

LONDON BOROUGH OF CROYDON PENSION FUND

Pension Board Annual Report 2024/25

Introduction

Local Pension Boards were established under the Public Service Pensions Act 2013. 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 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, plus an independent Chair, making 7 members in all. During 2024/25 there continued to be an “Employer Representative” vacancy with the other posts held by:

Chair

Michael Ellsmore (resigned 31 March 2025)

Employer Representatives

Richard Elliott

Councillor Margaret Bird

Member Representatives

Teresa Fritz

Ava Payne (Union representative)

David Whickman (Union representative)

The Board is supported by the Corporate Director of Resources (Section 151 Officer), the Head of Pensions and Treasury and the Investment, Governance and Administration teams.

Activity during 2024/25

During the year we held four meetings with five members able to attend all of them and one member able to attend three. We have an elected councillor on the Board as an employer representative, thereby helping to maintain the close relationship with the Council that we all seek. We will be keen to see the vacant Employer Representative position filled and the now vacant position of Independent Chair.

Administration

At each of our meetings we received a report on the performance of the Administration Team. This is in accordance with our particular wish to oversee administration and resource allocation and to seek to ensure that services are being delivered to a high standard.

We were pleased to see that performance in relation to the key “retirements” and “deaths” indicators and the issue of Annual Benefits Statements and Pension Savings Statements remained at a very high level.

It was also interesting to hear from the Team when things were not going so well and where improvements needed to be made. We heard about leaver calculations falling below target and the actions being taken including changes to work allocations and the use of bulk leaver calculations and some of the fortnightly “blitz days.” The Team have worked with Council colleagues to set up monthly mortality screening and have also overhauled the workflow cases to match the new Key Performance Indicators requirements for 2025/26.

The Team continued to work on data cleansing and updating service histories as part of the McCloud remedy. Further work has also commenced on clearing errors for the McCloud bulk calculations in preparation to update the data. McCloud training was provided to the Administration Team and the McCloud remedy was introduced to “Business As Usual” work.

The Team also need to cope with an increase in the number of schools changing payroll providers requiring them to undertake mapping exercises and to update individual records. This will require more resource going forward as one of the big payroll providers ended all their contracts and many schools had to change payroll provider on 31 March 2025.

The Board continued to take an interest in the promotion of the member self-service portal and were pleased that the new portal known as My Croydon Pension Portal went live in October 2024. Unfortunately, take up of the new online portal remains low and the Board would like to see this increased. The Team are working on plans to increase take up in time for Annual Benefit Statements and have been visiting schools to give presentations about pensions and the new portal. The Team also presented a webinar about pensions to Council staff which was very well received.

Preparation for the Pensions Dashboard is continuing with particular emphasis on data cleansing. The Team have secured an Integrated Service Provider to join the Pension Fund to the Dashboard environment.

We were pleased to note that within the Administration Team there were no leavers or joiners during the year. However, in the new year, there will be a change to staffing due to maternity leave. The Team had sufficient staff and budget to carry out their duties in a timely manner. Nevertheless, we recognise that the development of the Pensions Dashboard and dealing with cases identified under the McCloud ruling will need careful resourcing. Preparation for the Pensions Dashboard will also need resourcing put towards automation and system improvements to meet requirements.

Overall, the Board are pleased to see the continued development of the Team and the consequent improvement in performance.

Governance

In view of the requirements placed on the Fund by way of regulations and guidance it was inevitable that at almost every one of our meetings the Board was asked to review at least one policy or compliance statement. During 2024/25 we considered:

- UK General Data Protection Regulations and the Data Protection Act 2018;
- Governance Best Practice Compliance Statement;
- Data Improvement Policy;
- Representation Policy; and • Record Management Policy.

In addition we considered important publications from national bodies including:

- The Pensions Regulator's General Code of Practice;
- LGPS Scheme Advisory Board Scheme Annual Report 2023; and
- Government Actuary's Department Review of LGPS Fund Valuations 2022.

At our first meeting of the year we received a particularly important report on cyber security. This is a subject specifically included in at least two "pensions" Acts of Parliament and in the Regulator's Code of Practice. We were reassured to hear that work is progressing on data and asset mapping, cyber hygiene, security of online and paper documentation and officer training.

At each of our meetings, we received a report on the Fund's breaches of the law. We understand that The Pensions Regulator expects us to play a key oversight role but are also keen to emphasise the importance of the role of the Pension Committee as the key decision maker.

Whilst we are concerned about any breaches, we expressed particular concern over the continuing failure of the Fund to publish audited accounts for any of the years since 2018-19 due to problems in finalising the Council's accounts. At our meeting in January 2025, we received a report on the "finalisation" of the audits for all years up to 2023/24. Whilst in every case except 2019/20 this was no more than a "Disclaimer of Opinion," effectively a statement that no audit had taken place, this at least brings closure to the

process. Like many others, including the Scheme Advisory Board, we are concerned that, as the Fund is not a separate legal entity, its accounts cannot be finalised until the Council's accounts are signed off and are hopeful that change may be on the horizon. Officers have assured the Board that the lack of audit certification of the various Fund accounts does not present a material risk to any members.

From July we increased our "alternate meetings" review of the risk register to a review at every meeting. We specifically sought information in respect of the mapping exercises arising from schools changing payroll providers, the delay in filling officer vacancies, password protection of agenda documents and the risks associated with the proposals for the future of pooling of investments.

We were also pleased to hear that the Fund had implemented, so far as they apply, almost all the recommendations in the Scheme Advisory Board's Good Governance Review in advance of their being ordered by Government. This will ensure that the Fund is well placed to meet these requirements and will have existing policies and processes already embedded, when the recommendations go live.

The Board regards training as very important, allowing members to keep their knowledge and skills up-to-date in order to meet the CIPFA Knowledge and Skills Core Requirements. We have been offered opportunities to attend conferences and courses and to access on-line platforms (including the Hymans LOLA provision) and webinars.. Members of the Board have been invited to attend pre meeting training during the year as detailed in the training plan including EDI and Private Credit. Some have attended the PLSA / LGPS Conference and LGE Fundamentals.

Investments

In accordance with our terms of reference most of our time is spent on matters of effective and efficient governance and administration of the Local Government Pension Scheme rather than investments. However, in view of events at a national level, this year necessitated us to take an increased interest.

We received the "Pension Fund Medium Term Business Plan" for 2024/25 at our meeting in April 2024 and for 2025/26 in January 2025. Whilst it is always preferable to receive this report in advance of the start of the financial year we were able to use them both as a catalyst to discuss a wide range of Fund issues. Each report prompted queries from the Board in respect of training, staffing and governance matters but, more than ever, the future investment arrangements for the Fund.

The year started in the wake of the, then, Chancellor's Mansion House Speech of July 2023 in which he announced the Government's intention to impose a number of fundamental changes to the requirements on the Fund's investment strategy as regards pooling and targeted investments. We were reassured to hear that the Fund would comply with the requirements so far as this would not conflict with its fiduciary duties and would be able to "explain" non-compliance if required.

Within a few months a new Chancellor was in post and, arising from her Mansion House Speech in November 2024, a consultation document entitled "Local Government Pension Scheme: 'Fit for the future'" was published. This made various

far-reaching proposals in respect of fund investment strategies and policies. The changes proposed were considered by the Board in January 2025 and are likely to remain a fixture on each agenda for the foreseeable future. Like so many others in the LGPS “community” the Board expressed its concern over the potential loss of local control of funds and the ability of local committees to meet their fiduciary duties.

Looking Ahead

We are pleased with the progress made in 2024/25 and are looking for next year to be just as busy and successful. Under the leadership of an effective team of senior officers working with the Section 151 Officer, the Board feels that the Fund has made real progress over the past few years.

It is now virtually certain that we shall see developments in the Scheme at a national level to which we shall need to respond. Whilst these are likely to be very challenging we are well prepared and have already made significant progress in implementing the recommendations of the Scheme Advisory Board Good Governance Project. We expect to be able to respond to those in respect of pooling and other directives for our investments as preparations are in place for those too.

We shall continue to check our compliance against the requirements of the new General Code of The Pensions Regulator, and, where necessary, taking steps to implement any areas where we are not already compliant.

At a more local level we know that pensions administration will continue to attract attention from The Pensions Regulator and the Board will be taking a particular interest in the service provided to both employers and members. We shall look for the further development of automated functions to improve administration processes, in particular bulk leaver calculations, and automatic aggregations. This will assist in our being “data ready” for the Pensions Dashboard. The Team will continue to sort records to meet The Pensions Regulator’s McCloud requirements for the Annual Benefit Statements.

The Team will encourage further take up of the new member self-service portal, particularly targeting active and deferred members in the run up to 31 August 2025 when Annual Benefit Statements must be produced. We will support the Team in the work they are doing to encourage the use of existing tools. The talks on pensions this year have increased member understanding of the pension scheme and the Team aims to continue these in the future. The Team have already accepted an invitation to do a recorded pensions presentation to the Council staff with a question and answer session.

The Ministry of Housing, Communities and Local Government issued a consultation on a large change in regulations titled Access and Fairness. This will be the largest change in regulations since the 2014 Regulations came into effect. The Team will respond to this consultation and, when the regulation changes take place, will need to ensure that resources meet requirements. Many of the new regulations will backdate the changes, with one of these changes backdated to 2005.

Depending on developments and priorities we are expecting to be advised of, and consulted on, the implementation of Dashboard requirements necessary for implementation in 2025 and plans and/or policies for Data Improvement, Equality, Diversity and Inclusion, Record Management and Cost Management.

Whilst we are disappointed as to the way in which the accounts for the years up to 2023/24 have been “finalised” we look forward to an improvement for 2024/25. We shall remain concerned and stand by our suggestion, and the views of many others, that the accounts be produced and published independently of those of the Council. We are encouraged to hear that this view may be receiving a sympathetic hearing in Government.

Keeping our knowledge and skills up-to-date through our structured training plan will remain very important to us and we shall also be looking to take advantage of other opportunities that become available.

We would like to finish this Report by expressing our thanks to our Chair, Mike Ellsmore, whose last meeting was in January. Mike had been our Chair since our first meeting in July 2015 and his professionalism, commitment and understanding were greatly appreciated by all involved in the Board.