

Croydon Council

REPORT TO:	PENSION COMMITTEE 5 June 2018
SUBJECT:	Pensions Governance Review
LEAD OFFICER:	Richard Simpson Executive Director of Resources
CABINET MEMBER	Councillor Simon Hall Cabinet Member for Finance and Resources
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT: Sound Financial Management: Ensuring that the pension fund is being given appropriate guidance and direction through the governance of the Pension Committee.	
FINANCIAL SUMMARY: The costs relating to this review will be charged to the Pension Fund.	
FORWARD PLAN KEY DECISION REFERENCE NO.: N/A	

1	RECOMMENDATIONS
1.1	The Committee is asked to note the scope of the commissioned review of governance arrangements for the Local Government Pension Scheme.

2 EXECUTIVE SUMMARY

- 2.1 This report covers the work commissioned to update the review of governance arrangements operating for the Local Government Pension Scheme.

3 DETAIL

- 3.1 One of the first tasks undertaken by the Pension Board at its instigation was to commission a review of governance arrangements for the Croydon Local Government Pension Scheme. This was completed in 2016. Regulation 55 of the local Government Pension Scheme Regulations 2013 requires Local Government Pension Schemes (LGPS) Administering Authorities to measure their governance arrangements against the standards set out in the Statutory Guidance issued by the Secretary of State for Communities and Local Government. Compliance against these standards was assessed in March 2017 as part of the process of drafting the

authority's Governance Compliance Statement and the authority was compliant in all respects. This compliance needs to be reviewed annually. The Pensions Regulator has published a Code of Practice, number 14, which is directed at scheme managers and the members of pension boards of public service pension schemes and connected schemes.

3.2 There is a substantial body of reporting on the governance arrangements in place for the authority. However there are some points that need reviewing, including outstanding actions from the Pension Board commissioned report and compliance against the Pension Regulator's Code of Practice.

3.3 The contract for Governance Consultancy for the Croydon Scheme was awarded, under the National Local Government Pension Scheme Framework, to AON Hewitt.

3.4 Officers have discussed the areas that need considering and commissioned AON to address the following issues:

- Look at the recommendations (reds and ambers) from the last report and assess the Fund's progress against these, using the same methodology as the previous review.
- Where there have been any new policies produced or an existing policy updated, to conduct a full assessment of that policy. (It would not be the intention to recheck any area that had previously highlighted as satisfactory).
- Consider the governance arrangements in relation to the evolution to asset pooling through the London CIV. This would cover areas such as:
 - Is the reporting in relation to the Fund evolving effectively and does it provide the necessary information?
 - Does the risk management reflect the move to the London CIV?
 - Has the administering authority's governance structure been updated as necessary and
 - How effective is the process for making decisions relating to the CIV?

3.5 The Review will also include a comparison with the results of the 2016 exercise. This would involve the completion of effectiveness questionnaires so that there can be a meaningful comparison with the results from last time; the reach of this exercise would include the officers, Committee and Board.

4 CONSULTATION

4.1 Officers have fully consulted with the Pension Fund's advisers in preparing this report.

5 FINANCIAL CONSIDERATIONS

5.1 This report deals with the governance arrangements for the Local Government Pension Scheme.

6. COMMENTS OF THE SOLICITOR TO THE COUNCIL

- 6.1 The Solicitor to the Council comments that there are no legal implications arising from the recommendations to the report.

Approved by: Sandra Herbert, Head of Litigation and Corporate Law, for and on behalf of Jacqueline Harris-Baker, Director of Law and Monitoring Officer

7 FREEDOM OF INFORMATION/DATA PROTECTION CONSIDERATIONS

- 7.1 There are none.

CONTACT OFFICER: Nigel Cook – Head of Pensions and Treasury Resources Department, ext. 62552.

APPENDICES: None

BACKGROUND DOCUMENTS: None

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