

# **CROYDON PENSION FUND**

## **Annual Report 2021/22**

**November 2024**

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## Foreword by Head of Pensions and Treasury

This Foreword to the Annual Report of the Fund would normally be written by the Chair of the Pension Committee a few months following the end of the relevant year. Unfortunately, for reasons concerning the completion of the Council's accounts, the report has only just been completed and the Chair at the time is no longer a Member of the Council. It is therefore my pleasure to introduce the Report and to start by thanking Andrew Pelling for chairing the Committee during a very challenging period.

The Statement of Accounts for the Council includes the Pension Fund's financial statements. Due to issues identified in 2019/20 the Pension Fund financial statements for 2020/21 and 2021/22 have not been audited therefore the auditor has been unable to express an opinion on the Pension Fund financial statements since 2019/20. This is far from ideal and it is envisaged that the auditing of the financial statements will not be undertaken until the 2024/25 financial statements.

The year began with lockdowns arising from the the Covid-19 pandemic still in place and, unfortunately, during the year, we were only able to hold three meetings rather than the four or five we would have wished.

Our Fund has around 100 employers, 30,000 members and assets of £1.73bn. Over the last five years it has grown in value on average by around 12% per year with its assets now worth £624m more than they were in March 2017. The growth in the Fund has been a mixture of positive net cashflows from dealings with members as contributions to the Fund have been higher than benefits paid and investment returns. The Fund's investments have performed extremely well over the last 5 and 10 years with annualised investment returns of 9.0% and 9.73% respectively.

In fund valuation terms the year has been successful with the net assets increasing by 12% from £1.54bn to £1.73bn due largely to the success of the investment strategy with investment returning 11.3%. The Fund outperformed its market composite benchmark and was just over its CPI +4% target as inflation was over 7%. Over the year the Fund's equity, infrastructure, private equity and property investments all contributed positively to the Fund's overall returns. In late February, Russia's invasion of Ukraine shocked the world, and all major markets suffered falls. The Fund's Bond portfolio suffered as interest rates began to rise due to the onset of high inflation.

In April 2020 the Fund invested £55m in the LCIV Sustainable Equity Exclusion Fund as managed by RBC Global Asset Management (UK) Ltd and by the end of 2021/22 the value had increased to £84m. 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 are happy that the percentage of our assets invested within the scope of the London CIV is still around 50%. We shall continue to be an active member of the CIV and look at all opportunities they make available.

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.

As usual, at their meetings, the Committee have been busy addressing a number of very important investment, service and valuation issues. At each meeting they considered investment performance and the implications of Environmental Social and Governance policies. They appreciated both the verbal and written advice provided by consultants from Mercer.

Also, at each meeting, the Committee 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, they were pleased with the performance which is detailed in the Report. They were also very conscious of allocating sufficient staffing resources to provide the service

The Committee were particularly pleased to report that longstanding issues around the proposed property transfer from the Council to the Fund and the level of investment into the RBC mandate had been resolved. Nevertheless the Committee are particularly anxious to see continued progress in respect of the Governance Review, key performance indicators, data improvement and administrative support for the Fund.

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.

The Committee acknowledged the very helpful contribution to their considerations made by the Pension Board and, particularly, by its Chair, Mike Ellsmore. Mr Ellsmore regularly attends Committee meetings and is always made welcome and invited to speak on matters of mutual interest.

I hope you find our Report an interesting read.

Matthew Hallett  
Head of Pensions and Treasury

## 1 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.

Regulation 57 requires the Council to prepare a “fund annual report” which contains a number of specified features on or before 1 December following the end of the Scheme year. However, due to the COVID-19 pandemic and various issues arising from the Council’s accounts it has not been possible to meet this deadline. However, the delay has made it possible for the report, where possible, to be prepared having regard to “Preparing the Pension Fund Annual Report – Guidance for Local Government Pension Scheme Funds” published by the (then) Department for Levelling Up, Housing and Communities in April 2024 (“the Guidance”).

In applying this Guidance the Fund should ensure that:

- All mandatory requirements are reported;
- Regard is paid to any supplementary guidance issued by the Scheme Advisory Board (“SAB”), the Chartered Institute of Finance and Accountancy (“CIPFA”) or other relevant body; and
- The Report is suitable for relevant readership requiring the exercise of local judgement, consideration of matters specific to the Fund and decisions regarding the level of detail provided subject to the scope allowed by legislative requirements and the discretionary elements of the Guidance.

The Report is a key component of the communication between the Fund and its stakeholders, who range from individual members and employing bodies to trades unions, government departments, analysts, and commentators. It is used by the Fund to report on its financial, management, governance, and administrative performance in addition to providing a detailed commentary on investment policy and performance during the year.

## 2 OVERALL FUND MANAGEMENT

### Scheme management and advisers

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#### **Administering Authority**

London Borough of Croydon  
Treasury and Pensions Management, Resources Department  
3A Bernard Weatherill House  
8 Mint Walk  
Croydon CR0 1EA

Jane West, Corporate Director of Resources (Section 151 Officer)

[Jane.West@Croydon.gov.uk](mailto:Jane.West@Croydon.gov.uk)

Matthew Hallett – Head of Pensions and Treasury

[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 Solutions UK Limited  
The Aon Centre  
The Leadenhall Building  
122 Leadenhall Street  
London EC3V 4 AN

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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 and

Gowlings WLG  
4 More London Place  
London SE1 2AU

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### **National LGPS Framework**

The Fund is a member of the National LGPS Framework as administered by Norfolk County Council

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### **AVC Provider**

Prudential  
Laurence Pountney Hill  
London EC4R 0HH

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## 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
Aberdeen Standard 30 St Mary Axe London EC3A 8BF	UK Corporate Bonds and Absolute Return Bonds
London CIV - PIMCO Fourth Floor 2 Lavington Street London SE1 0NZ	Global Bonds (Pooled)
Wellington 80 Victoria Street London SW1E 5JL	Sterling Bonds
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 (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 (Fund of funds) (Euro)



<p>Equitix                  Welken House                  10-11 Charterhouse Square                  London EC1M 6EH</p>	<p>Infrastructure – PFI Projects</p>
<p>Temporis Capital                  Berger House                  36-38 Berkeley Square                  Mayfair                  London W1J 5AE</p>	<p>Infrastructure – Onshore wind farms</p>
<p>Green Investment Bank                  Macquarie Infrastructure and                  Real Assets (MIRA)                  28 Ropemaker Street                  London EC2Y 9HD</p>	<p>Infrastructure – Offshore wind farms</p>
<p>Access Capital                  Central Court                  25 Southampton Buildings                  London WC2A 1AL</p>	<p>Infrastructure – European projects</p>
<p>I-Squared Capital                  600 Brickell Penthouse                  Miami                  Florida 33131                  USA</p>	<p>Infrastructure- Global projects</p>
<p>M &amp; G                  10 Fenchurch Avenue                  London EC3M 5AG</p>	<p>Private Rental Sector UK</p>
<p>Schroders                  1 London Wall Place                  London EC2Y 5AU</p>	<p>UK Property Funds</p>

On 17 March 2020 the Fund confirmed the adoption of a Risk Management Policy which detailed 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 is included as Appendix A.

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.

Both the Investment Strategy Statement (Appendix E) and the Funding Strategy Statement (Appendix F) identify risks specific to the subject matters covered.

Additionally, the Fund Account and Net Assets Statement (Appendix B) 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	CIV Third Party Controls Oversight Summary	Obtained	PWC
Aberdeen Standard	ISAE 3402 and AAF 01/20	Obtained	KPMG LLP
London CIV - PIMCO	CIV Third Party Controls Oversight Summary	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 01/20	Obtained	Ernst and Young LLP
Schroders	ISAE 3402 and AAF 01/20	Obtained	Ernst and Young LLP

### 3 GOVERNANCE AND TRAINING

#### Governance Compliance Statement

The administering authority of a Fund 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 is attached as Appendix C.

## Governance

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, codes, guidance 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 2021/22 Municipal Year were:

Councillors:

Chair:

Andrew Pelling

Vice-Chair: Clive Fraser  
Jamie Audsley (appointed wef 22 June 2021)  
Simon Brew  
Jan Buttinger  
Robert Canning  
Pat Clouder  
Yvette Hopley

Reserve Councillors: Luke Clancy, Nina Degrads, Steve Hollands, Karen Jewitt,  
Caragh Skipper, Robert Ward.

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.

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 2021/22 the members of the Board were:

Independent Chair: Michael Ellsmore  
Employer Representatives: Richard Elliott  
Councillor Humayun Kabir  
Daniel Pyke (resigned wef 14 June 2021)  
Employee Representatives: Teresa Fritz  
Ava Payne  
Daniel Whickman

Board members, (excluding the Chair), have individual voting rights but it is expected they will, so far as possible, reach a consensus on the matters considered. There was a vacancy for an additional Employer Representative for most of the year.

The Board is supported by officers and independent external advisers.

## Attendance at Meetings

Attendance at the meetings of the Committee and the Board by the members during 2021/22 was as follows:

Date of Committee Meeting	25 May 2021	14 September 2021	3 December 2021
Councillor Andrew Pelling	✓	✓	✓
Councillor Clive Fraser	✓	✓	✓
Councillor Jamie Audsley (from 22 June 2021)	✓		
Councillor Simon Brew	✓	✓	✓
Councillor Jan Buttinger		✓	✓
Councillor Robert Canning	✓	✓	✓
Councillor Pat Clouder	✓	✓	✓
Councillor Yvette Hopley	✓	✓	
Councillor Nina Degrads (Reserve)			✓
Gilli Driver	✓	✓	✓
Peter Howard	✓		✓
Charles Quaye	✓	✓	✓

Date of Board Meeting	21 July 2021	14 October 2021	3 November 2021	13 January 2022
Michael Ellsmore	✓	✓	✓	✓
Richard Elliott	✓	✓	✓	✓
Councillor Humayun Kabir		✓	✓	
Daniel Pyke (until 14 June 2021)				
Teresa Fritz	✓	✓	✓	✓
Ava Payne	✓		✓	
David Wickman		✓	✓	✓

The Annual Report of the Board is attached as Appendix D.

## 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. On 2 April 2020 the Board adopted its own training plan.

Members of both the Committee and the Board and officers were given access to a range of opportunities to develop their skills in keeping with the Framework including, specifically, online programmes provided by Aon and Hymans Robertson and events hosted by the Local Government Association.

The Fund is a member of the CIPFA Pensions Network which gives officers access to an extensive programme of events, training, weekly newsletters and briefing notes on the latest topical issues. Officers attended quarterly forum meetings with peers from other London boroughs which provided further access to opportunities for knowledge sharing and benchmarking data.

Specific training for the Committee was arranged to cover Environmental, Social and Governance Policy.

## 4 FINANCIAL PERFORMANCE

On 25 May 2021 the Pension Committee agreed their Business Plan for 2021-24 which included the budget for 2021-22 as follows:

<b>*FUND ACCOUNT</b>	<b>2021/22 £'000</b>
<b>Dealing with members and employers</b>	
Contributions receivable	70,000
Benefits payable	-47,000
<b>Management expenses</b>	
Administration	-1,720
Oversight and governance	-810
Investment management	-11,500
<b>Return on investments</b>	8,000
<b>NET INCREASE IN FUND</b>	<b>16,970</b>

\* Individual transfers between funds, commutations, refunds and lump sum benefits are significant but cannot be estimated with accuracy and are therefore not included in the budget.

Actual expenditure and income in 2021/22 and the previous years was as follows:

<b>FUND ACCOUNT</b>	<b>2018/19 £'000</b>	<b>2019/20 £'000</b>	<b>2020/21 £'000</b>	<b>2021/22 £'000</b>
<b>Dealing with members and employers</b>				
Contributions - members	12,746	13,965	14,743	14,191
Contributions - employers	35,062	38,243	54,313	46,808
Transfers in	11,584	14,179	8,002	26,083
Pensions	-43,431	-46,540	-47,837	-48,825
Lump sums	-8,923	-10,310	-9,374	-11,342
Transfers out	-5,794	-10,769	-7,031	-10,480
<b>Net additions/withdrawals (-)</b>	<b>1,244</b>	<b>-1,232</b>	<b>12,816</b>	<b>16,435</b>
<b>Management expenses</b>				
Administration	-1,083	-1,676	-1,368	-1,687
Oversight and governance	-674	-1,041	-818	-1,070
Investment management	-6,410	-8,708	-12,375	-13,933
<b>Total management expenses</b>	<b>-8,167</b>	<b>-11,425</b>	<b>-14,561</b>	<b>-16,690</b>
<b>Return on investments</b>				
Income	5,468	9,425	7,309	9,538
Change in market value	120,171	1,912	275,295	181,452
<b>Total return on investments</b>	<b>125,639</b>	<b>11,337</b>	<b>282,604</b>	<b>190,990</b>
<b>NET INCREASE IN FUND</b>	<b>118,716</b>	<b>-1,320</b>	<b>280,859</b>	<b>190,735</b>

In three of the last four years the Fund asset value has increased substantially, in 2021/22 by £191m to £1,728m overall.

The Fund's performance is measured against its own customised benchmark of CPI plus 4%. During the 2021/2022 financial year it returned 11.3%, outperforming its benchmark by 0.1%. Over the year the Fund's equity, infrastructure, private equity and property investments all contributed positively to the Fund's overall return. 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	11.3	11.2
3 Years	10.5	7.1
5 Years	9.0	6.8

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



The costs of running the Fund are provided in the table below:

UNIT COSTS	2018/19	2019/20	2020/21	2021/22
<b>Administration, oversight and governance costs</b>				
Administration costs (£'000)	1,083	1,676	1,368	1,687
Administration costs per member (£)	37.80	57.26	45.45	54.96
Oversight and governance costs (£'000)	674	1,041	818	1,070
Oversight and governance costs per member (£)	23.52	35.56	27.18	34.86
<b>Total administration, oversight and governance costs per member</b>	<b>61.32</b>	<b>92.82</b>	<b>72.63</b>	<b>89.82</b>
Investment management costs (£'000)	6,410	8,708	12,375	13,933
Investment management costs as percentage of investment assets	0.51	0.73	0.82	0.83

The large apparent increase in investments management costs largely as a result of reporting of implicit costs and transaction costs which are usually included within the returns rather than the Fund's actual costs being higher

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

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

## 5 FUND ACCOUNT, NET ASSETS STATEMENT AND NOTES

The Fund Account and Net Assets Statement with supporting notes and disclosures is attached as Appendix B.

## 6. INVESTMENTS AND FUNDING

### Introduction

The strategic management of the investment assets is one of the responsibilities of the Pension 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.

Performance of the fund managers is reviewed formally at the 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.

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.

### Investment Strategy Statement

In accordance with Regulation 7 of the Local Government Pension Scheme (Management and Investment of Funds) regulations 2016 and Guidance from the, then, Ministry of Housing, Communities and Local Government 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.

On 18 September 2018, the Committee adopted an Investment Strategy Statement in accordance with relevant Regulations and Guidance. The full Statement is attached as Appendix E.

The Fund's goal is to ensure there are sufficient assets to meet all liabilities as they fall due and the links between the Investment Strategy Statement and the Funding Strategy Statement (see below) are very close. In order to achieve this goal the Committee has adopted the following specific 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.

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.

## Funding Strategy Statement

Under the Regulations (Regulation 58 of the Local Government Pension Scheme Regulations 2013 as amended) 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 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 full Statement is attached as Appendix F.

## Pooling

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 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, with all the London borough funds as members, was the first of the eight asset pools in England and Wales to become established.

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 2022 the Fund had investments of £172.3m (10.2% of its investments) invested in sub-funds managed by the London CIV and a further £696.0m (41.3%) within the pooling umbrella but not managed by the London CIV.

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.

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

	31/3/21 £'000	31/3/21 %	30/9/21 £'000	30/9/21 %	31/03/22 £'000	31/03/22 %
<b>POOLED INVESTMENTS</b>						
<b>Equities</b>						
LGIM	617,105	40.8	671,912	40.7	695,982	41.3
RBC	76,675	5.1	86,941	5.3	84,441	5.0
<b>Fixed interest</b>						
PIMCO	92,084	6.1	94,740	5.7	87,812	5.2
<b>SUB-TOTAL</b>	<b>785,864</b>	<b>52.0</b>	<b>853,593</b>	<b>51.7</b>	<b>868,235</b>	<b>51.5</b>
<b>OTHER</b>	<b>715,757</b>	<b>47.3</b>	<b>757,095</b>	<b>45.8</b>	<b>811,684</b>	<b>48.1</b>
<b>CASH</b>	<b>11,244</b>	<b>0.7</b>	<b>41,416</b>	<b>2.5</b>	<b>7,516</b>	<b>0.4</b>
<b>TOTAL</b>	<b>1,512,865</b>	<b>100.0</b>	<b>1,652,104</b>	<b>100.0</b>	<b>1,687,435</b>	<b>100.0</b>

Estimated savings arising from the pool investments during 2021/22 were as follows:

	Assets under management 31/03/22 £'000	Estimated gross fees savings £'000	Management fees £'000	Development funding charge £'000	Estimated net fees savings £'000
LGIM	695,982	402	34		368
PIMCO / RBC	172,253	462	26		436
Development funding charge				110	-110
<b>TOTAL</b>	<b>868,235</b>	<b>864</b>	<b>60</b>	<b>110</b>	<b>694</b>

## Asset Allocation

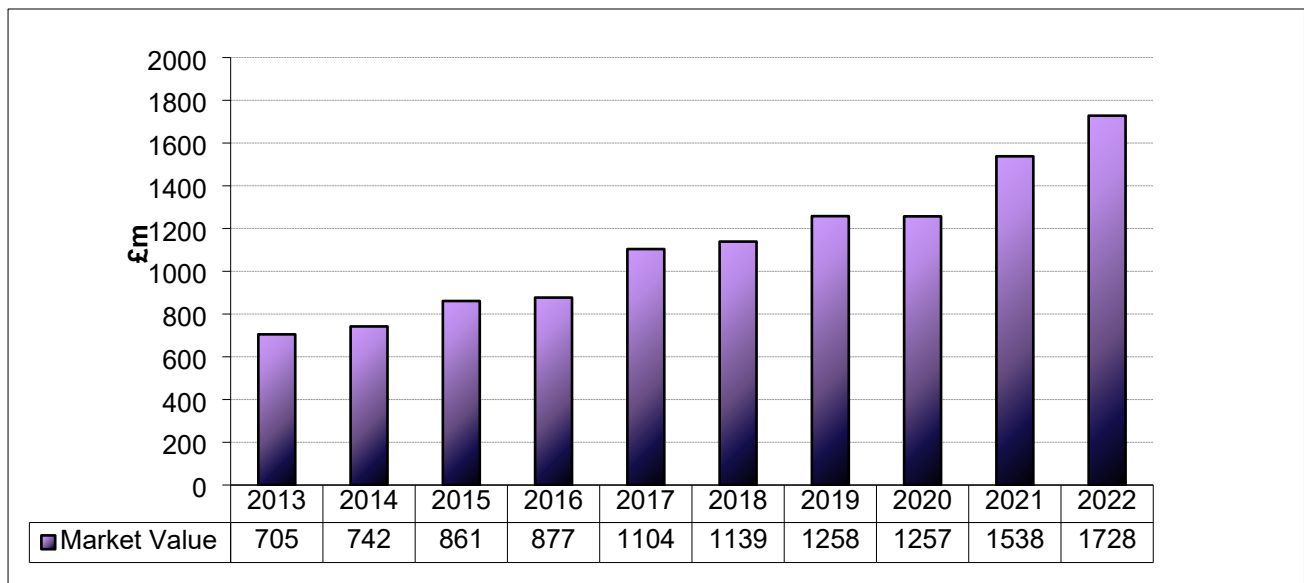
The strategic asset allocation target used throughout the year came into force in September 2018 as follows.

ASSET CLASS	OPERATIONAL RANGE %
Equities	37-47
Fixed interest	18-28
Private equity	3-13
Infrastructure	5-15
Property	11-21
Cash	1

The distribution of the Fund's investment assets among fund managers at 31 March 2021 and 31 March 2022 is detailed in the table on the following page.

Fund Manager	Investment Mandate	% of Investment Assets at 31 March 2021	% of Investment Assets at 31 March 2022
Legal and General	Developed World (Ex-tobacco) Equities (pooled)	40.8	41.3
London CIV - RBC (UK)	Sustainable Equity Exclusion	5.1	5.0
London CIV	Global Equities		
Aberdeen Standard	UK Corporate Bonds and Absolute Return Bonds	9.3	7.8
London CIV - PIMCO	Global Bonds (Pooled)	6.1	5.2
Wellington	Sterling Bonds	4.7	4.0
Pantheon	Private Equity Invest in unquoted companies (Pooled fund of funds) (US Dollar & Euro)	4.3	4.4
Knightsbridge	Private Equity – Venture Capital (Pooled fund of funds) (US Dollar)	3.5	4.1
Access Capital	Private Equity - Co-Investment small European buyout (Euro)	1.6	1.4
North Sea Capital	Private Equity Invest in unquoted companies (Pooled fund of funds) (Euro)	0.6	1.0
Equitix	Infrastructure – PFI Projects	4.8	4.5
Temporis Capital	Infrastructure – Onshore wind farms	1.9	3.3
Green Investment Bank	Infrastructure – Offshore wind farms	1.4	1.4
Access Capital	Infrastructure – European projects	1.9	1.9
I-Squared Capital	Infrastructure	1.3	1.6
M & G	Private Rental Sector UK	4.1	3.8
Schroders	UK Property Funds	7.9	8.9
Cash		0.7	0.4
<b>TOTAL</b>		<b>100.0</b>	<b>100.0</b>

The net assets of the Fund at 31 March 2022 were £1,728m compared with £705m at 31 March 2013. The chart below shows the growth of the assets over the past ten years.



## 7 ADMINISTRATION

The Fund's Administration Strategy Statement is attached as Appendix G.

### Activity and Key Performance Indicators

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

Performance in 2021/2022 against some of the most important of the metrics was as follows:

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	587	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.	786	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).	291	100
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	1,708	74
Inform a member who has left the Scheme of their calculated benefits	As soon as practicable and no more than two months from the date of notification (from employer or Scheme member)	1,469	34
Obtain transfer details for transfer in, calculate and provide quotation to member	Two months from date of request	27	100



TEAM PERFORMANCE TARGETS				
PROCESS	TEAM TARGET	TOTAL NUMBER COMPLETED	% ACHIEVED AGAINST TARGET	AVERAGE DAYS TO PROCESS
Notify the amount of retirement benefits	20 working days from date of retirement	587	100	2
Provide a retirement quotation on request	15 working days from date of request	786	95	5
Calculate and notify dependent(s) of amount of death benefits	20 working days from receipt of all information	291	98	10
Send a notification of joining the LGPS to a Scheme member	30 days from date of notification of joining member	1,708	73	35
Inform a member who has left the Scheme of their calculated benefits	40 working days from date of notification (from employer or Scheme member)	1,469	32	545
Obtain transfer details for transfer in, calculate and provide quotation to member	40 working days from date of request	27	89	5

## Fund members and employers

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

	As at 31 March 2022	As at 31 March 2021	Variance	% change
Contributing members	9,926	10,044	-118	- 1.2
Deferred pensioners	11,856	11,532	324	2.8
Pensioners	8,910	8,523	387	4.5
<b>TOTAL</b>	<b>30,692</b>	<b>30,099</b>	<b>593</b>	<b>2.0</b>

	Pensioners approximate variances in 2021/22
Ill-health retirements	16
Normal and early retirements	192
Deferred pensions becoming payable	309
New dependants	72
<b>Sub total</b>	<b>589</b>
Less deaths	256
<b>TOTAL</b>	<b>333</b>

During 2021/22 payments made into the Fund were as follows:

EMPLOYERS IN FUND	Employees' Contributions £'000	Employers' Contributions £'000	Total Contributions £'000
<b>London Borough of Croydon Pool</b>			
Croydon Pension Fund		(243)	(243)
London Borough of Croydon	9,653	34,483	44,136
<b>Total Contributions from Pool</b>	<b>9,653</b>	<b>34,240</b>	<b>43,893</b>
<b>(Community) Admitted Bodies</b>			
Croydon Voluntary Action	29	68	97
<b>Admitted Bodies</b>			
Arthur McKay Ltd	2	11	13
AXIS Europe plc (Housing Repairs)	12	43	55
Brick by Brick Croydon Ltd	19	60	79
Churchill Services Ltd	3		3
Conway Construction & Training Ltd	7	(39)	(32)
Croydon Equipment Solutions Ltd	183	617	800
Croydon Citizens Advice Bureau		(12)	(12)
Greenwich Leisure Ltd	21	14	35
Idverde Ltd (SWLP3)	59	162	221
Keyring Living Support Networks	2	7	9
Milestones Infrastructure Ltd	4	13	17
Nationwide Cleaning Service Ltd	2	10	12
Olive Dining Ltd	1	5	6
Olympic (South) Ltd	5	32	37
Roman Catholic Archdiocese of Southwark		(4)	(4)
Sodexo Ltd	2	5	7
Veolia Environmental Services (UK) Recycling Ltd (SLWP1)	20	50	70
Veolia Environmental Services (UK) Recycling Ltd (SLWP2)	237	654	891
Veolia Environmental Services (UK) Recycling Ltd (Croydon)	10	39	49

Vinci Facilities Ltd	1	9	10
Wallington Cars and Couriers Ltd	1	1	2
Westgate Cleaning Services Ltd	-	1	1
XMA	4	21	25
<b>Total Contributions from Admitted Bodies</b>	<b>624</b>	<b>1,767</b>	<b>2,391</b>
<b>Scheduled Bodies</b>			
Aerodrome Primary Academy	40	111	151
Applegarth Academy	24	68	92
Ark Oval Primary Academy	7	25	32
Atwood Primary Academy	38	137	175
Broadmead Primary School	25	119	144
Castle Hill Academy	26	72	98
Chestnut Park Primary School	34	99	133
Chipstead Valley Primary School	70	238	308
Courtwood Primary School	23	82	105
Croydon College ( Further Education)	345	1,347	1,692
David Livingstone Primary School	11	24	35
Davidson Primary School	13	97	110
Fairchildes Primary School	64	142	206
Folio Education Trust	171	541	712
Forest Academy	20	55	75
Gilbert Scott Primary School	22	94	116
Gonville Academy	21	67	88
Harris Academy Purley	58	170	228
Harris Primary Academy Purley Way	23	56	79
Harris Academy South Norwood	100	227	327
Harris City Academy Crystal Palace	481	842	1,323
Harris Invictus Academy Croydon	37	56	93
Harris Primary Academy Benson	18	63	81
Harris Primary Academy Haling Park	23	61	84
Harris Primary Academy Kenley	22	68	90
Harris Academy South Norwood	24	90	114

Heathfield Academy	16	44	60
Kenley Primary School	10	41	51
Kensington Avenue Primary School	49	165	214
Keston Primary School	28	118	146
Kingsley Primary Academy	38	166	204
Krishna Avanti Primary School	5	11	16
Meridian (Addington) High School	47	130	177
Monks Orchard Primary School	23	85	108
New Valley Primary School	13	52	65
Norbury Manor Business and Enterprise College for Girls	56	173	229
Oasis Academy Arena	29	62	91
Oasis Academy Byron	15	6	21
Oasis Academy Coulsdon	70	(43)	27
Oasis Academy Ryelands	28	(58)	(30)
Oasis Academy Shirley Park	104	(169)	(65)
Orchard Park High School	30	153	183
Oval Primary Academy	43	105	148
Paxton Academy	11	31	42
Riddlesdown Collegiate	142	394	536
Robert Fitzroy Academy	52	132	184
Rowdown Primary School	29	100	129
St Aidan's Catholic Primary School	17	63	80
St Chad's Catholic Primary School	32	142	174
St Cyprian's Greek Orthodox Primary Academy	31	111	142
St James the Great Academy	41	168	209
St Joseph's College	55	230	285
St Mark's C of E Primary Academy	11	39	50
St Mary's Catholic Infants School	23	93	116
St Mary's Catholic Junior School	21	77	98
St Thomas Becket Catholic Primary School	26	86	112
Shirley High School	48	139	187
STEP Academy Trust	208	580	788
The Archbishop Lanfranc Academy	43	199	242
The Beckmead Trust	183	585	768
The BRIT School	162	239	401
The Crescent Primary School	33	95	128

The Good Shepherd Catholic Primary School	19	85	104
The Pegasus Academy Trust	153	451	604
The Quest Academy	40	143	183
The Woodside Academy	40	140	180
Tudor Academy	28	82	110
West Thornton Primary School	53	167	220
Winterbourne Boys Academy	7	39	46
Woodcote High School	62	199	261
<b>Total Contributions from Scheduled Bodies</b>	<b>3,914</b>	<b>10,801</b>	<b>14,715</b>
<b>TOTAL CONTRIBUTIONS</b>	<b>14,191</b>	<b>46,808</b>	<b>60,999</b>

## 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 and is attached as Appendix H.

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
Governance Compliance Statement	✓	✓	✓	Annually	Annually

## 8 ACTUARIAL REPORT

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 2021/22 was 25.7% whilst for all other bodies it ranged from zero to over 30%.

A copy of the Actuarial Valuation Report is attached as Appendix I.

## 9 EXTERNAL AUDIT OPINION

## 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.*



## 11 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 over time. Furthermore, where this is consistent with the agreed investment strategy, the Fund will invest in assets that positively address these (same) environmental, social and governance policy issues.*

*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.*

## **12 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. In some circumstances a death grant may not be payable if the member has other LGPS benefits with another authority that would produce a higher death grant lump sum. 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**

For members who left the scheme after 1 April 2008 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 pension could be paid as a lump sum. For members who left the scheme between 1 April 1998 and 31 March 2008 a grant is payable if less than 5 years pension has been paid and the pensioner is under age 75 at the date of death, in which case the balance of 5 years pension could be paid as a lump sum. For members who left the scheme prior to 1 April 1998 any potential death grant will be calculated by the Pension Team. In some circumstances a death grant may not be payable if the member has other LGPS benefits with another authority that would produce a higher death grant 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 2021. 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	5.50%	2.75%
2	£14,601 to £22,900	5.80%	2.90%
3	£22,901 to £37,200	6.50%	3.25%
4	£37,201 to £47,100	6.80%	3.40%
5	£47,101 to £65,900	8.50%	4.25%
6	£65,901 to £93,400	9.90%	4.95%
7	£93,401 to £110,000	10.50%	5.25%
8	£110,001 to £165,000	11.40%	5.70%
9	£165,001 or more	12.50%	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 2021 was based on the increase in CPI during the 12 months to September 2020 and was set at 0.5%.

## 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).

## 13 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.