government expected funds to establish asset pooling arrangements. The objective was to deliver:

- benefits of scale;
- strong governance and decision making;
- reduced costs and excellent value for money; and
- an improved capacity and capability to invest in infrastructure.

By 31 March 2021 the holdings represented by “investments” through the London CIV comprised 52% of total investments, an all-time high.

During the year no formal changes were made to the Fund’s investment strategy and the Committee consider that they continue to show a significant commitment to the pooling concept. In view of the Fund’s substantial holdings in relatively illiquid private equity, infrastructure and property funds it appears likely that, in the short term, any further investments to sub funds of the London CIV will be limited.

By that time, as a founder member, Croydon had already voluntarily joined the London Collective Investment Vehicle (London CIV). The London CIV’s stated objectives are to deliver broader investment opportunities and enhanced cost efficiencies than funds can achieve individually and overall better risk adjusted performance. It is FCA regulated and was the first of the eight asset pools in England and Wales to become established with all the London borough funds as members.

Since its founding in 2014 the London CIV has developed its governance structure with the key component being a Shareholders Committee which must be consulted by the Board on specified matters. The Committee is made up of Council members and officers of shareholders agreed via a methodology specified in the Terms of Reference.

As at 31 March 2020 the Fund had investments of £84.1m (7.1% of its investments) invested in sub-funds managed by the London CIV and a further £426.0m (36.0%) within the pooling umbrella but not managed by the London CIV. In April 2020 the Fund made an investment of £55m in the London CIV Sustainable Equity Exclusion Fund managed by RBC and by 30 September 2020 investments in CIV sub-funds totalled 11.4% of total investments with a further 37.9% within the pooling umbrella.

Details of the movements in the Fund over the year are shown below:

	31/3/20 £'000	31/3/20 %	30/9/20 £'000	30/9/20 %	31/03/21 £'000	31/03/21 %
<b>POOLED INVESTMENTS</b>						
<b>Equities</b>						
LGIM	425,959	36.0	531,921	37.9	617,105	40.80
RBC			67,617	4.8	76,675	5.10
<b>Fixed interest</b>						
PIMCO	84,104	7.1	92,396	6.6	92,084	6.10
<b>SUB-TOTAL</b>	<b>510,063</b>	<b>43.1</b>	<b>691,934</b>	<b>49.3</b>	<b>785,864</b>	<b>52.00</b>
<b>OTHER</b>	<b>664,016</b>	<b>56.0</b>	<b>694,204</b>	<b>49.5</b>	<b>715,757</b>	<b>47.30</b>
<b>CASH</b>	<b>11,080</b>	<b>0.9</b>	<b>16,073</b>	<b>1.2</b>	<b>11,244</b>	<b>0.70</b>
<b>TOTAL</b>	<b>1,185,159</b>	<b>100.0</b>	<b>1,402,211</b>	<b>100.0</b>	<b>1,512,865</b>	<b>100.0</b>

Estimated savings arising from the pool investments during 2020/21 were as follows:

	Assets under management 31/03/21 £'000	Estimated gross fees savings £'000	Management fees £'000	Development funding charge £'000	Estimated net fees savings £'000
LGIM	617,105	321	27		294
PIMCO / RBC	168,759	308	21		287
<b>Development funding charge</b>				110	-110
<b>TOTAL</b>	<b>785,864</b>	<b>629</b>	<b>48</b>	<b>110</b>	<b>471</b>

## **I PENSIONS ADMINISTRATION STRATEGY STATEMENT**

The Fund's Administration Strategy Statement is attached (Appendix F) and can be accessed via:

<https://www.croydonpensionscheme.org/media/2872/administration-strategy-final-july-2017.pdf>

## J FUNDING STRATEGY STATEMENT

Under the LGPS Regulations the Fund is required to prepare, maintain and publish a Funding Strategy Statement.

It is prepared, usually at the time of the triennial valuation, in collaboration with the Fund's Actuary and in consultation with the Fund's employers and investment advisers. The current Statement was published in March 2020 and sets out the objectives of the funding strategy as:

- to ensure the long-term solvency of the Fund, using a prudent long-term view. This will ensure that sufficient funds are available to meet all members' / dependants' benefits as they fall due for payment;
- to ensure that employer contribution rates are reasonably stable where appropriate;
- to minimise the long-term cash contributions which employers need to pay to the Fund by recognising the link between assets and liabilities and adopting an investment strategy which balances risk and return (this will also minimise the costs to be borne by Council Tax payers);
- to reflect the different characteristics of different employers in determining contribution rates. This involves the Fund having a clear and transparent funding strategy to demonstrate how each employer can best meet its own liabilities over future years; and
- to use reasonable measures to reduce the risk to other employers, and ultimately to the Council Tax payer, from an employer defaulting on its pension obligations.

The Statement (Appendix G) can be accessed via:

[Funding Strategy Statement Croydon Pension Fund \(croydonpensionscheme.org\)](https://www.croydonpensionscheme.org)

## K INVESTMENT STRATEGY STATEMENT

Under Ministry of Housing, Communities and Local Government Guidance the Fund is required to prepare, maintain and publish an Investment Strategy Statement. The Statement must contain:

- the strategy and processes in place for managing investment risk;
- allocations of investments across asset classes;
- approach to pooling and participation in national asset pools;
- risk management arrangements;
- social and environmental policies and corporate governance considerations; and
- the exercise of rights attached to investments.

The current Statement (Appendix C) was published in September 2018 with amendments made to the strategic asset allocation to that detailed in Paragraph C2 in March 2020. It can be accessed via:

<https://www.croydonpensionscheme.org/media/4443/iss-september-2018.pdf>

## L COMMUNICATIONS POLICY

Under Regulations the Fund is required to prepare, maintain and publish a Communications Policy Statement. The Fund's Statement is expected to cover:

- its policy as regards communicating with interested parties including members and other employers within the scheme; and
- the method and frequency of communications used such as newsletters, annual benefit statements and the pensions website.

The current Statement was published in September 2019 (Appendix H) and can be accessed via:

<https://www.croydonpensionscheme.org/media/6706/communications-policy-sep-19.pdf>

Below is a summary of communications produced by the Fund and the format used.

COMMUNICATION MATERIAL	FORMAT			WHEN PUBLISHED	WHEN REVIEWED
	PAPER	ELECT	INTERNET		
Pension Scheme Guide	✓	✓	✓	Constantly available	Annually
Topping Up Benefits	✓	✓	✓	Constantly available	Annually
Annual Benefit Statements	✓	✓		Annually	Annually
Statutory Notifications	✓	✓		On joining and Annual Benefit Statement	Annually
Members Self Service		✓	✓	On joining	Continually
Pension Updates	✓	✓	✓	As required	After each publication
Annual Pension Fund Report	✓	✓	✓	Annually	Annually
Early Leaver Information	✓	✓	✓	Sent with deferred benefits statement	Annually
Early Leaver Guidance	✓	✓		Constantly available	Annually
Retirement Information	✓	✓	✓	Sent with retirement details	Annually
Retirement Guidance	✓	✓	✓	Constantly available	Annually
Pension Increase - Incorporated in the Pensioners Newsletter	✓	✓	✓	Annually	Annually
Actuarial Valuation Report	✓	✓	✓	Triennially	Triennially
Pension Committee	✓	✓	✓	Quarterly	Quarterly
Pension Board	✓	✓	✓	Quarterly	Quarterly
Communications Policy Statement	✓	✓	✓	Annually	Annually

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Governance Compliance Statement	✓	✓	✓	Annually	Annually
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## **M EXTERNAL AUDIT OPINION**

## **N MAIN FEATURES OF LOCAL GOVERNMENT PENSION SCHEME**

### **1 Eligibility for Membership**

Membership is generally available to employees of participating employers who have contracts of at least 3 months, are under age 75, and are not eligible for membership of another statutory pension scheme. Employees of designating bodies or admitted bodies can only join if covered by a relevant agreement.

### **2 Benefits on Death in Service**

A lump sum may be payable on death in service. This is three times the member's annual assumed pensionable pay. The Administering Authority has absolute discretion over the distribution of this lump sum among the deceased's relatives, dependants, personal representatives or nominees. Pensions may also be payable to the member's widow, widower, civil partner, cohabiting partner (subject to certain conditions) and dependant children.

### **3 Benefits on Retirement**

For membership from April 2014 onwards, pension benefits are based on career average revalued earnings and the accrual rate is 1/49<sup>th</sup>. Benefits for earlier membership consist of a pension calculated as 1/60<sup>th</sup> of final pay for each year of membership accrued from 1 April 2008 to 31 March 2014. The accrual rate is 1/80<sup>th</sup> of final pay for each year of membership accrued before 1 April 2008 plus a lump sum of three times the pension. Actual membership may be enhanced automatically in cases of ill health retirement. Employers may choose to increase pension. Members can normally exchange some pension to provide a bigger lump sum.

### **4 Benefits on Death after Retirement**

A death grant is payable if less than 10 years pension has been paid and the pensioner is under age 75 at the date of death, in which case the balance of 10 years of pension is paid as a lump sum. Pensions are also generally payable to the pensioner's widow, widower, civil partner, cohabiting partner (subject to certain conditions) and dependant children.

### **5 Extra Benefits**

The scheme offers several ways for members to improve benefits:

- Payment of additional pension contributions (APCs) to buy extra pension; and
- A money purchase additional voluntary contribution (AVC) scheme which operates with the Prudential offering pension and life assurance options.

## 6 Employee contributions

The bands of contribution rates are as shown below for contributions taken in respect of pensionable pay received from 1 April 2020. The employee pays contributions at the appropriate band rate on all pensionable pay received in respect of that job (or at half that rate if the employee is in the 50/50 scheme).

Band	Actual pensionable pay for an employment	Contribution rate for that employment – main scheme	Contribution rate for that employment – 50/50 scheme
1	Up to £14,600	5.5%	2.75%
2	£14,601 to £22,800	5.8%	2.90%
3	£22,801 to £37,100	6.5%	3.25%
4	£37,101 to £46,900	6.8%	3.40%
5	£46,901 to £65,600	8.5%	4.25%
6	£65,601 to £93,000	9.9%	4.95%
7	£93,001 to £109,500	10.5%	5.25%
8	£109,501 to £164,200	11.4%	5.70%
9	£164,201 or more	12.5%	6.25%

## 7 Age of retirement

Normal retirement age is now linked to State Pension Age, but:

- pension benefits are payable at any age if awarded due to ill health;
- members may retire with fully accrued benefits from age 55 onwards if their retirement is on grounds of redundancy or business efficiency;
- members who have left employment may request payment of benefits from age 55 onwards. Actuarial reductions may apply where benefits come into payment before the State Pension Age.
- members who remain in employment may also ask to retire flexibly from age 55 onwards if they reduce their hours of work or grade. Employer consent is required and actuarial reductions may apply.
- payment of benefits may be delayed beyond State Pension Age but only up to age 75.

## 8 Pensions Increases

Pensions payable to members who retire on health grounds and to dependants in receipt of a pension in respect of a deceased member are increased annually by law in line with increases in inflation. Pensions payable to other members who have reached the age of 55 also benefit from this annual inflation proofing. Where a member has an entitlement to a Guaranteed Minimum Pension (which relates to membership up to 5 April 1997), some or all of the statutory inflation proofing may be provided by the Department for Work and Pensions through the State Pension.

LGPS pensions are increased in line with the rise in the Consumer Price Index (CPI), in accordance with the Pensions Increase Act 1971. Although pensions are increased in April, they are based on the rise in the CPI over the 12 months to the previous September. The pensions increase calculation for April 2020 was based on the increase in CPI during the 12 months to September 2019 and was set at 1.7%.

## 9 Pension Fund Fraud / National Fraud Initiative

The Council is required to protect the public funds it administers. It may share information provided to it with other bodies responsible for auditing or administering public funds or where undertaking a public function, in order to prevent and detect fraud.

The Cabinet Office is responsible for carrying out data matching exercises.

Data matching involves comparing computer records held by one body against other computer records held by the same or another body to see how far they match. This is usually personal information. Computerised data matching allows potentially fraudulent claims and payments to be identified. Where a match is found it may indicate that there is an inconsistency which requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out.

The Council participates in the Cabinet Office's National Fraud Initiative: a data matching exercise to assist in the prevention and detection of fraud. It is required to provide particular sets of data to the Minister for the Cabinet Office for matching for each exercise, as detailed [here](#).

The use of data by the Cabinet Office in a data matching exercise is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under the Data Protection Act 1998.

Data matching by the Cabinet Office is subject to a [Code of Practice](#).

View further information on the [Cabinet Office's legal powers and the reasons why it matches particular information](#). For further information on data matching at this authority contact [caft@croydon.gov.uk](mailto:caft@croydon.gov.uk) .

## 0 RESOURCES FOR MEMBERS

### 1 Croydon Council Pension Website

The Scheme's website can be found at <http://www.croydonpensionscheme.org/>

### 2 National Local Government Pension Scheme Website

The website address is [www.lgpsmember.org/](http://www.lgpsmember.org/)

It enables all members, potential members and beneficiaries of the Scheme to access Scheme information 24 hours a day, 365 days a year.

The site has a comprehensive range of Scheme information; it is updated regularly to ensure members have access to the latest information.

### 3 Additional Voluntary Contributions

The Council has appointed Prudential as the Scheme's provider for additional voluntary contributions investment services.

Further information can be obtained by calling their helpline on 0345 600 0343 or by visiting the website [Local Government AVCs - Prudential](#)

Any members' additional voluntary contributions (AVCs) are held in various separate investments administered by Prudential Assurance Company Limited. The benefits arising from these contributions are additional to, and do not form part of, the benefits due under the Local Government Pension Scheme. They are not included in the Pension Fund Accounts in accordance with section 4(2)(b) of the Local Government Pension Scheme (Management and Investment of Funds) Regulations 2009. Pension Fund Accounts and any details within the Annual Report therefore exclude amounts for AVCs.

### 4 Further Information

#### The Pensions Regulator

Napier House  
Trafalgar Place  
Brighton

East Sussex BN1 4DW

Telephone Number: 0845 600 0707 (Monday to Friday 09.00-17.00)

Website: [www.thepensionsregulator.gov.uk](http://www.thepensionsregulator.gov.uk)

The role of the Pensions Regulator has been set out by Parliament, and is to:

- Protect the benefits of members of work-based pension schemes;
  - Promote the good administration of work-based pension schemes;
  - Reduce the risk of situations arising which may lead to claims for compensation from the Pensions Protection Fund.
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**MoneyHelper**  
120 Holborn  
London EC1N 2TD

Website: [www.moneyhelper.org.uk](http://www.moneyhelper.org.uk)

MoneyHelper is available to assist members of pension schemes with any difficulties that they are unable to resolve with their scheme administrators.

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**The Pensions Ombudsman**

10 South Colonnade  
Canary Wharf  
London E14 4PU

Telephone Number: 0800 917 4487

Enquiries@pensions-ombudsman.org.uk

Website: [www.pensions-ombudsman.org.uk](http://www.pensions-ombudsman.org.uk)

The Pensions Ombudsman can investigate and determine any complaint or disputes between scheme members and administrators, involving maladministration, or matters of fact or law.

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**The Pension Tracing Service**

The Pension Service 9  
Mail Handling Site A

Wolverhampton WV98 1LU

Telephone Number: 0800 731 0193

Website: <https://www.gov.uk/find-pension-contact-details>

The Pension Tracing Service can help ex-members of pension schemes, who may have lost touch with their previous employers, to trace their pension entitlements.

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Queries relating to the Pension Fund investments can be made to:

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

Tel: 0208 760 5768

E-mail: [pensions@croydon.gov.uk](mailto:pensions@croydon.gov.uk)

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## 5 Members Self Service

Scheme members can view their pension details by logging on to our internet member self service. This service allows scheme members to check their personal details, including service history and financial information, as well as enabling members to carry out their own benefit calculations. Members can also check their record to make sure their nomination for their death grant is correct.

Members can log in to the service at: <https://croydon.pensiondetails.co.uk> to register.

Scheme members will be required to register the E-mail address they wish to use by contacting the pensions team..