

# **CROYDON PENSION FUND**

## **Annual Report 2022/23**

**November 2024**

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## Foreword by Chair of Pension Committee

As the new Chair of the Pension Committee I am pleased to be able to present to you this Annual Report of the Croydon Pension Fund. I thank my predecessor, Andrew Pelling, for chairing the Committee up until the 2022 local election.

### Timing of the Report

Typically, these Annual Reports are published within a few months after the year-end. However, this year's report was delayed due to issues in finalising of the Council's overarching financial accounts.

### Fund Overview and Performance

The Fund supports 100 employers and 30,000 members, with assets totaling £1.675bn as of March 2023. Over the past five years, the Fund's assets have grown by an average of 8.5% annually, increasing by £536m since March 2018.

The last year posed significant challenges due to geopolitical tensions, inflation, and economic uncertainty, resulting in a -2.65% investment return and a decrease in net asset value from £1.728bn to £1.675bn. However, the Fund's long-term performance was robust, with annualised returns of 9.5% over 3 years and 7.7% over 5 years.

The Fund remains in a strong position due to diversification across assets, regions, and investment styles, supported by careful monitoring and sound governance.

### ESG and Pooling Commitment

The Committee is committed to embedding Environmental, Social, and Governance (ESG) principles into the investment strategy while maintaining its fiduciary responsibility. Approximately 50% of the Fund's assets are invested through the government inspired London CIV pooling initiative, demonstrating our active participation in the pooling framework.

### Committee Activities

Since the new Committee's formation in May 2022, we held four meetings addressing key issues such as investment performance, member services, and training.

- **Investment Oversight:** We reviewed performance with valuable advice from consultants at Mercer.
- **Member Services:** Ensuring high-quality support for Fund members, particularly concerning retirement and death benefits.
- **Training:** A focus on developing knowledge and skills through regular reviews of training policies, plans, and logs.

As 2022/23 was the year of the triennial valuation we received various presentations from Hymans Robertson, the Fund's Actuary in particular a report at our October meeting and finishing with the results incorporated into our new Funding Strategy Statement in March 2023. At the 31 March 2022 valuation assets covered 97% of liabilities, an increase from 88% reported at the 2019 valuation.

### **Looking Ahead**

The Committee remains committed to improving governance, key performance indicators, data quality, and administrative support. We will continue to ensure that the Fund operates in compliance with Local Government Pension Scheme regulations and adopts sound policies.

### **Acknowledgments**

I would like to thank the Pension Board, particularly its Chair, Mike Ellsmore, for their valuable contributions to our work. My gratitude also extends to Committee members and professional advisers who have been instrumental in the Fund's ongoing success.

I hope you find this report informative and reflective of our commitment to the Fund members and stakeholders.

Callton Young  
Chair of Pension Committee

## 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 various issues arising from the preparation of the Council’s accounts it has not been possible to meet this deadline. 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

Burges Salmon LLP  
6 New Street Square  
London EC4A 3BF

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 (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	Private Equity Invest in unquoted companies (Pooled fund of funds) (Euro)



1471 Copenhagen K	
Equitix Welken House 10-11 Charterhouse Square London EC1M 6EH	Infrastructure – PFI Projects
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

## Risk management

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:

<b>FUND MANAGER</b>	<b>TYPE OF REPORT</b>	<b>ASSURANCE OBTAINED</b>	<b>REPORTING ACCOUNTANT</b>
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 2022/23 Municipal Year were:

Councillors:

Chair: Callton Young  
Vice-Chair: Clive Fraser  
Simon Brew  
Nina Degrad  
Patricia Hay-Justice  
Yvette Hopley  
Endri Llabuti  
Alasdair Stewart

Reserve Councillors

Louis Carserides, Richard Chatterjee, Stuart Collins, Simon Fox, Enid Mollyneaux, Appu Srinivasan, Nikhil Sherine Thampi, Robert Ward

Other members:

Pensioners' Representatives: Gilli Driver (Voting)  
Peter Howard (Non-voting)  
Trade Union Representative: Charles Quay (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 2022/23 the members of the Board were:

Independent Chair: Michael Ellsmore  
Employer Representatives: Richard Elliott  
Cllr Margaret Bird  
Employee 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. There was a vacancy for an additional Employer Representative throughout 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 the 2022/23 Municipal Year was as follows:

Date of Committee Meeting	14 June 2022	11 October 2022	6 December 2022	14 March 2023
Councillor Callton Young	✓	✓	✓	✓
Councillor Clive Fraser	✓	✓	✓	✓
Councillor Simon Brew	✓	✓	✓	✓
Councillor Nina Degrads	✓	✓		
Councillor Patricia Hay-Justice	✓	✓	✓	✓
Councillor Yvette Hopley	✓	✓	✓	✓
Councillor Endri Llabuti		✓	✓	
Councillor Alasdair Stewart			✓	✓
Councillor Richard Chatterjee (Reserve)		✓		✓
Councillor Stuart Collins (Reserve)		✓		✓
Councillor Enid Mollyneaux (Reserve)		✓		
Councillor Robert Ward (Reserve)	✓			
Gilli Driver (Pensioner Representative)	✓	✓	✓	✓
Peter Howard (Pensioner Representative)		✓		
Charles Quaye (Union Representative)		✓	✓	✓

Date of Board Meeting	7 July 2022	13 October 2022	12 January 2023	23 March 2023
Michael Ellsmore	✓	✓	✓	✓
Richard Elliott	✓		✓	✓
Councillor Margaret Bird	✓	✓	✓	✓
Teresa Fritz	✓	✓	✓	✓
Ava Payne			✓	
David Wickman	✓	✓	✓	✓

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

## Training

On 14 June 2022 the Committee agreed an updated Knowledge and Skills Policy and adopted the revised CIPFA Knowledge and Skills Framework.

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 gave 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.

To meet the requirements of the CIPFA Framework and best practice, on 7 June 2022 an induction training session, presented by ..... was provided for all members of the Committee. The Board Chair undertook to provide training for new Board members.

At their meeting on 11 October 2022 the Committee carried out a thorough review of their training requirements and provision and agreed an extensive joint Committee and Board Training Plan. The Plan described in detail training undertaken, being undertaken and available for all members of the Committee and Board specifying mandatory training requirements and identifying optional opportunities available.

Further reviews of training undertaken and the log for each member were considered by the Committee on 6 December 2022 and 14 March 2023..

Specific training sessions were provided by the actuary to ensure the principles underpinning the valuation were understood. And a well-attended investment workshop was organised in February 2023.

## 4 FINANCIAL PERFORMANCE

On 14 June 2022 the Pension Committee agreed their Business Plan for 2022-25 which included the budget for 2022-23 as follows:

<b>*FUND ACCOUNT</b>	<b>2022/23 £'000</b>
<b>Dealing with members and employers</b>	
Contributions receivable	66,000
Benefits payable	-54,000
<b>Management expenses</b>	
Administration	-1,475
Oversight and governance	-1,015
Investment management	-15,705
<b>Return on investments</b>	8,500
<b>NET INCREASE IN FUND</b>	<b>2,305</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;

FUND ACCOUNT	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
<b>Dealing with members and employers</b>				
Contributions - members	13,965	14,743	14,191	15,062
Contributions - employers	38,243	54,313	46,808	49,998
Transfers in	14,179	8,002	26,083	7,945
Pensions	-46,540	-47,837	-48,825	-51,781
Lump sums	-10,310	-9,374	-11,342	-10,642
Transfers out	-10,769	-7,031	-10,480	-18,086
<b>Net additions/withdrawals (-)</b>	<b>-1,232</b>	<b>12,816</b>	<b>16,435</b>	<b>-7,504</b>
<b>Management expenses</b>				
Administration	-1,676	-1,368	-1,687	-1,622
Oversight and governance	-1,041	-818	-1,070	-1,199
Investment management	-8,708	-12,375	-13,933	-14,935
<b>Total management expenses</b>	<b>-11,425</b>	<b>-14,561</b>	<b>-16,690</b>	<b>-17,756</b>
<b>Return on investments</b>				
Income	9,425	7,309	9,538	9,505
Change in market value	1,912	275,295	181,452	-37,398
<b>Total return on investments</b>	<b>11,337</b>	<b>282,604</b>	<b>190,990</b>	<b>-27,892</b>
<b>NET INCREASE IN FUND</b>	<b>-1,320</b>	<b>280,859</b>	<b>190,735</b>	<b>-53,153</b>

The Fund asset value has decreased by £53m in 2022/23 to £1,675m however over four years the Fund asset value still has a healthy total net increase in assets of £417m.

The Fund's performance is measured against its own customised benchmark of CPI plus 4%. During the 2022/2023 financial year it returned -2.65%, underperforming its benchmark by 17%. The performance was primarily due to negative returns on global equities and bonds as a result of geopolitical risks and very high inflation. The large deviation for the 1 year return also affected the 3 year and 5 year periods, bringing those returns to just below the benchmark. The 3 and 5 year returns still remain above the long term average returns which is extremely positive for the Fund. All active mandates apart from the LCIV Sustainable Equity and the Absolute Return Bonds have returned above their benchmark since inception.

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	-2.6	14.4
3 Years	9.5	10.0
5 Years	7.7	8.3

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>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
<b>Administration, oversight and governance costs</b>				
Administration costs (£'000)	1,676	1,368	1,687	1,622
Administration costs per member (£)	57.26	45.45	54.96	52.09
Oversight and governance costs (£'000)	1,041	818	1,070	1,199
Oversight and governance costs per member (£)	35.56	27.18	34.86	38.50
<b>Total administration, oversight and governance costs per member</b>	<b>92.82</b>	<b>72.63</b>	<b>89.82</b>	<b>90.59</b>
Investment management costs (£'000)	8,708	12,375	13,933	14,935
Investment management costs as percentage of investment assets	0.73	0.82	0.83	0.92

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	1
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 2023 and sets out the objectives of the Strategy as:

- to take a prudent long-term view to secure the regulatory requirement for long-term solvency with sufficient funds to pay benefits to members and their dependants;
- to use a balanced investment strategy to minimise long-term cash contributions from employers and meet the regulatory requirement for long-term cost efficiency;
- where appropriate, to ensure stable employer contribution rates;
- to reflect different employers' characteristics to set their contribution rates using a transparent funding strategy; and
- to use reasonable measures to reduce the risk of 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 2023 the Fund had investments of £159.8m (9.9% of its investments) invested in sub-funds managed by the London CIV and a further £670.9m (41.5%) 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:

	31/3/22 £'000	31/3/22 %	30/9/22 £'000	30/9/22 %	31/03/23 £'000	31/03/23 %
<b>POOLED INVESTMENTS</b>						
<b>Equities</b>						
LGIM	695,982	41.3	605,259	37.5	670,863	41.2
RBC	84,441	5.0	78,875	4.9	77,964	4.8
<b>Fixed interest</b>						
PIMCO	87,812	5.2	77,514	4.8	81,804	5.0
<b>SUB-TOTAL</b>	<b>868,235</b>	<b>51.5</b>	<b>761,648</b>	<b>47.2</b>	<b>830,631</b>	<b>51.0</b>
<b>OTHER</b>	<b>811,684</b>	<b>48.1</b>	<b>808,978</b>	<b>50.1</b>	<b>786,430</b>	<b>48.3</b>
<b>CASH</b>	<b>7,516</b>	<b>0.4</b>	<b>43,325</b>	<b>2.7</b>	<b>10,634</b>	<b>0.7</b>
<b>TOTAL</b>	<b>1,687,435</b>	<b>100.0</b>	<b>1,613,951</b>	<b>100.0</b>	<b>1,627,695</b>	<b>100.0</b>

Estimated savings arising from the pool investments during 2022/23 were as follows:

	Assets under management 31/03/23 £'000	Estimated gross fees savings £'000	Management fees £'000	Developmen t funding charge £'000	Estimated net fees savings £'000
LGIM	670,863	384	31		353
PIMCO / RBC	159,919	345	24		321
Development funding charge				110	-110
<b>TOTAL</b>	<b>830,782</b>	<b>729</b>	<b>55</b>	<b>110</b>	<b>564</b>

## Asset Allocation

The strategic asset allocation target used throughout the year has remained in force since September 2018 and is as follows.

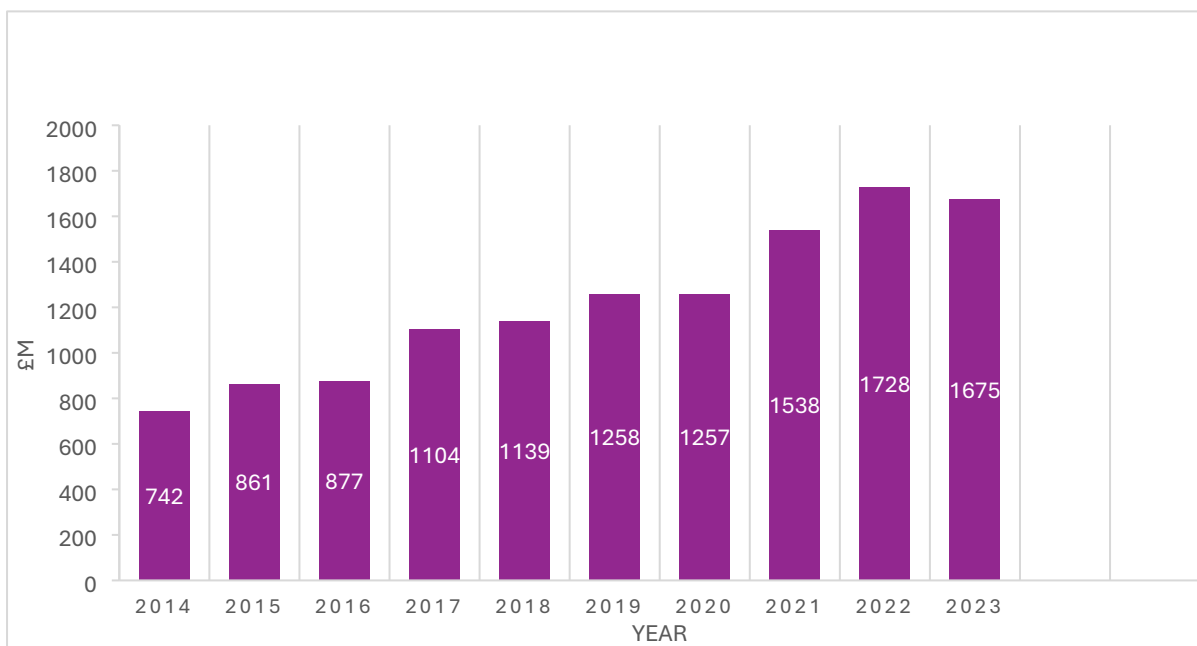
ASSET CLASS	OPERATIONAL RANGE %
Equities	37-47
Fixed interest	18-28
Private equity	3-13
Infrastructure	5-15
Property	11-21
Cash	1

The distribution of the Fund's investment assets among fund managers at 31 March 2022 and 31 March 2023 is detailed below.

Fund Manager	Investment Mandate	% of Investment Assets at 31 March 2022	% of Investment Assets at 31 March 2023
Legal and General	Developed World (Ex-tobacco) Equities (pooled)	41.3	41.1
London CIV - RBC (UK)	Sustainable Equity Exclusion	5	4.8
London CIV	Global Equities	0	0
Aberdeen Standard	UK Corporate Bonds and Absolute Return Bonds	7.8	7.1
London CIV - PIMCO	Global Bonds (Pooled)	5.2	5
Wellington	Sterling Bonds	4	3.5
Pantheon	Private Equity Invest in unquoted companies (Pooled fund of funds) (US Dollar & Euro)	4.4	4.4
Knightsbridge	Private Equity – Venture Capital (Pooled fund of funds) (US Dollar)	4.1	3.8
Access Capital	Private Equity - Co-Investment small European buyout (Euro)	1.4	1

North Sea Capital	Private Equity Invest in unquoted companies (Pooled fund of funds) (Euro)	1	1.3
Equitix	Infrastructure – PFI Projects	4.5	4.8
Temporis Capital	Infrastructure – Onshore wind farms	3.3	4.8
Green Investment Bank	Infrastructure – Offshore wind farms	1.4	1.3
Access Capital	Infrastructure – European projects	1.9	2.1
I-Squared Capital	Infrastructure	1.6	1.9
M & G	Private Rental Sector UK	3.8	3.8
Schroders	UK Property Funds	8.9	8.7
Cash		0.4	0.6
<b>TOTAL</b>		<b>100</b>	<b>100</b>

The net assets of the Fund at 31 March 2023 were £1,675m compared with £742m at 31 March 2014. 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 2022/2023 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	633	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.	861	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).	315	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	2,374	98
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)	2,835	23
Obtain transfer details for transfer in, calculate and provide quotation to member	Two months from date of request	32	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	633	100	2
Provide a retirement quotation on request	15 working days from date of request	861	97	5
Calculate and notify dependent(s) of amount of death benefits	20 working days from receipt of all information	315	98	4
Send a notification of joining the LGPS to a Scheme member	30 days from date of notification of joining member	2,374	91	12
Inform a member who has left the Scheme of their calculated benefits	40 working days from date of notification (from employer or Scheme member)	2,835	21	569
Obtain transfer details for transfer in, calculate and provide quotation to member	40 working days from date of request	32	94	3

## Fund members and employers

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

	As at 31 March 2023	As at 31 March 2022	Variance	% change
Contributing members	9,889	9,860	29	0.3
Deferred pensioners	11,813	12,008	-195	-1.6
Pensioners	9,439	8,965	474	5.3
<b>TOTAL</b>	<b>31,141</b>	<b>30,833</b>	<b>308</b>	<b>1.0</b>

	Pensioners approximate variances in 2022/23
Ill-health retirements	15
Normal and early retirements	180
Deferred pensions becoming payable	358
New dependants	81
<b>Sub total</b>	<b>634</b>
Less deaths	257
<b>TOTAL</b>	<b>377</b>

During 2022/23 employers made payments into the Fund as follows:

EMPLOYERS IN FUND	Employees' Contributions £'000	Employers' Contributions £'000	Total Contributions £'000
<b>London Borough of Croydon Pool</b>			
London Borough of Croydon	10,206	35,191	45,397
<b>Total Contributions from Pool</b>	<b>10,206</b>	<b>35,191</b>	<b>45,397</b>
<b>(Community) Admitted Bodies</b>			
Croydon Voluntary Action	36	81	117
<b>Admitted Bodies</b>			
Arthur McKay Ltd	2	11	14
AXIS Europe plc (Housing Repairs)	12	43	55
Brick by Brick Croydon Ltd	3	30	33
Churchill Services Ltd	3	0	3
Croydon CAB		24	24
FM Conway Construction & Training Ltd	9	21	30
Greenwich Leisure Ltd	18	12	30
Idverde Ltd	57	154	211
Keyring Living Support Networks	1	5	6

Milestones Infrastructure Ltd	4	17	21
Nationwide Cleaning Service Ltd	0	1	1
Olive Dining Ltd	1	6	7
Olympic (South) Ltd	5	31	36
Sodexo Ltd	2	6	8
Veolia Environmental Services (UK) Recycling Ltd (SLWP1)	7	34	41
Veolia Environmental Services (UK) Recycling Ltd (SLWP2)	16	40	56
Veolia Environmental Services (UK) Recycling Ltd (Croydon)	226	617	843
Vinci Facilities Ltd	2	10	12
Wallington Cars and Couriers Ltd	1	0	1
Westgate Cleaning Services Ltd	0	2	2
XMA	3	15	18
<b>Total Contributions from Admitted Bodies</b>	<b>373</b>	<b>1,079</b>	<b>1,452</b>
<b>Scheduled Bodies</b>			
Aerodrome Primary Academy	39	112	151
Applegarth Academy	21	63	84
Ark Blake Academy	15	50	65
Ark Oval Primary Academy	43	105	148
Atwood Primary Academy	17	61	78
Broadmead Primary School	27	130	157
Castle Hill Academy	22	63	85
Chestnut Park Primary School	38	110	148
Chipstead Valley Primary School	76	257	333
Coloma Convent	56	197	253
Courtwood Primary School	27	97	124
Croydon College ( Further Education)	381	1,500	1881
David Livingstone Primary School	14	30	44
Fairchildes Primary School	64	142	206
Folio Education Trust	186	578	764
Forest Academy	20	54	74
Gonville Academy	258	717	975
Harris Academy Purley	51	154	205
Harris Primary Academy Purley Way	33	81	114
Harris Academy South Norwood	101	227	328
Harris City Academy Crystal Palace	525	927	1452
Harris Croydon (previously Kingsley) Primary Academy	34	152	186
Harris Invictus Academy Croydon	48	105	153
Harris Primary Academy Benson	17	60	77
Harris Primary Academy Haling Park	26	69	95

Harris Primary Academy Kenley	23	70	93
Heathfield Academy	18	51	69
John Wood (previously Davidson) Primary School	16	110	126
Kenley Primary School	20	77	97
Keston Primary School	29	122	151
Krishna Avanti Primary School	8	18	26
Manor Trust (previously Kensington Avenue Primary School)	54	173	227
Meridian (Addington) High School	52	145	197
Minster Infants	20	96	116
Minster Juniors	33	144	177
Monks Orchard Primary School	23	87	110
New Valley Primary School	15	59	74
Norbury High School for Girls	74	215	289
Oasis Academy Arena	34	90	124
Oasis Academy Byron	12	42	54
Oasis Academy Coulsdon	75	237	312
Oasis Academy Ryelands	32	119	151
Oasis Academy Shirley Park	95	314	409
Orchard Park High School	31	164	195
Orchard Way School	19	79	98
Paxton Academy	12	33	45
Riddlesdown Collegiate	158	438	596
Robert Fitzroy Academy	55	143	198
Rowdown Primary School	31	107	138
St Aidan's Catholic Primary School	19	76	95
St Chad's Catholic Primary School	33	145	178
St Cyprian's Greek Orthodox Primary Academy	31	105	136
St James the Great Academy	48	197	245
St Joseph's College	62	258	320
St Mark's C of E Primary Academy	11	41	52
St Mary's Catholic Infants School	24	99	123
St Mary's Catholic Junior School	24	89	113
St Thomas Becket Catholic Primary School	27	91	118
Shirley High School	47	147	194
South Norwood Academy	24	91	115
STEP Tudor Academy	31	90	121
The Archbishop Lanfranc Academy	53	242	295
The Beckmead Trust	186	579	765
The BRIT School	173	277	450
The Crescent Primary School	32	90	122
The Good Shepherd Catholic Primary School	21	97	118
The Pegasus Academy Trust	208	609	817

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The Quest Academy	47	167	214
The Quest Gilbert Scott	20	87	107
The Woodside Academy	45	153	198
West Thornton Primary School	64	195	259
Winterbourne Boys Academy	7	34	41
Woodcote High School	74	233	307
Woodcote Primary School	58	281	339
<b>Total Contributions from Scheduled Bodies</b>	<b>4,447</b>	<b>13,647</b>	<b>18,094</b>
<b>TOTAL CONTRIBUTIONS</b>	<b>15,062</b>	<b>49,998</b>	<b>65,060</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 2022/23 reflecting the position as at 31 March 2022 with the following results:

ACTUARIAL VALUATION	31 March 2010	31 March 2013	31 March 2016	31 March 2019	31 March 2022
Assets (£m)	583	705	877	1,258	1,731
Liabilities (£m)	884	1,064	1,203	1,423	1,790
Deficit (£m)	301	359	326	165	59
Funding Level (%)	66	66	73	88	97

The key financial assumptions underpinning the valuation were:

FINANCIAL ASSUMPTIONS	31 March 2022 %
Discount rate	4.0
Pay increases	2.7
Benefit increases / CARE revaluation	2.7

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 2023/24 was 23.2% 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 2022. 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 £15,000	5.50%	2.75%
2	£15,001 to £23,600	5.80%	2.90%
3	£23,601 to £38,300	6.50%	3.25%
4	£38,301 to £48,500	6.80%	3.40%
5	£48,501 to £67,900	8.50%	4.25%
6	£67,901 to £96,200	9.90%	4.95%
7	£96,201 to £113,400	10.50%	5.25%
8	£113,401 to £170,100	11.40%	5.70%
9	£170,101 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 2022 was based on the increase in CPI during the 12 months to September 2021 and was set at 3.1%.

## 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.