

## TEESSIDE PENSION BOARD

**Date:** Monday 8th February, 2021  
**Time:** 2.00 pm  
**Venue:** Virtual Meeting

### AGENDA

Please note: this is a virtual meeting.

The meeting will be live-streamed via the Council's [Youtube channel](#) at 2.00 pm on Monday 8th February, 2021

1. Apologies for Absence
2. Declarations of Interest  
To receive any declarations of interest.
3. Minutes - Teesside Pension Board - 2 November 2020 3 - 8
4. Minutes - Teesside Pension Fund Committee - 16 September 2020 9 - 14
5. Teesside Pension Fund Committee - 9 December 2020 - Update  
Verbal Report
6. Presentation from Border to Coast Head of Client Relations 15 - 48
7. National Knowledge Assessment Outcome 49 - 62
8. Asset Allocation Update 63 - 68

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| 9.  | Board Work Plan review  | 69 - 74  |
| 10. | XPS Administration Report including Website Presentation                    | 75 - 100 |
| 11. | Any other urgent items which in the opinion of the Chair, may be considered |          |

Charlotte Benjamin  
Director of Legal and Governance Services

Town Hall  
Middlesbrough  
Friday 29 January 2021

**MEMBERSHIP**

Councillors C Monson (Chair), G Whitehouse (Vice-Chair), W Ayre, J Cook, C Hobson and L Littlewood

**Assistance in accessing information**

**Should you have any queries on accessing the Agenda and associated information please contact Susan Lightwing, 01642 729712, [susan\\_lightwing@middlesbrough.gov.uk](mailto:susan_lightwing@middlesbrough.gov.uk)**

**TEESSIDE PENSION BOARD**

A meeting of the Teesside Pension Board was held on Monday 2 November 2020.

**PRESENT:** C Monson (Chair), W Ayre, J Cook and C Hobson

**OFFICERS:** S Lightwing, N Orton, M Jackland and C Lunn

**APOLOGIES FOR ABSENCE:** G Whitehouse and L Littlewood

20/24 **DECLARATIONS OF INTEREST**

<b>Name of Member</b>	<b>Type of Interest</b>	<b>Item/Nature of Inter</b>
J Cook	Non pecuniary	Member of Teesside Fund
Councillor C Hobson	Non pecuniary	Member of Teesside Fund
C Monson	Non pecuniary	Member of Teesside Fund

20/25 **MINUTES - TEESSIDE PENSION BOARD - 27 JULY 2020**

The minutes of the meeting of the Teesside Pension Board held on 27 July 2020 were taken as read and approved as a correct record.

20/26 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 22 JULY 2020**

A copy of the minutes of the Teesside Pension Fund Committee meeting held on 22 July 2020 was submitted for information.

**NOTED**

20/27 **TEESSIDE PENSION FUND COMMITTEE - 16 SEPTEMBER 2020**

The Head of Pensions Governance and Investments provided a verbal update on agenda items considered at a meeting of the Teesside Pension Fund Committee held on 16 September 2020.

The main points highlighted were:

- The Investment Activity Report. The Fund valuation at the end of June 2020 was approximately £4.1 billion. This was roughly flat over the course of the year but was an increase of approximately £400 million since the March 2020 valuation. This reflected the bounce back in markets.
- The Committee received a presentation from Border to Coast confirming that the equity investments continued to hit the targets of 1% above the benchmarks for those Funds. The organisation was continuing to grow and now had 84 employees and 9 different investment funds. Teesside currently invested in 4 of those funds.
- The Investment Advisors provided their investment advice and both favoured Equities and Alternatives above some of the other asset classes at the current time.
- CBRE, the Fund’s property advisers, also gave a presentation. As at 30 June 2020

the Fund had 28 mixed use properties worth £270 million collectively. The Fund continued to increase its property portfolio and had recently agreed terms on a long let with a well-regarded supermarket. There had been some issues with arrears on rent payments which CBRE were seeking to address. However, 87% of the rent due for the 30 June 2020 had been collected. Whilst the impact on the Pension Fund was not huge the outstanding rent would not be written off and CBRE would continue to collect it.

- A local investment proposal was agreed.

Councillor C Hobson put on record her thanks to everyone involved in the Teesside Pension Fund who had worked hard to secure investments for the Fund throughout the pandemic.

The Chair requested an update on progress towards the Fund's agreed Asset Allocation and Strategy. The Head of Pensions Governance and Investments explained that discussions were ongoing as to the correct strategy in the current climate and there would be a formal review of the Asset Allocation Strategy in the next few months.

The Chair also requested that representatives of Border to Coast be invited to attend a future Board meeting.

**AGREED** as follows:

1. The information provided was noted.
2. An interim update on the asset allocation strategy would be provided to the Board when available.
3. Representatives from Border to Coast would be invited to a future Board meeting.

20/28

#### **PENSION BOARD TRAINING**

A report of the Director of Finance was submitted to remind Members of the Teesside Pension Board of the legal requirement for all Board Members to have the necessary knowledge and understanding to carry out their role, and to outline and discuss how this level of competency could best be acquired and achieved.

Details of the knowledge and understanding required in respect of the relevant regulations and guidance were set out at paragraphs 5.1 and 5.2 of the submitted report. It was appropriate to regularly review the training approach and ensure that both new and continuing Members received ongoing training.

It was suggested that a knowledge assessment tool developed by actuarial and consultancy firm Hymans Robertson could be completed by both Committee and Board Members in order to identify any areas that required development. This would enable more targeted training to be developed and delivered.

**AGREED** as follows:

1. the information provided was received and noted.
2. Board Members agreed that the knowledge assessment should be completed.
3. the Head of Pensions Governance would liaise with the Chair of the Teesside Pension Fund Committee to progress the training approach.

20/29

#### **UPDATE ON WORK PLAN ITEMS - COMMUNICATIONS**

A report of the Director of Finance was presented to provide information in relation to items scheduled in the work plan for consideration at the meeting.

The items were: the annual review of Board training (covered separately at agenda item 6), communicating with Members, and publishing scheme information. The suggested activity for the Board (taken from the Scheme Advisory Board guidance) to cover this was a review of standard employer and scheme member communications.

The Pension Fund's communications policy was published on the Pension Fund website. A

copy of the Communications Policy was attached at Appendix A to the submitted report. Appendix B to the submitted report provided some examples of scheme member and employer communications. Although the policy was published in 2017 it was still relevant since no material changes had been made to the communication approach. The policy was however due for its three-yearly refresh and this would be progressed with an updated version presented to the Pension Fund Committee for approval.

XPS had recently recruited a communications team member who was developing the existing website with a view to improving its navigation, functionality and content. Screenshots of the latest proposed upgrade to the Pension Fund website were attached at Appendix C to the submitted report.

It was highlighted that some communications, notably the Pensions Savings Statement and the Retirement Options Letter, were very complex and contained a large amount of necessary information. Confirmation was given that all such documents were sense-checked independently when they were refreshed. It was suggested that an explanation of technical words, phrases and acronyms used in communications could be included on the Teesside Pension Fund website as a reference point.

The Chair commented that it was pleasing to see that direct contact details were included in the majority of communications and also drew attention to some references that needed updating.

The upgraded website was due to go live later this month and was a stand-alone site accessed through the XPS site. In response to a query by the Chair, the Officer agreed to check whether Teesside Pension Fund members would have direct access to the Teesside Pension Fund at the outset, as opposed to having to navigate their way through the XPS site initially.

**AGREED** that the information provided was received and noted.

20/30

## **UPDATE ON CURRENT ISSUES**

The Head of Pensions Governance and Investments presented a report to provide Members of the Teesside Pension Board with an update on current issues affecting the Pension Fund locally or the Local Government Pension Scheme (LGPS) in general.

The four items covered in the update were as follows:

- Government consultation on a remedy for discrimination identified in the McCloud/Sergeant court cases.

A government consultation had taken place on proposals designed to remove the unlawful discrimination caused by the protection of older members when the Local Government Pension Scheme was reformed in 2014. All leavers would now have a check carried out to establish whether they would have been better off under the final salary scheme or under the career average scheme. Whilst this would not have a huge impact in terms of uplifting peoples benefits, it would have resource implications for XPS. Checks would also need to be made retrospectively on all leavers since 2014.

At the last actuarial valuation in March 2019, the Actuary had made an assumption that this unfairness would be corrected and added 0.9% of pensionable pay to every employer's contribution rate.

XPS were considering how best to plan and resource for the applying the underpin and had already communicated with employers to advise that additional data would be required.

- Reforming Local Government Exit Pay.

Regulations which introduced a limit of £95,000 on total exit payments to, or in respect of, an individual leaving public sector employment had been passed and would come into force on 4 November 2020. This created an issue for Administering Authorities and for Scheme

Employers, as the LGPS regulations had not yet been changed. This meant the LGPS regulations stated that a member leaving the LGPS on redundancy or business efficiency grounds aged 55 or more would have their pension benefits paid immediately without any early retirement reduction applied (regardless of employer cost), but the exit cap regulations stated that any payment to, or in respect of them, was capped at £95K. The Local Government Association was seeking legal advice on this and was expecting government guidance on this imminently.

A further proposal was that any member being made redundant could receive either a redundancy payment, or the payment that their employer made for unreduced benefits - the capital cost amount. Members would no longer be entitled to both and would need to choose.

- Partial Government Response: Review of Employer Contributions and flexibility on exit payments.

This new legislation would allow administering authorities to review contributions from employers to allow them to be considered in between valuations in certain circumstances. There would also be more flexibility around Employer exit payments and a new category of "Deferred Employer" would be introduced along with the facility for administering authorities to enter into a "Deferred Debt Agreement" with such an employer.

The Head of Pensions Governance and Investments would work with the Scheme Actuary to bring a revised draft Funding Strategy Statement (FSS) to the Committee to agree prior to consultation with the scheme employers. The revised FSS would set out the Fund's policies in relation reviewing employer contributions and flexibility on exit payments.

- Earliest age to access pension to increase from 55 to 57.

In 2014 the Government indicated its intention that the earliest age most individuals would be able to choose to draw a pension would increase from age 55 to age 57 with effect from 2028. Thereafter the intention was for the age to increase so that it stayed 10 years below an individual's state pension age. In a recent written response to Parliament, the Government affirmed its intention to legislate for this increase in due course. Further detail would be provided when available.

**AGREED** that the information provided was received and noted.

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## **XPS ADMINISTRATION REPORT**

A report was presented to provide an overview of administration services provided to the Teesside Pension Fund by XPS Administration, Middlesbrough. A verbal update was provided at the meeting highlighting the following issues:

- Covid-19 Update.
- Membership Movement.
- Member Self-Service.
- Complaints.
- Internal Dispute Resolution Process.
- Annual Benefit Statements.
- Common Data.
- Conditional Data.
- Customer Service.
- Performance.
- Employer Liaison.
- Performance Charts.

The majority of staff continued to work from home, although there had been an increasing number returning to a more normal office working environment. There was no timeframe to commence a full return to an office environment and following the latest lockdown announcement the current arrangements would be revisited in line with government guidance.

As part of the communications strategy, Member Self-Service would be promoted more widely through Employers and the regular newsletter.

In relation to the Annual Benefits Statements, 95.1% had been issued. Detailed statistics in relation to the unproduced statements were contained in the submitted report. The Head of Pensions Governance suggested that the Fund should keep a log of all cases where Annual Benefits Statements were not issued on time and a formal decision recorded as to whether or not to report these breaches to the Pensions Regulator. It was also suggested that further work should be carried out in relation to members who were recorded as 'gone away/lost contact'.

XPS was currently liaising with nine Employers after the number of late payments increased in August.

**AGREED** that the report and information provided was received and noted.

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**ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED**

None.

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**TEESSIDE PENSION FUND COMMITTEE**

A meeting of the Teesside Pension Fund Committee was held on 16 September 2020.

**PRESENT:** Councillors Coupe, (Chair), Bell, Cooper, Dean, Furness, J Hobson, Polano, Rostron and Uddin

A Watson, Unison Representative

Other Local Authority Member:  
Councillor Beall, Stockton on Tees Council

**ALSO IN ATTENDANCE:** W Bourne and P Moon, Investment Advisors  
A Stone, Border to Coast Pensions Partnership  
G Hall, XPS Administration  
C Keegans, The Ethical Housing Company  
A Owen and Peacock, CBRE  
M Rutter, EY

**OFFICERS:** S Bonner, W Brown, M Jackland, S Lightwing, N Orton, I Wright

**APOLOGIES FOR ABSENCE** were submitted on behalf of Councillor Nightingale, P Fleck

**DECLARATIONS OF INTERESTS**

Name of Member	Type of Interest	Item/Nature of Interest
Councillor Beall	Non pecuniary	Member of Teesside Pension Fund
Councillor Cooper	Non pecuniary	Member of Teesside Pension Fund
Councillor Rostron	Non pecuniary	Member of Teesside Pension Fund
Councillor Uddin	Non pecuniary	Member of Teesside Pension Fund

**1 MINUTES - TEESSIDE PENSION FUND COMMITTEE - 22 JULY 2020**

The minutes of the meeting of the Teesside Pension Fund Committee held on 22 July 2020 were taken as read and approved as a correct record, subject to the following amendment:

Councillor Bell to be added to the attendance.

**2 INVESTMENT ACTIVITY REPORT**

A report of the Director of Finance was presented to inform Members of the Teesside Pension Fund Committee how the Investment Advisors' recommendations were being implemented.

A detailed report on the transactions undertaken to demonstrate the implementation of the Investment Advice recommendations and the Fund's valuation was included, as well as a report on the treasury management of the Fund's cash balances and the latest Forward Investment Programme.

The Fund continued to favour growth assets over protection assets and currently had no investments in Bonds. The cash levels at the end of June 2020 were 11.5%. As previously agreed, the Fund would look to use this cash to move away from its overweight position in equities and invest further in Alternatives.

Investment in direct property would continue on an opportunistic basis where the property had good covenant, yield and lease terms. No property transactions were undertaken in this

quarter.

During the quarter, £22.8m was invested in Alternatives. The Fund was considerably underweight its customised benchmark and, providing suitable investment opportunities were available, would look to increase its allocation to this asset class up to the customised benchmark level.

Appendix A to the submitted report detailed transactions for the period 1 April 2020 to 30 June 2020. There were net sales of £22.8 million in the period, this compared to net sales of £5.06 million in the previous reporting period.

As at 30 June 2020, the Fund had £472.9 million invested with approved counterparties. This was a decrease of over £28.4 million over the last quarter. Appendix B to the submitted report showed the maturity profile of cash invested as well as the average rate of interest obtained on the investments for each time period.

The total value of all investments as at 30 June 2020, including cash, was £4,150 million, compared with the last reported valuation as at 31 March 2020, of £3,733 million. In terms of the year-on-year valuation the funding level was broadly flat.

A summary analysis of the valuation showed the Fund's percentage weightings in the various asset classes as at 30 June 2020 compared with the Fund's customised benchmark.

The Forward Investment Programme provided commentary on activity in the current quarter as well as looking ahead to the next three to five years. Details of the current commitments in equities, bonds and cash, property and alternatives were included in paragraph 8 of the submitted report.

Members' attention was drawn to the variance of £39m between the valuation provided by the Fund's custodian Northern Trust and the internal reconciliation produced. There were a number of assets that were either not recorded or were not showing the correct current valuation. The Head of Pensions Governance and Investments would work with the Custodian to resolve these issues.

**ORDERED** that the report was received and noted.

### 3 **EXTERNAL MANAGERS' REPORTS**

A report of the Director of Finance was presented to provide Members with quarterly investment reports in respect of funds invested externally with Border to Coast Pensions Partnership Limited (Border to Coast) and with State Street Global Advisers (State Street).

As at 30 June 2020 the Fund had investments the Border to Coast UK Listed Equity Fund and the Border to Coast Overseas Developed Markets Equity Fund.

The Fund also had investments in the Border to Coast Private Equity sub-fund and the Border to Coast Infrastructure sub-fund. Total commitments of £50 million were made to each of these sub-funds for 2020/2021, although up to 30 June 2020 only a small proportion of this total had been invested. These investments were not reflected within the Border to Coast report attached at Appendix A to the submitted report.

Appendix A detailed the market value of the portfolio as at 30 June 2020 and the investment performance over the preceding quarter, year, and since the Fund's investments began. Border to Coast had also provided information in relation to the Overseas Developed Markets Equity Fund, giving a breakdown of key drivers of, and detractors from performance, in relation to each of its four regional elements, market background information and an update of some news items. The report also included information about responsible investment and State Street's method of tracking and governance - referred to as the R factor. A Member noted that a further £7 million had been invested in British American Tobacco.

The State Street report, attached to the submitted report at Appendix B, showed the market

value of the State Street passive equity portfolio and the proportions invested in each region as at 30 June 2020.

**ORDERED** that the report was received and noted.

#### 4 **PRESENTATION FROM BORDER TO COAST HEAD OF CLIENT RELATIONS**

The Head of Client Relations gave a presentation providing updates on Border to Coast, the Market, Equity Funds, Private Equity and Infrastructure.

The following issues were highlighted:

- As at 30 June 2020, the Border to Coast Team had a team of 84 employees. This was an increase of 10 FTEs, seven of whom were at mid-senior levels of experience.
- There had been nine funds launched over the last two years and Teesside Pension Fund had invested in four of these. An Index Linked Bond Fund was due to go live in the next month and a number of Alternatives, Fixed Income and Property Funds were scheduled for 2021.
- Lockdown had caused a significant impact hit to US growth and employment. There had been enormous stimulus packages globally. However, even pre-Covid-19 there had been significant challenges due to ageing populations and near-record debt levels. Liquidity from central banks would only postpone debt problems rather than resolve them.
- Whilst there had been significant volatility in the equity markets throughout the first half of the year, as of 8 June 2020 the market was flat year-to-date.
- Looking forward near-term deflation from ongoing lockdown restrictions and reduced spending was likely with potential inflation in the long-term. Other uncertainties included Brexit, US election income and US/China relations. On a more positive note for financial markets there was the possibility of a Covid-19 vaccine.
- The UK Listed Equity Fund's performance over the last quarter was in line with the benchmark.
- The Overseas Developed Equity Fund's performance had beaten the benchmark by almost 0.4% over the last quarter.

Responding to a question regarding the huge financial stimulus from central banks over the last few months, the External Advisers agreed that it was likely that markets would rise steadily for the next two to four years and thereafter there would be rising inflation.

In relation to a query regarding employee salaries and bonuses it was clarified that BCPP did not have a bonus scheme. All employee costs were detailed in the Company's accounts which were available on the BCPP website.

**ORDERED** that the report was received and noted.

#### 5 **INVESTMENT ADVISORS' REPORTS**

The Independent Investment Advisors had provided reports on current capital market conditions to inform decision-making on short-term and longer-term asset allocation, which were attached as Appendices A and B to the submitted report.

Both Advisors provided further commentary at the meeting There were two asset classes - equities and alternatives- that looked slightly more attractive relative to others at present. It was suggested that the Fund could consider investing more money into overseas funds and also consider what could be done to mitigate the threat of higher inflation.

**ORDERED** that the information provided was received and noted.

#### 6 **CBRE PROPERTY REPORT**

In terms of the volumes the market was very weak and probably down to less than 25% of

normal turnover. Demand was for stock in long-let offices, supermarkets and prime logistics. Pricing was remaining stable in those sectors and in some cases improving due to supply and demand.

Retail warehousing had recovered much more quickly than the high street. Some tenants were in difficulty but the Fund's portfolio seemed reasonably protected. The logistics sector was benefitting from the boom in online retailing, with the knock-on effect being that people needed to move goods around and store them. There was particular demand for the 'last mile' type space, needed to get people's goods delivered in the speed they now expected. The majority of the Fund's assets were in these two sectors which was positive.

At 30 June 2020, the portfolio comprised 28 mixed-use properties located throughout the UK, with a combined value of £269.1m. There had been no sales during the period. The Fund had agreed terms to purchase a highly regarded long-let supermarket.

The total collectible arrears on the portfolio at 20 August 2020 was £2,206,396. The Committee was informed that as at 15 September 2020, that figure had reduced to £1,000,456, thanks to the hard work of the collection team at CBRE. Tenants that were insolvent, had overall credit balances on their accounts or who were negotiation regears or lease renewals, were not included in the collectable arrears total. Completion of new agreements was dependent on arrears being cleared. Updates were provided on the status of tenants with the greatest arrears, which accounted for 35.3% of the total arrears. The overall view was that the Fund was doing better than others. 65.22% of the June quarter rent had been collected and this figure had now increased to 87%.

In relation to asset management activity, three new leases had been agreed as well as a rent increase. CBRE was actively looking at two or three opportunities which might be of interest to the Fund.

In relation to occupancy demand, the Committee was informed that tenants were seeking turnover rents rather than fixed rents, which was an additional risk for landlords. At the moment this was limited to the retail market in most cases and for shorter leases such as for 3 or 5 years. There was uncertainty in the office sector where tenants were looking for more flexibility. It was confirmed that the Teesside Pension Fund portfolio did not have a large weighting in retail or office space.

**ORDERED** that the information provided was received and noted.

## 7 **UPDATE ON CURRENT ISSUES**

A report of the Director of Finance was presented to provide Members with an update on current issues affecting the Local Government Pension Scheme (LGPS).

On 16 July 2020, the Government published its consultation on draft regulations in response to the McCloud/Sergeant Court Cases. These proposals were designed to remove the unlawful discrimination caused by the protection of older members when the LGPS was reformed in 2014.

The regulations would have a retrospective effect and all qualifying leavers since 1 April 2014 would have to have their benefits reassessed to check whether the underpin would have provided higher benefits.

The proposals represented a significant challenge for LGPS pensions' administrators. Increasing members' benefits would also result in a cost to employers. XPS Administration was planning how to resource and implement the new underpin and had already communication with employers to advise the additional data would be required in respect of scheme members affected. XPS was also collating a response to the consultation which would be shared and agreed with the Head of Pensions Governance and Investments prior to submission.

Following on from Government proposals highlighted in the 2015 Spending Review,

subsequent consultation and legislation in 2016, and consultation from HM Treasury in 2019, the Government published further consultation on 7 September 2020 entitled 'Reforming local government exit pay - a consultation on the reform of exit payments in local government.'

It was proposed that there should be a £95,000 cap on the total of all forms of compensation, including redundancy payments, pension top ups, compromise agreements and special severance payments.

This was a complex situation to administer as it gave Scheme Members a range of choices and the Pension Fund was unable to provide financial advice to its Members.

The Head of Pensions Governance and Investment, in discussion with the Chair and Vice Chair of the Committee, would submit a response to the consultation, as the administering authority, on behalf of the Teesside Pension Fund.

The Government had confirmed that under new regulations, pension fund administering authorities could review employer contributions between actuarial valuations. The approach to be taken needed to be set out in the Fund's Funding Strategy Statement. There would also be more flexibility when employers left the scheme, allowing them to spread any exit payments over a period of time, rather than asking for an up-front payment. Again, the parameters would need to be set out in the Funding Strategy Statement and a proposal would be brought to the Committee prior to consultation with employers.

Following a Supreme Court ruling (*Walker v Innospec*), the Government had recently decided that surviving male same-sex and female same-sex spouses and civil partners of public service pension scheme members would receive benefits equivalent to those received by widows of opposite sex marriages. A consultation on the required regulatory changes was expected and the Fund would then need to investigate affected members and notify them of changes as required. The Fund Actuary had indicated that any increase in pension liability was likely to be minimal, although this was another administrative burden to be managed.

Finally, in 2014 the Government indicated its intention that the earliest age most individuals would be able to choose to draw a pension would increase from age 55 to age 57 with effect from 2028. This proposal had been mentioned recently again in Parliament. As and when more clarity was provided, suitable information would be provided to scheme members and the Committee.

**ORDERED** that the information provided was received and noted.

## 8 **XPS PENSIONS ADMINISTRATION REPORT**

A report was presented to provide an overview of administration services provided to the Teesside Pension Fund by XPS Administration.

Since 20 July 2020, the office had been open five days a week for those staff who wished to return following the Government lockdown due to Covid-19. Approximately 12 to 15 staff were working in the office on most days.

In relation to the McCloud Case, XPS was considering creating a project team to work on the implications, particularly the historic cases, to ensure that the best amount of benefit had been provided.

Information was being compiled for employers in relation to the cost cap to provide them with an overview of what was involved and also encouraging them to respond to the Government consultation.

The online self-service option was currently only be accessed by around 2% of the Fund's members and it was intended to promote this service further.

The Service Level Agreements (SLAs) had been maintained during lockdown, although some development work had not taken place as planned.

Benefit Statements for active and deferred members were issued on 2 September 2020 and XPS were now working on the pensions savings statements which would be issued by 6 October 2020.

**ORDERED** that the information provided was received and noted.

9 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, MAY BE CONSIDERED**

The External Auditor drew Members' attention to a recent review by Sir Tony Redmond into financial reporting and audit in the local government setting.

**ORDERED** that Members would receive a website link to a copy of the review, post-meeting.

10 **EXCLUSION OF PRESS AND PUBLIC**

**ORDERED** that the press and public be excluded from the meeting for the following items on the grounds that, if present, there would be disclosure to them of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972 and that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

11 **POTENTIAL LOCAL INVESTMENT**

A local investment opportunity was presented to the Committee for consideration.

**ORDERED** that the recommendations set out in paragraph 2.1 a) and b) in the submitted report were approved.

# Border to Coast Pensions Partnership Ltd

Pages  
15  
**Teesside  
Pension Fund**

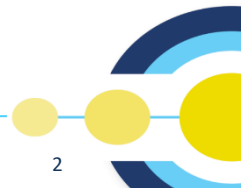
**8th February 2021**



# Agenda

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- Border to Coast – Update
- Our Team
- Investment Capabilities
- Responsible Investment





# Border to Coast Pensions Partnership Ltd

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Border to Coast  
- Update



# Border to Coast Pensions Partnership

- Established in **2018**
  - **11** Local Government Pension Funds with c. **£49bn** in assets
    - **Internal & External** Management of **Listed and Private Market** products

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# Border to Coast: Why Are We Here?

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Making a positive difference to investment outcomes  
for Local Government Pension Funds

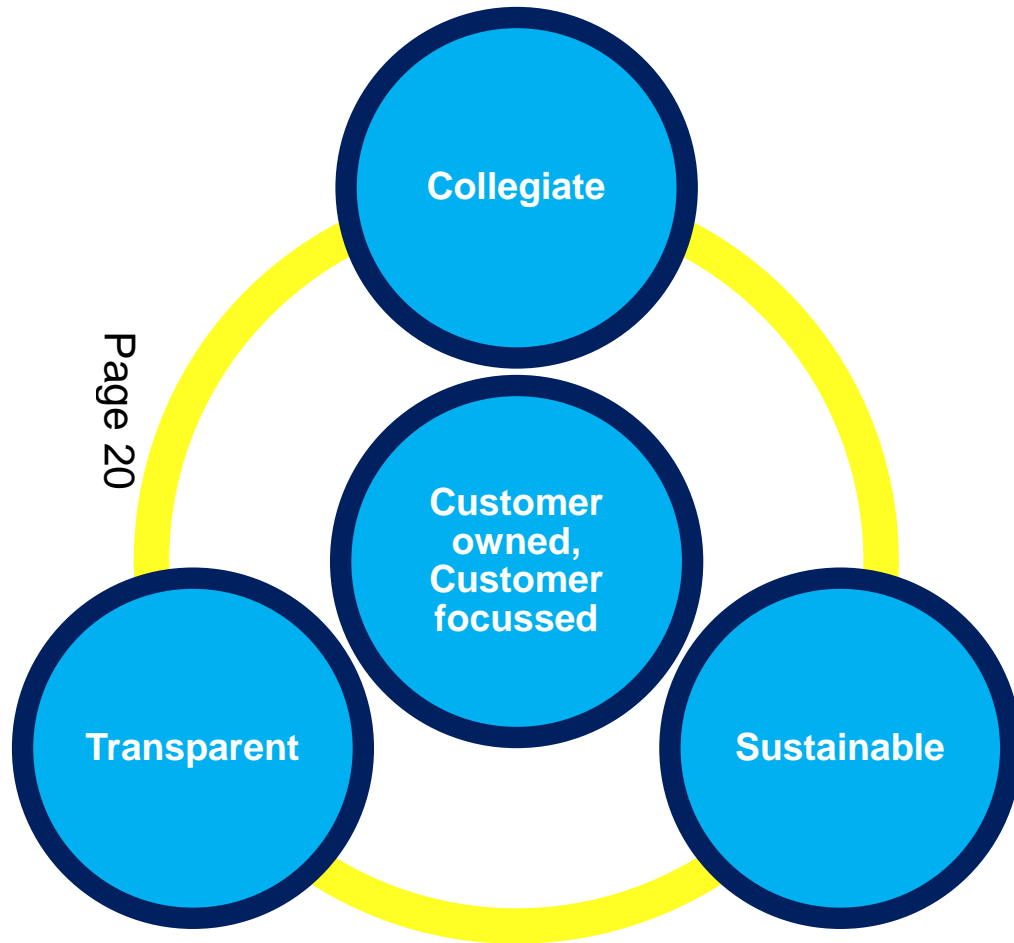
Page 19 Through **pooling** to create a stronger voice,  
Working in **partnership** to deliver cost effective,  
innovative, and responsible investment now and into  
the future;

Thereby enabling sustainable, risk-adjusted  
**performance** over the long-term.



# Border to Coast: What Do We Want To Be?

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- a **collegiate** organisation: working together in an **open** and **trusting** environment with shared vision and goals to deliver **long-term, strong** and **sustainable outcomes** for customers;
- a **sustainable** organisation: investing in our colleagues by facilitating **work-life balance**; by encouraging personal and professional **development**; and supporting a **creative, flexible** and **open to change** culture that is equipped to evolve new capabilities as customer needs change;
- a **transparent** organisation: maintaining customer and public **trust** in Border to Coast's **integrity** to enable us to deliver our objectives.

# Border to Coast – Making a Difference

- Lower fees
- Wide investment opportunities
- Stronger voice in RI
- Industry partnerships

- Improved risk oversight
- Stronger controls
- Standardised reporting

**SCALE**

**REGULATION**

**CUSTOMER**

**STRUCTURE**

- Building required capabilities
- Understanding future needs
- Not for profit

- Internal capabilities
- Manager oversight and selection

# Value Add - Focus

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- **Operational efficiency – how have costs evolved through pooling?**
  - Opportunities for operational efficiency identified and implemented
  - Consistency of comparisons is important – and this is driven by Partner Funds
  - Joint working party taking this forwards
- **Investment process**
  - Increased risk management and research capabilities
  - Responsible investment embedded into process
- **Investment team**
  - Succession planning - team broader and more robust, including graduate programme
- **Collective voice**
  - Policy influence
  - Responsible investment



# Border to Coast Pensions Partnership Ltd

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Border to Coast  
- Our Team



# Border to Coast Team

CEO: Rachel Elwell				
CIO: Daniel Booth	COO: Fiona Miller		CRO (Interim): Steve Walton	CEO Team
Investment Team 42 people	Operations Team 9 people	Corporate Functions 27 people	Risk Team (2 <sup>nd</sup> Line) 6 people	CRM, HR, Policy/Comms 8 people

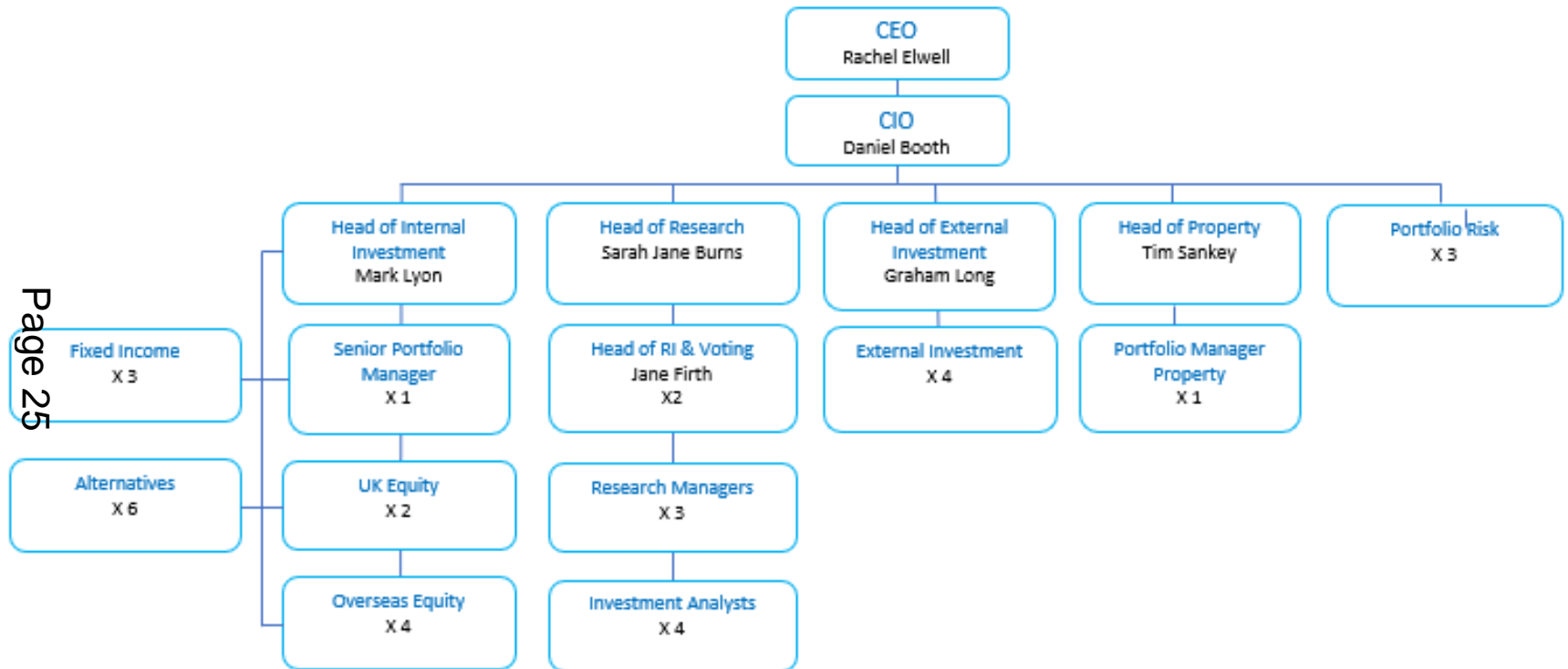
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- Team of 96 in total (as at 31 December 2020)





# Investment Team



# Investment Team – Key People

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- **Daniel Booth - Chief Investment Officer** - has over 20 years' investment experience including extensive breadth and depth across alternative asset investments. Daniel joined Border to Coast in September 2018 following 8 years at Saudi Aramco where he was Head of Portfolio Management.
- **Mark Lyon CFA - Head of Internal Investment** - joined Border to Coast in 2018 from his position as Head of Investments for East Riding Pension Fund, having previously worked for Derbyshire, bringing over 16 years of experience with him. In 2016 he was awarded Institutional Investors UK Public Pension Manager of the Year.
- **Graham Long - Head of External Management** - brings a wealth of experience from his senior roles at Abbey National and Aviva UK, where he operated as CIO, managing relationships with group and external managers covering total assets in the billions.
- **Tim Sankey – Head of Real Estate** - joined Border to Coast in November 2020 bringing nearly 20 years of experience with him from his role at Aberdeen Standard Investments where he was Fund Manager for their UK Property Fund.
- **Sarah-Jane Burns – Head of Research** - joined in September 2018. SJ started her career at Gartmore Asset Management and subsequently worked as an equity analyst for Henderson, before joining Findlay Park Partners LLP in 2008 as a fund manager. She made Partner at the firm in 2010.

# Investment Team - Recent Hires

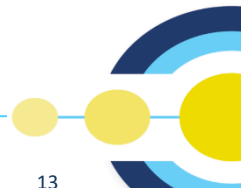
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**We have recruited a number of key individuals over 2020:**

**12 Investment team hires**, across Internal Equities (Snr PM), Internal Fixed Income (2 PMs), Research (2 RMs), External Funds (Asst PM), Alternatives (4 PMs) & Real Estate (Head & Programme Manager).

**Notable hires over the last quarter include:**

- **Tim Sankey** – Head of Real Estate
  - Previous 17 years at Aberdeen Standard Investments managing UK Property
- **Steve Walton – Interim Chief Risk Officer**
  - Joins us from intermediate Capital Group, with significant experience including Global Head of Investment Oversight and Responsible Investing at the Prudential.
- **James McLellan** – Senior Portfolio Manager, Internal team
  - 30 years in the industry, including at UBS Global and Insight Investment
- **Christian Dobson** – Portfolio Manager, Alternatives
  - Joins us from Nationwide Pension Fund, a £6.5bn DB scheme.



# Border to Coast Pensions Partnership Ltd

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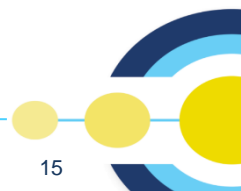
Border to Coast  
- Investment Funds



# Capability Launch - Timetable

	Launched 2018/19	2020 Launches	Scheduled 2021	2022 and beyond
Internal Equities	UK Listed Equity Overseas Developed Emerging Markets			
External Equities	UK Listed Equity Alpha Global Equity Alpha		Emerging Market Hybrid Regional Alpha Emerging Markets Alpha	
Alternatives	Private Equity Infrastructure Private Credit	Private Equity Series 1b Infrastructure Series 1b <i>(continued annually)</i>	Listed Alternatives Cashflow Management & Asset Allocation	Legacy Diversified Alternatives
Fixed Income		UK IG Credit Inflation Linked Bonds	Multi-Asset Credit	
Property				Global Property UK Property

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# Active Equity Fund Range - £15.6bn

	Internal			External	
	<b>UK Listed Equity Fund</b>	<b>Overseas Developed Markets Equity Fund</b>	<b>Emerging Markets Equity Fund</b>	<b>UK Listed Equity Alpha Fund<sup>(*)</sup></b>	<b>Global Equity Alpha Fund<sup>(**)</sup></b>
<b>Approx. Size<sup>2</sup></b>	£4.4bn	£3.4bn	£0.8bn	£1.3bn	£5.7bn
<b>Launch Date</b>	July 2018	July 2018	October 2018	December 2018	September 2019
<b>Benchmark</b>	FTSE All Share	Regional Comp	S&P Emerging	FTSE All Share	MSCI All World
<b>Target<sup>1</sup></b>	BM +1% p.a.	BM +1% p.a.	BM +1% p.a.	BM +2% p.a.	BM +2% p.a.
<b>Border to Coast – FCA Regulated ACS Structure</b>					

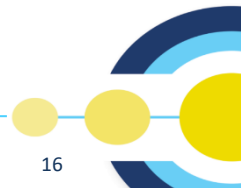
(\*) Estimated fee savings of £1m p.a. vs legacy arrangements (source: Border to Coast).

(\*\*) Estimated fees savings of £3.5m p.a. vs legacy arrangements (source: Border to Coast).

<sup>1</sup> Measured over rolling three year periods net of costs.

Future forecasts are for illustration purposes only and are not a reliable indicator of future performance.

\* As at 31/12/2020



# Fixed Income Fund Range - £4.6bn

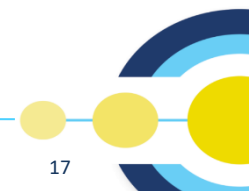
	Internal	External	
	<b>Sterling Index Linked Bond</b>	<b>Investment Grade Credit</b>	<b>Multi-Asset Credit <sup>2</sup></b>
<b>Approx. Size*</b>	£1.6bn	£3bn	£2-3bn
<b>Launch Date</b>	October 2020	March 2020	Q1 2021
<b>Benchmark</b>	FTSE A UK IL Gilts 15y	iBoxx GBP Non-Gilts	SONIA (Cash)
<b>Target<sup>1</sup></b>	BM +0.2% p.a.	BM +0.6% p.a.	BM +3 to 4% p.a.
<b>Border to Coast – FCA Regulated ACS Structure</b>			

\* As at 31/12/2020

<sup>1</sup> Measured over rolling five year periods net of costs.

<sup>2</sup> Includes an internally managed EMD sleeve

Future forecasts are for Illustration purposes only and are not a reliable indicator of future performance.



# Alternative Fund Range

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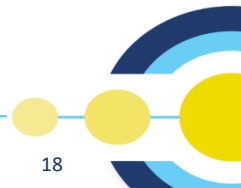
	Launched Alternative Asset Classes			Other Alternatives
	Private Equity <i>Investment in privately held companies</i>	Infrastructure <i>Real assets providing essential services</i>	Private Credit <i>Lending to privately held companies</i>	
Series 1A	£500m	£675m	£580m	<ul style="list-style-type: none"> <li>• Diversified</li> <li>• Liquid</li> <li>• Listed</li> </ul>
Series 1B	£485m	£760m	n/a	
Target <sup>1</sup>	10% p.a.	8% p.a.	6% p.a.	

## Border to Coast – Unregulated Collective Investment Scheme

Investments are held within an unregulated collective investment scheme which is not authorised or regulated by the Financial Conduct Authority.

<sup>1</sup> Measured over rolling three year periods net of costs.

Future forecasts are for Illustration purposes only and are not a reliable indicator of future performance.





# Equity Funds

## Performance to 31/12/2020

### Internally Managed

Fund Name	QTD (%)			1 Year (%)			Since Inception (% p.a.)		
	Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
UK Listed Equity Fund	12.51	12.62	-0.12	-8.43	-9.82	1.39	-0.46	-1.88	1.42
Overseas Developed Equity Fund	9.56	9.79	-0.23	13.77	12.33	1.45	9.78	8.68	1.11
Emerging Markets Equity Fund	10.02	11.41	-1.39	5.75	11.63	-5.88	9.45	12.75	-3.30

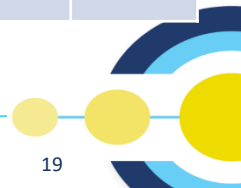
### Externally Managed

Fund Name	QTD (%)			1 Year (%)			Since Inception (% p.a.)		
	Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
UK Listed Equity Alpha Fund	16.68	12.62	4.05	-5.67	-9.82	4.15	6.74	2.83	3.91
Global Equity Alpha Fund	13.78	8.46	5.31	9.59	12.67	-3.08	12.44	14.51	-2.07

Past performance is not a reliable indicator of future performance and is not guaranteed. Figures do not always sum due to rounding.

Source: Northern Trust, Border to Coast

Performance start dates: UK Listed Equity Fund, Overseas Developed Equity Fund – 26/07/2018; Emerging Markets Equity Fund – 22/10/2018



# Fixed Income Funds - Performance to 31/12/2020

## Externally Managed

Fund Name	QTD (%)			1 Year (%)			ITD (% p.a.)		
	Fund	Benchmark	Relative	Fund	Benchmark	Relative	Fund	Benchmark	Relative
Sterling Investment Grade Credit	3.85	3.12	0.73	--	--	--	14.14	12.48	1.66

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Past performance is not a reliable indicator of future performance and is not guaranteed. Values do not always sum due to rounding.

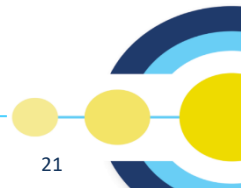
Source: Northern Trust, Border to Coast

Performance start dates: Sterling Investment Grade Credit Fund – 18 March 2020.

# Teesside – Valuation & Commitments

Listed Investments	Teesside Value (as at 30/09/2020)	Total Fund Value (as at 30/09/2020)
	£	£
UK Listed Equity Fund	1,096.3m	3.9bn
Overseas Developed Markets Fund	239.2m	3.1bn

Alternative Investments	Teesside Commitment (Series 1a + 1b)	Committed by Border to Coast to Managers (*)	Total 1a + 1b Commitment (all Partner Funds)
	£	£ (% of commitment)	£
Infrastructure	150m	110.2m (74%)	1,435m
Private Equity	150m	132.8m (89%)	985m
Private Credit	---	---	581m



# Alternatives – Areas of Focus

## Private Equity

*Investment in privately held companies*

### Operational Value Add

- Via business improvements

### Buy & Build

Scaling up businesses

### Mid-Market Focus

Greater opportunities

### Co-Investments

- Lower fee structure

### Asia

- Stronger economic growth

### Sector Specialists

- Value creation & deal sourcing

### Sector Themes

- E.g. Technology & Healthcare

### Distressed

- Stage of business cycle & CV19

## Infrastructure

*Real assets providing essential services*

### Operational Value Add

- Focus on income

### Sector Themes

- E.g. Energy transition, digital revolution

### Greenfield

- Additional returns from development / extension

### Emerging Markets

- Stronger economic growth and increasing infrastructure demand

## Private Credit

*Lending to privately held companies*

### Focus on Senior Debt

- Defensive approach at this stage of business cycle

### Manager Track Record

- Experience of full economic cycle

### Stressed / Distressed

- Opportunities given stage of business cycle

### Focus on Real Assets

- Providing quality collateral – e.g. infrastructure assets

# The Original Alternatives Business Case

Pre-pooling	Exposure <sup>1</sup>	Typical cost	Rationale
Fund of Funds	50 – 70%	0.5%/10% <sup>2</sup> On commitments	<ul style="list-style-type: none"> <li>Lack of resources to invest fully in direct</li> <li>Lack of scale to achieve diversified portfolio via direct only</li> <li>Lack of necessary skills, experience and resources to invest in co-investments</li> <li>Governance structure not aligned to tight timescales</li> </ul>
Direct Fund	20 – 40%	2%/20% On commitments	
Co-investment Fund	0 – 10%	1%/10% On invested	
Co-investments	0 – 10%	0.5%/0% On invested	
Post-pooling	Exposure <sup>3</sup>	Typical cost	Rationale
Fund of Funds	0 – 20%	0.25%/10% On commitments	<ul style="list-style-type: none"> <li>Fee savings due to increased scale</li> <li>Fund of fund exposure to continue for capacity constrained managers and specialist areas</li> <li>Governance structure aligns decision making with timescale for co-investments</li> </ul>
Direct Fund	50 – 70%	1.75%/20% On commitments	
Co-investment Fund	20 – 30%	0.75%/10% On invested	
Co-investments	0 – 20%	0.5%/0% On invested	

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<sup>1</sup> Current estimated exposure across Partner Funds

<sup>2</sup> Plus underlying manager fees – typically 2%/20% but Managers can negotiate

<sup>3</sup> Anticipated exposure over the long term

### Cost savings

Cost savings from...

- 1 Lower fund-of-fund fees
- 2 Lower fees for direct funds
- 3 Increased (cheaper) Co-investments

### Investment Case

- 1 Increase breadth of fund coverage
- 2 Increase breadth of strategy coverage
- 3 Access to top quartile funds (“private markets performance persistence”)

Reductions in headline fees achieved to-date vs typical industry fees<sup>(\*)</sup>:

- Private Equity: 18%      - Infrastructure: 23%      - Private Credit: 17%

(\*) Source: Border to Coast, 31 Dec 2020

# Border to Coast Pensions Partnership Ltd

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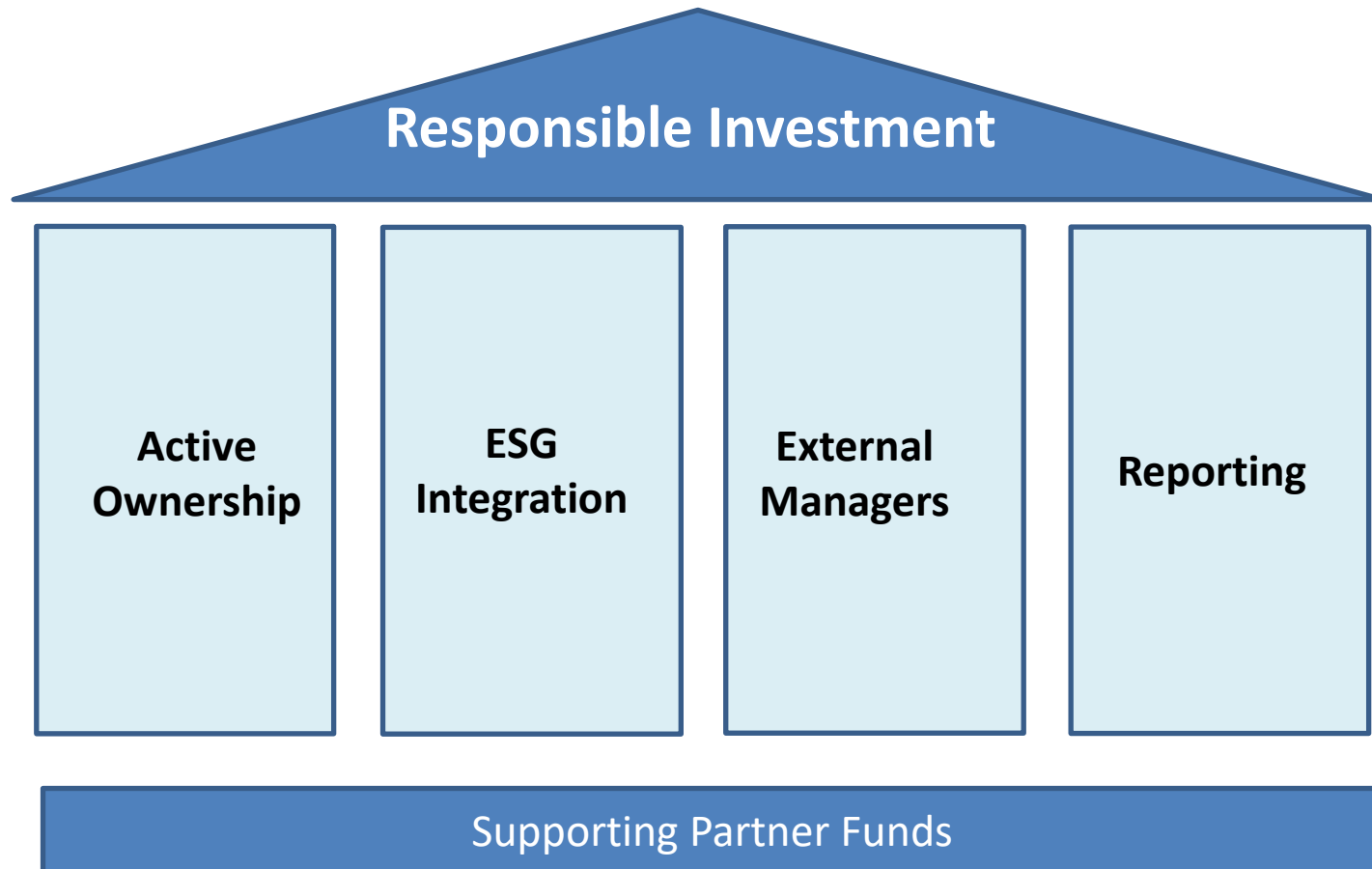
Responsible Investment



# How we manage Responsible Investing

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# Active ownership

- Collective RI and Voting Policies to leverage scale
- Voting internally and externally managed assets
- Voting and Engagement partner
- Co-file shareholder resolutions
- Collaborative engagement
- UN Principles for Responsible Investment

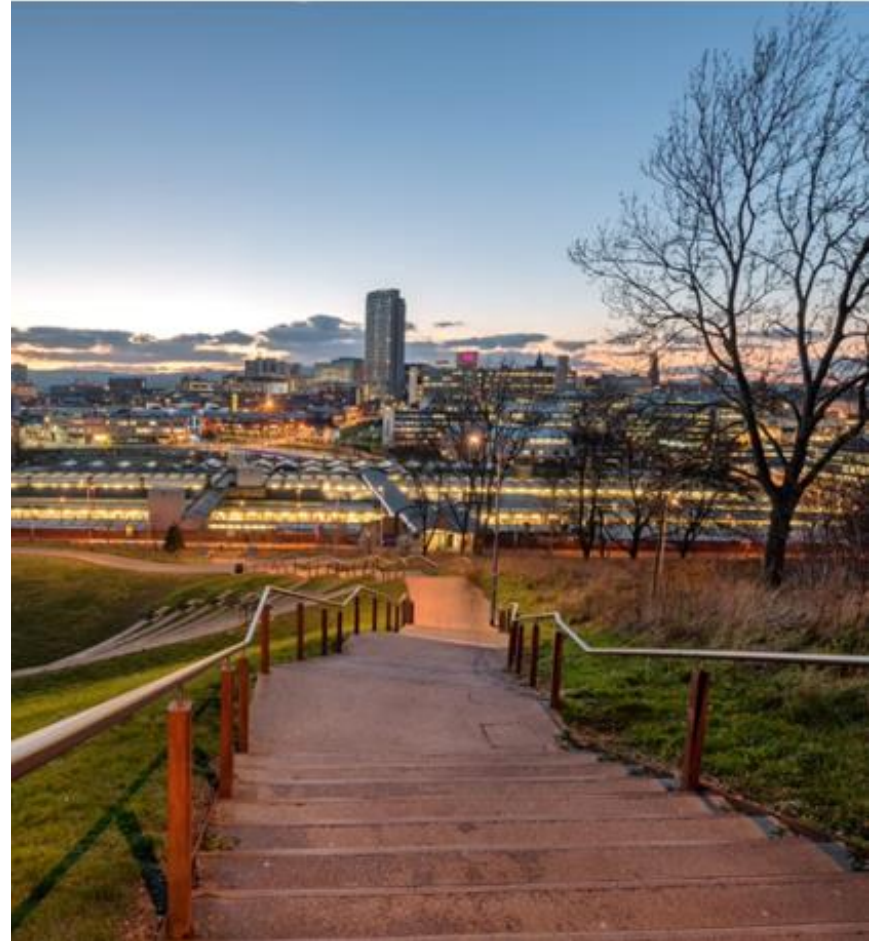
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# Active Ownership - Engagement

- “The best way to influence companies is through engagement; therefore, Border to Coast will not divest from companies principally on social, ethical or environmental reasons. As responsible investors, the approach taken will be to influence companies’ governance standards, environmental, human rights and other policies by constructive shareholder engagement and the use of voting rights.”
  - Border to Coast Responsible Investment Policy, November 2020 (full document can be found on our website: [Border to Coast Pensions Partnership](#)).



# ESG integration

- Integrating ESG into investment process across all asset classes
- Quarterly screening and benchmarking
- ESG risks and opportunities considered at stock level
- Carbon footprinting equity and fixed income portfolios

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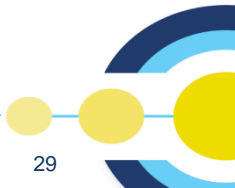


# Managing our external managers

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- Manager days ahead of procurement launch
- RI included in selection and appointment process
- ESG and carbon screens
- Working with managers on standardising reporting
- Annual RI review meeting

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# Reporting

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- RI activities published on our website
- Quarterly reporting – stewardship and voting
- Annual RI & Stewardship Report
- TCFD Report
- RI workshops and briefing papers for Partner Funds

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# UK Listed Equity Fund - Gambling Companies

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- Since inception the Fund has been underweight all UK gambling companies. Over the last 12 months that has led to some underperformance.
- The four listed UK gambling stocks have a combined index weight of 1.30% and our current exposure is 0.19%.
- Until recently the Fund held William Hill but sold out of that position when the company accepted a bid from its US partner, Caesars Ent.

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Having a zero-weight felt too extreme, hence we established a position in Flutter (BetFred/Paddy Power) and intend moving towards half its benchmark weighting (c.0.40%) to capture exposure to the growing US opportunity (federal de-regulation).

- Gambling is a highly regulated industry in the geographies that Flutter operates. Whilst the industry still has room for improvement, legislation continues to tighten, particularly in the UK around maximum stake limits and potential mandatory financial support that operators provide to prevent problem gambling.
- The industry is rapidly moving on-line and this has accelerated during the Covid lockdown, which facilitates additional controls on potential problem gambling.

# ESG Ratings

## - Gambling Companies

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- MSCI provides our ESG ratings for companies. For gambling companies, c.70% of the ESG rating is based on material, specific, sector considerations, such as:
  - **Product safety & quality** - Proportion of revenue in segments facing responsible gambling regulations, Strength of responsible gambling commitment and strategies; Customer protection tools and training; Evidence of compliance system to enforce responsible gambling policy.
  - **Privacy and data security** - Scope and transparency of privacy policy; Privacy & Data Security oversight controls; Audit oversight and certifications; Access, data protections and retention controls.
  - **Corruption and instability** (higher weighting for casinos) - Ethics policies specifically relating to anti-corruption/bribery – publicly disclosed and scope (i.e. all subsidiaries, suppliers, contractors); Enforcement mechanisms; Corruption-related controversies.
- Flutter has the highest MSCI ESG rating of the four listed UK gambling companies (AA rated).

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## TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

### TEESSIDE PENSION BOARD REPORT

8 FEBRUARY 2021

DIRECTOR FINANCE – IAN WRIGHT

#### National Knowledge Assessment Outcome

#### 1. PURPOSE OF THE REPORT

- 1.1 To report to Members of the Teesside Pension Board (the Board) the outcome of the National Knowledge Assessment recently undertaken by Board and Pension Fund Committee members, and to discuss a potential training plan to address gaps in knowledge identified by the assessment.

#### 2. RECOMMENDATIONS

- 2.1 That Members note this report and comment on how training could best be delivered to the Board and in future.

#### 3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications in respect of the information contained in this report.

#### 4. BACKGROUND

- 4.1 The Local Government Pension Scheme (LGPS) Regulations 2013 were amended in line with requirements introduced by the Public Service Pensions Act 2013 for all public service pension schemes to establish a pension board. Under the LGPS Regulations, each LGPS administering authority had to set up a Local Pension Board with effect from 1 April 2015.
- 4.2 The Pension Fund set up the Teesside Pension Board in line with these legislative requirements. The Board's terms of reference (last amended at the 1 November 2017 Council meeting) set out Board's purpose as follows:

***"Statement of purpose***

- 6. The Board is responsible for assisting the Administering Authority:*

*(a) to secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and*

*(b) to ensure the effective and efficient governance and administration of the Scheme.*

*7. The Council considers this to mean that the Pension Board is providing oversight of these matters and, accordingly, the Pension Board is not a decision making body in relation to the management of the Pension Fund. The Board makes recommendations and provides assurance to assist in the management of the Fund.”*

4.3 In order to fulfil this function, and to comply with the requirements of the overriding regulations and legislation, the Board needs to have and maintain appropriate knowledge and understanding of the LGPS and pensions in general, In particular (as set out in the Board’s Terms of Reference: a member of the Board **must be conversant with:**

- the legislation and associated guidance of the Local Government Pension Scheme (LGPS), and
- any document recording policy about the administration of the LGPS that is adopted by the Teesside Pension Fund.

a member of the Board **must have knowledge and understanding of –**

- The law relating to pensions, and
- Any other matters which are prescribed in regulations.

## 5. KNOWLEDGE ASSESSMENT

5.1 Actuarial and consultancy firm Hymans Robertson has developed a knowledge assessment tool which has already been used by at least 20 LGPS Funds to help assess the knowledge and understanding of their local pension boards and pension fund committees. The knowledge assessment tool consists of at least five multiple choice questions in each of the following areas:

- Committee Role and Pensions Legislation
- Pensions Governance
- Pensions Administration
- Pensions Accounting and Audit Standards
- Procurement and Relationship Management
- Investment Performance and Risk Management
- Financial Markets and Product Knowledge
- Actuarial Methods, Standards and Practices

5.2 The Board and subsequently the Pension Fund Committee agreed to participate in the knowledge assessment and a summary of the main outcomes is included in this report. As well as giving an indication of individual strengths and weaknesses, more importantly this type of assessment helps identify any areas where collectively the

Board and the Committee require development. This then allows more targeted training to be developed and delivered.

## **6. ASSESSMENT PROCESS**

6.1 Ten out of fourteen Pension Fund Committee Members and three out of six Board Members participated in the assessment. This represents a collective participation rate of 65%, just above average compared with the 22 Fund that have carried out the assessment nationally. The 50% response rate for the Board is somewhat disappointing, although perhaps understandable given the time pressures many individuals are under in the current circumstances.

6.2 Each respondent was given the same set of 47 questions on these 8 areas:

1. Committee Role and Pensions Legislation
2. Pensions Governance
3. Pensions Administration
4. Pensions Accounting and Audit Standards
5. Procurement and Relationship Management
6. Investment Performance and Risk Management
7. Financial Markets and Product Knowledge
8. Actuarial Methods, Standards and Practices

Under each subject heading, there were at least 5 multiple choice questions to answer. Each question had 4 possible answers, of which one answer was correct. This builds a picture of the knowledge levels of each individual member in each of the topics, and identifies overall levels of knowledge in each area.

6.3 Consultants Hymans Robertson analysed the outcome and as well as providing each participant with individual scores and feedback collated the information into a report. Extracts from the report are enclosed at Appendix A.

## **7. OUTCOME AND NEXT STEPS**

7.1 The report identifies a number of areas where the Committee and Board would benefit from additional training. Hymans Robertson included a suggested training plan which is also shown in Appendix A.

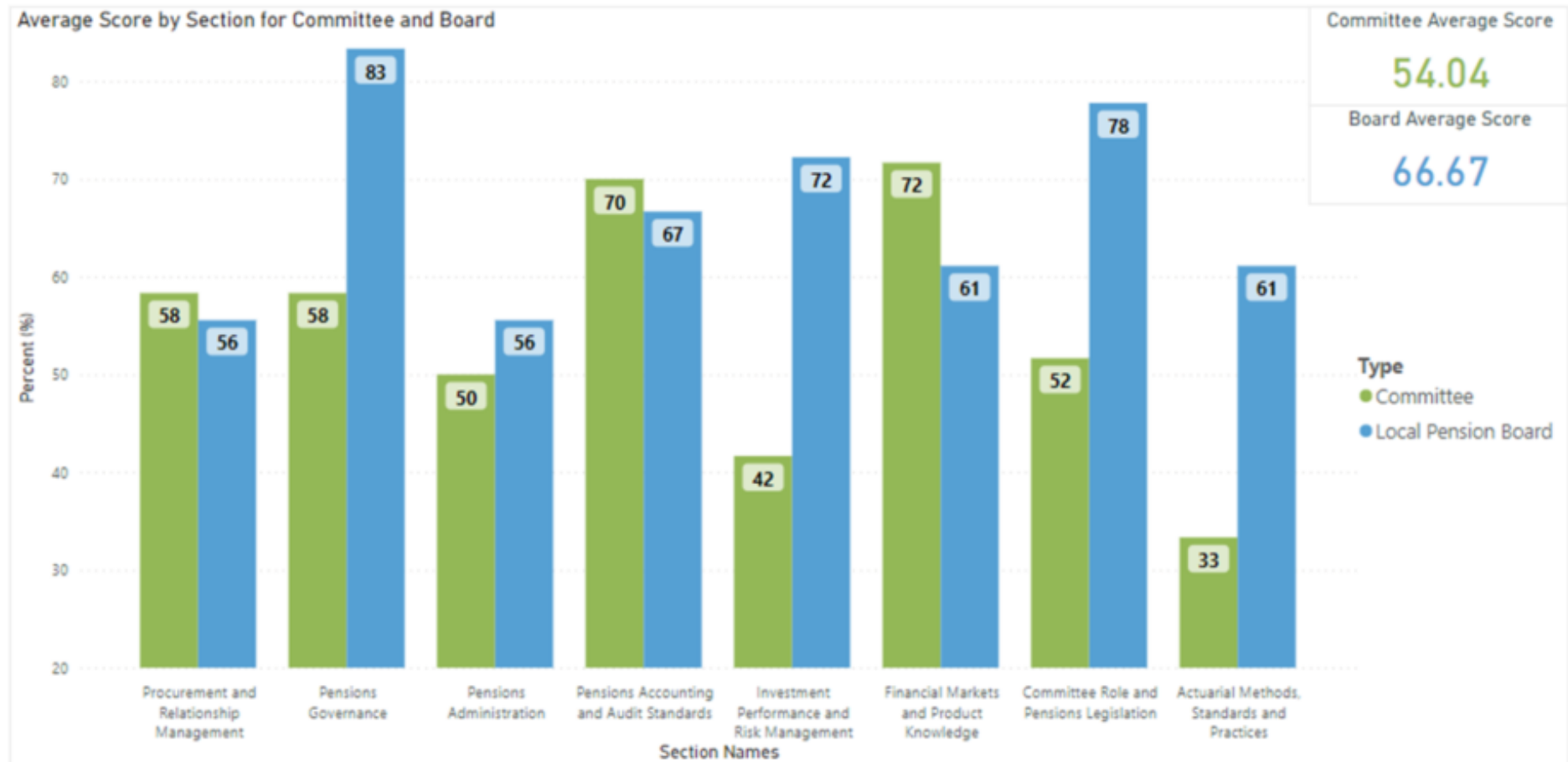
7.2 The outcome of the Knowledge Assessment will be discussed with the Committee at their March meeting, with a view to agreeing a training programme which both Committee and Board members can participate in going forwards.

CONTACT OFFICER: Nick Orton – Head of Pensions Governance and Investments

TEL NO.: 01642 729040

### National Knowledge Assessment Outcomes

For each of the assessment’s eight areas this graph shows the results of both the Committee and Board. These have been shown in the order in which the sections appeared in the survey. There is also a summary showing the average scores across all sections for the Committee and Board



### Performance in each area

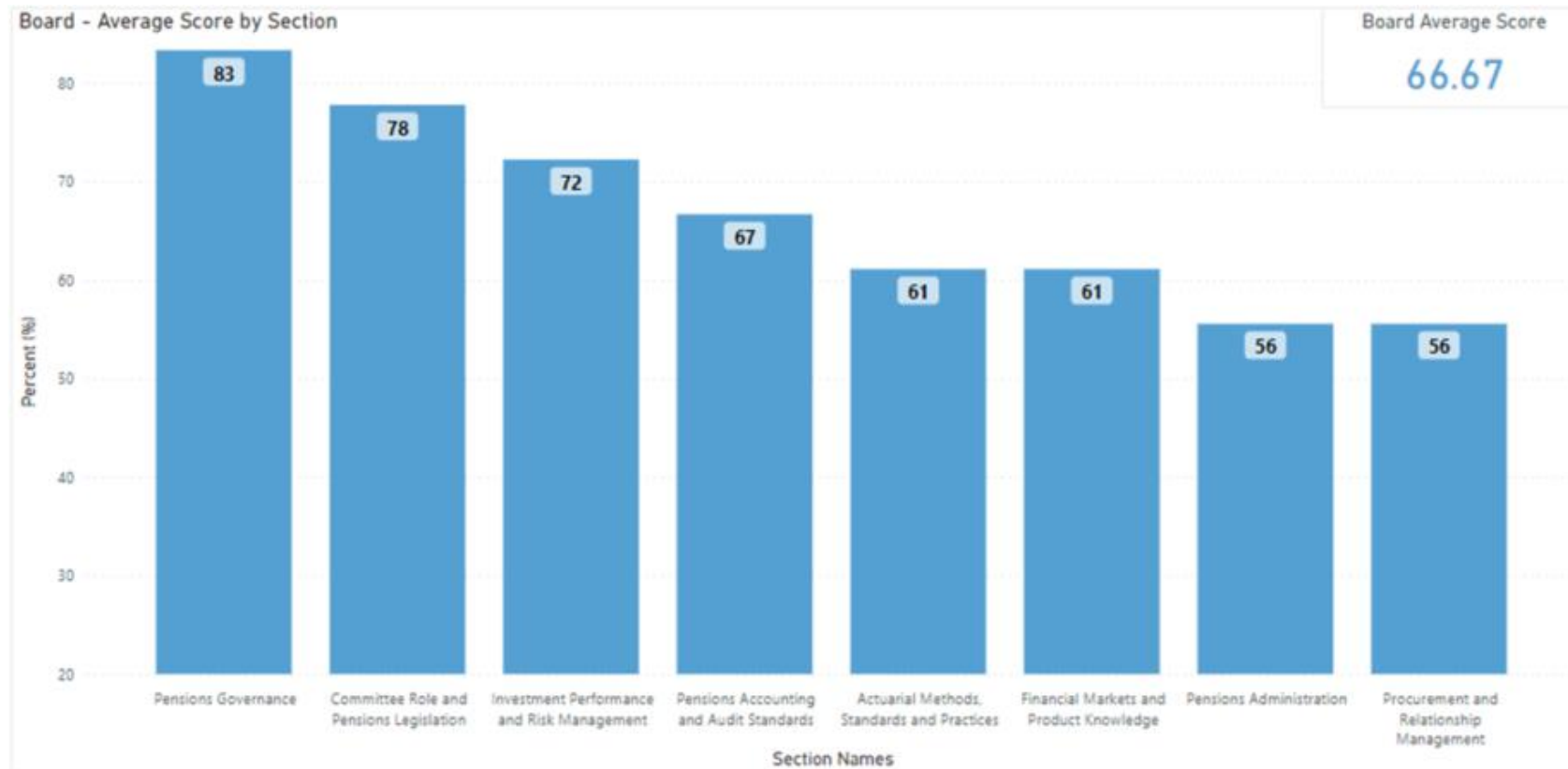
The results can be ranked for each section from the highest score (greatest knowledge) to lowest score (least knowledge). This is shown separately for both the Committee and the Board. The intention is that training plans and/or timetables can be tailored to focus on the areas of least knowledge, whilst ensuring the Committee and Board maintain the high level of knowledge in the stronger areas.

#### *Pension Committee*



Financial markets and product knowledge was the highest scoring area for the Committee. Pensions accounting also scored well. Actuarial methods was the lowest scoring area with a significantly low score, while the score for investment performance and risk management was also low.

**Pension Board**



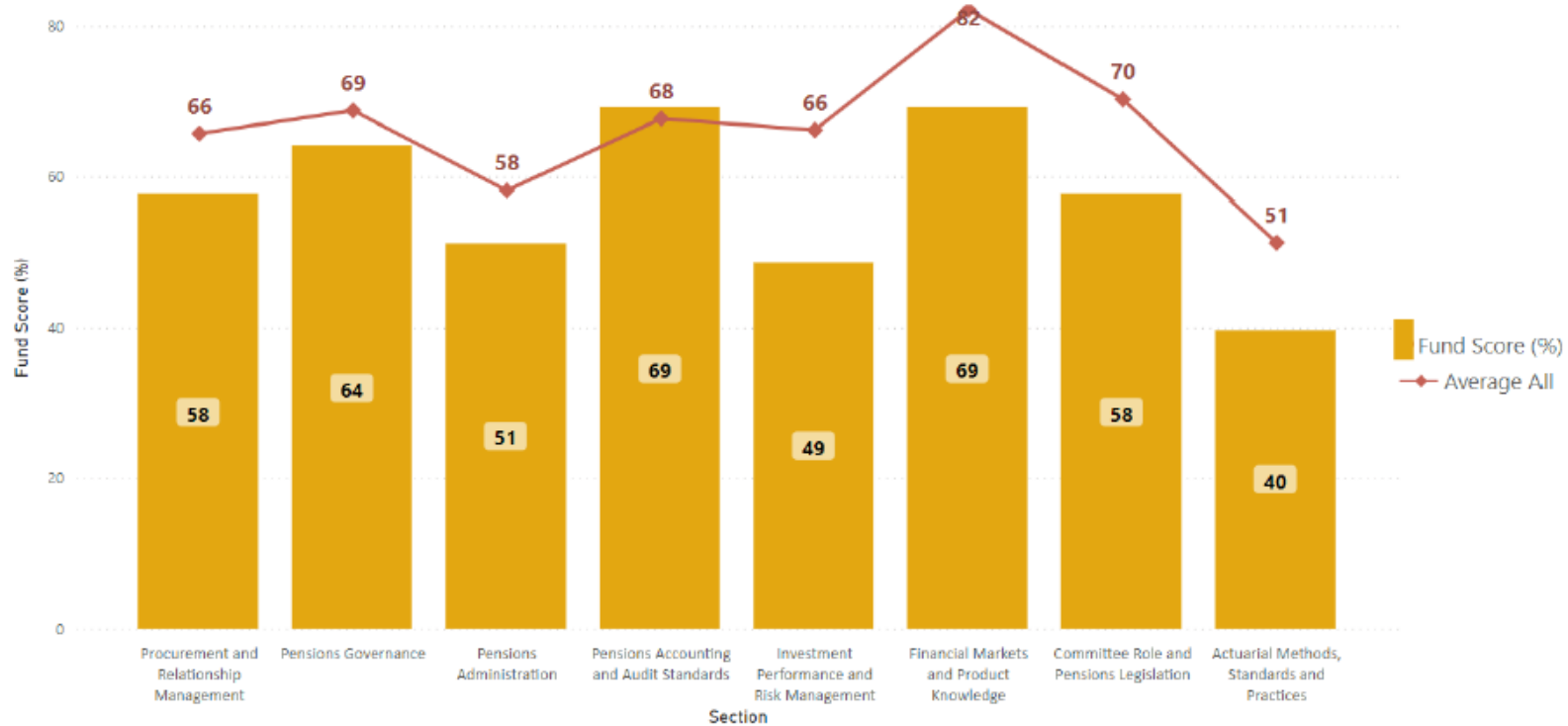
Pensions governance was the highest scoring section for the Board which, given the role of the Board, is very encouraging. Questions on the Committee’s role and investment performance were also answered strongly. It does appear that the Board’s knowledge across most areas is generally good. Procurement and pensions administration would be the key areas to focus on based on these results. This is highlighted further in the following section which compares the Teesside results, with all participating funds’ results.

**Benchmarking**

As this assessment has been conducted at national level across 22 LGPS funds the report provides details of how our Fund’s results compare to those across the average of all funds who have taken part to date. The following charts provide a comparison of the results for both the Fund’s Committee and Board, versus the average scores nationally for each group. This gives an idea of the knowledge levels across these groups, relative to the national average.

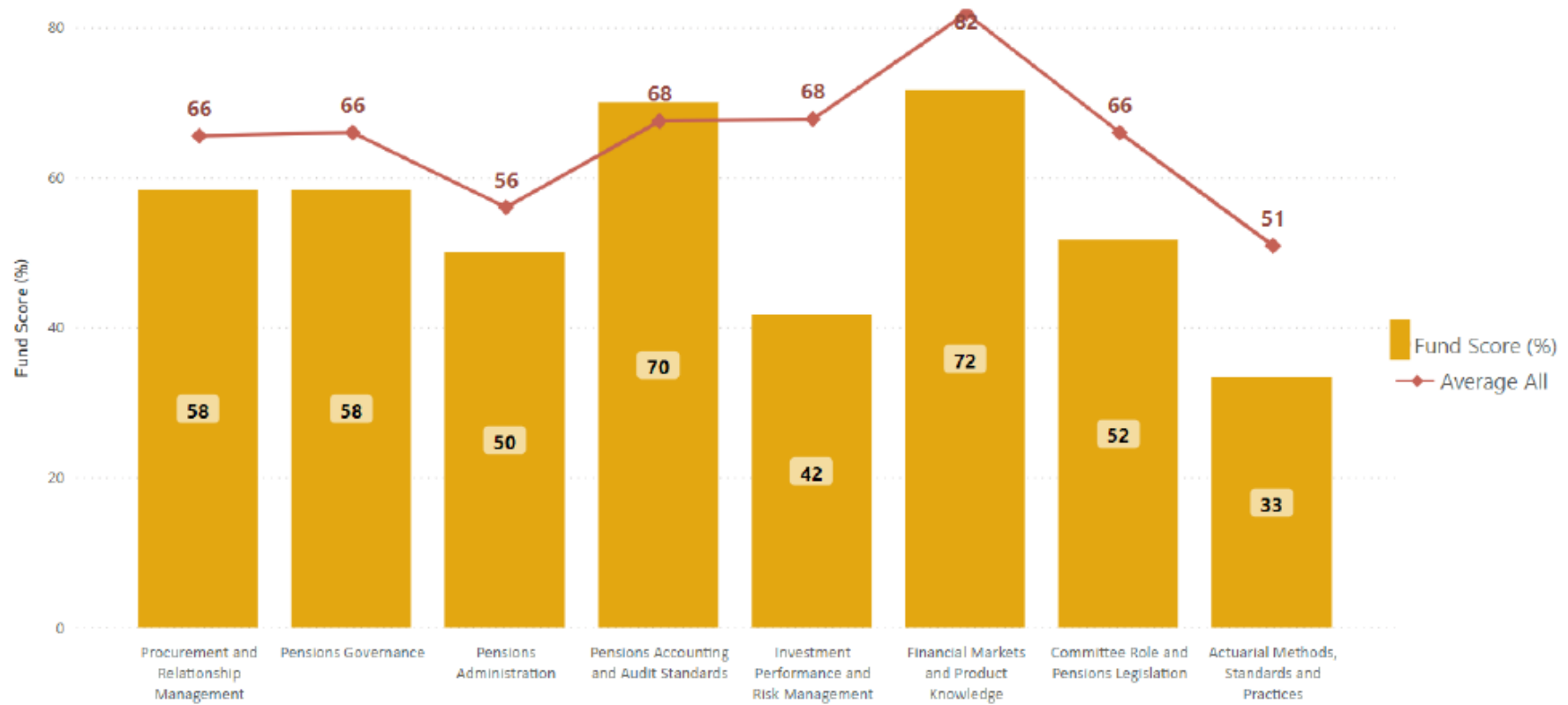
**Committee and Board combined**

Teesside Pension Fund  
vs. Average across all funds



Pension Committee

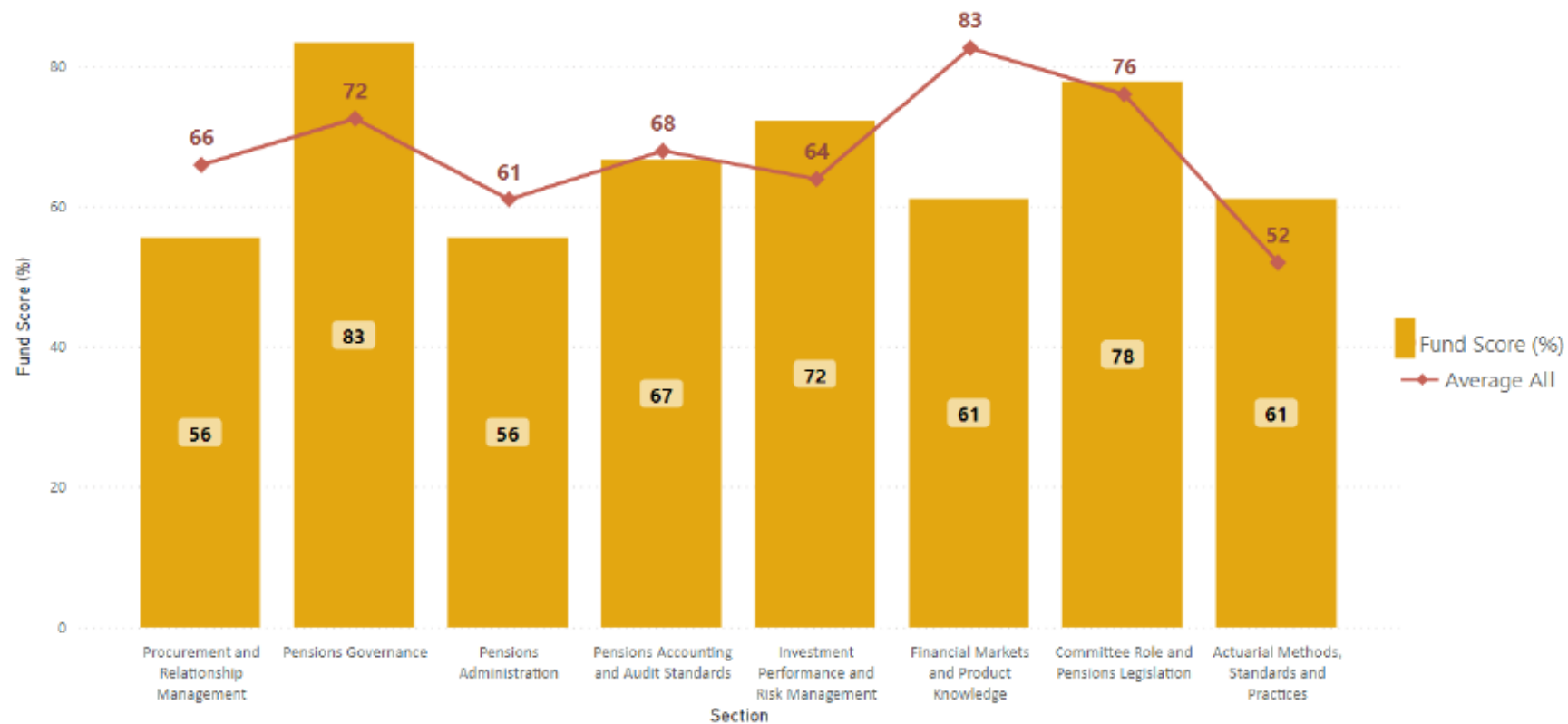
### Teesside Pension Fund vs. Average across all funds





Pension Board

Teesside Pension Fund  
vs. Average across all funds



**Comments from Hymans Robertson on the outcomes:**

“It is clear that there are areas of greater knowledge levels as well as areas in which knowledge should be developed over time. We would fully expect there to be gaps in the knowledge of all members, no matter their role on the Committee/Board, their tenure or indeed their background in terms of pensions experience. The most important thing to emphasise is that not everybody needs to be an expert in all areas, rather there should be a spread of knowledge across your Committee and Board which is supported by advice from officers and professional advisors.

Just as important as gaining the relevant knowledge and understanding expected of a Pension Committee or Board is the application of that knowledge and understanding, including the utilisation of an individual’s own background and perspective. To supplement a Fund’s training plan, we recommend that case study analysis is also included as part of both the Committee and Board training plans, allowing time for reflection on how both groups react and act on issues.

**Committee**

The results show that financial markets and pensions accounting topics have the highest levels of knowledge, but that the areas to focus any specific initial training on might be actuarial methods, as well investment performance and risk management in particular, which you might expect to be stronger for the Committee.

**Local Pension Board**

The results show that the highest levels of knowledge relate to pension governance and the role of the Committee, but that the areas to focus any initial specific training on might be procurement and pensions administration for the Board. The next step would be to try and develop the knowledge of the lower scoring areas.”

**Engagement**

One of the key areas that we recommend funds focus on is Committee and Board engagement. With the ever-increasing pace of change in the pensions and investments world, member engagement is critical to maintaining strong collective knowledge. There is an expectation that they need to be not only willing, but keen to develop their knowledge and understanding across the raft of topics upon which they will need to make, or ratify, decisions.

### Overall engagement

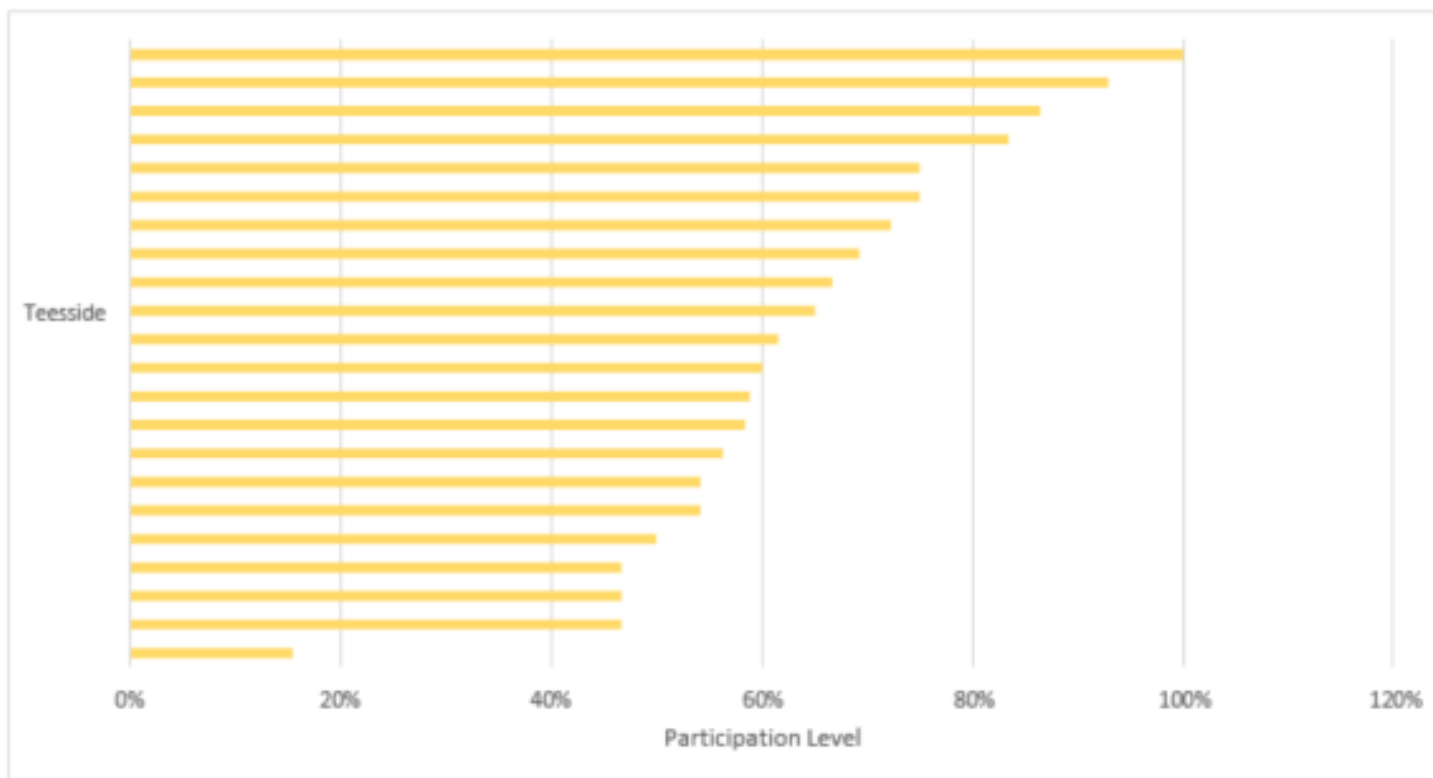
One measure of the engagement of members is their willingness to participate in training. As such, we have used the participation level of this survey to measure the engagement of your Committee and Board members. The table below shows the breakdown of the total number of participants from the Teesside Pension Fund, as a proportion of those who could have responded.

	Participants	Total Number	Participation rate
Committee	10	14	71%
Board	3	6	50%
<b>Total</b>	<b>13</b>	<b>20</b>	<b>65%</b>

We understand that different Committees function in different ways and have different numbers of members. We therefore draw no conclusions or make any inferences from these results. The information is simply being provided to the Fund officers, as they will be best placed to draw any conclusions.

### Engagement benchmarking

The chart below shows how your Fund's participation level compares with that of all other funds who took part.



**Training feedback from participants.**

One of the final sections of the survey asked participants to indicate which topics they would like to receive training on. There was a list of options available, covering a broad spectrum of the topics believed to be most relevant to allowing Committee and Board members to effectively perform their roles.

The chart below summarises the areas in which members indicated training would be beneficial.



### Suggested Training Plan

We have put together a summarised training plan below, picking out the key areas for development based on participant assessment results and the training requests. We would further advise that the Fund remains flexible with the training topics chosen and that regular reviews of the most pertinent training given assessed at regular (monthly) intervals. By keeping track at this level of frequency, the Fund can properly assess its progress against its Training plan and training strategy.

2021/22 – Q1	<ul style="list-style-type: none"> <li>Pensions administration, which as well as being low scoring for the Board and Committee, was also the second most requested topic. It might also be beneficial McCloud as part of the session.</li> </ul>
2021/22 – Q2	<ul style="list-style-type: none"> <li>The impact of COVID-19 on the Fund + investment performance and Environmental, Social &amp; Governance topic(s). We would also suggest that some time is included to discuss the SAB Good Governance project.</li> </ul>
2021/22 – Q3	<ul style="list-style-type: none"> <li>For the Board – procurement and relationship management and pension administration</li> <li>For the Committee – the role of the committee which was one of the lower scoring areas and is arguably one of the most important areas for the Committee to understand. We would also advise a session is devoted to pension administration.</li> </ul>
2021/22 – Q4	<ul style="list-style-type: none"> <li>For the Committee – actuarial methods</li> <li>For the Board – financial markets and product knowledge.</li> </ul>
2022/23 – Q1	<ul style="list-style-type: none"> <li>Valuation training sessions – purpose, role, outcomes etc. This has been timed to coincide with the 2022 Actuarial Valuations.</li> </ul>
2022/23 – Q2	<ul style="list-style-type: none"> <li>Pensions governance</li> </ul>

**TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 8**

**TEESSIDE PENSION BOARD REPORT**

**8 FEBRUARY 2021**

**DIRECTOR OF FINANCE – IAN WRIGHT**

**Asset allocation progress update**

**1. PURPOSE OF THE REPORT**

- 1.1 To present Members of the Teesside Pension Board (the Board) with information on how the Pension Fund is progressing towards its long term strategic asset allocation.

**2. RECOMMENDATION**

- 2.1 That Board Members note this report.

**3. FINANCIAL IMPLICATIONS**

- 3.1 There are no specific financial implications arising from this report.

**4. BACKGROUND**

- 4.1 The Pension Fund’s target strategic asset allocation is set out in its Investment Strategy Statement which was last updated in February 2019. The following table shows the strategic asset allocation alongside the actual allocation of the fund at the end of the quarter the allocation was published (31 March 2019) and at the latest date reported to the Pension Fund Committee (30 September 2020):

Asset Class	Target Strategic Allocation	Maximum	Minimum	As at 31.03.2019	As at 30.09.2020
GROWTH ASSETS		<b>98%</b>	<b>60%</b>	<b>86.7%</b>	<b>89.2%</b>
UK Equities	<b>22%</b>	80%	40%	30.2%	26.8%
Global Equities	<b>28%</b>			45.3%	47.7%
Property and Property Debt	<b>15%</b>	20%	10%	8.6%	7.8%
Alternatives	<b>15%</b>	20%	10%	2.6%	6.8%
PROTECTION ASSETS		<b>40%</b>	<b>2%</b>	<b>13.3%</b>	<b>10.9%</b>
Bonds	<b>18%</b>	40%	2%	0%	0%
Cash	<b>2%</b>			13.3%	10.9%
Total Fund value				£4,084m	£4,084m

4.2 The Investment Strategy Statement highlights that the target allocation is a long term goal, and that while bonds continue to be viewed as expensive, the allocation to equities is likely to be towards the high end of the range:

“Note this target allocation will take time to implement, in particular the allocation to alternatives may remain underweight for some time, owing to the timescale typically involved in investing efficiently in this asset class. Also, the allocation to bonds is only likely to be implemented once this asset class is appropriately priced. In the meantime it is likely that the Fund’s equity allocation will be above target.”

4.3 The Board asked at its previous meeting for further information on why it was taking a long time to implement the agreed allocation. For instance, the Fund’s overall allocation to equities has only reduced by one percent of the overall Fund value between 31.03.2019 and 30.09.2020 (from 75.5% to 74.5%) while there has been a larger fall in the amount allocated to protection assets – a drop of 2.4% of Fund value between the same two dates.

## 5. ASSET ALLOCATION APPROACH

5.1 The Pension Fund Committee sets the overall asset allocation based on recommendations from officers and advisors. The practical implementation is delegated to officers, with the advisors providing market updates every quarter to the Committee to inform decision-making on short-term and longer-term asset allocation.

5.2 Over the two years since the Fund moved to its current strategic asset allocation, the Fund’s advisors have consistently cautioned against investing in bonds whilst acknowledging that while the Fund remains relatively well funded, it would make sense to reduce the equity allocation to take some volatility out of the portfolio. However, other liquid return-seeking assets are not particularly attractive and



investment in some categories of private market investments is seen as a better alternative. Property offers some risks and opportunities, and holding cash can potentially reduce risk in the short term. This stance is epitomised in the following extract from Peter Moon's report to the December Committee:

"Stock markets are clearly not looking absolutely cheap at current valuation levels. If we get downward earnings revisions they will start to look expensive. This puts us in an invidious position, because in quoted markets, equities look to be the only game in town. Given the explosion in government debt worldwide investors could be considered certifiably insane if they start committing large amounts of cash for this area. The pricing of debt is incredibly generous to governments and this has had a knock on impact on most bond and credit markets.

There will be major changes in the property sector as discussed above. This uncertainty could cause an increase in yields across the whole market. The certainty is that there will be marked relative yield changes between sectors of the market. This should mean that we find attractive opportunities within property. The difficulty might be in restructuring the portfolio efficiently as sales may well be problematic.

Within alternative investments there are likely to be products arriving which will be attractive especially in this low interest rate high liquidity environment. The increasing size and diversity of this area should enable us to invest more at attractive rates of return.

The lack of attractive investment alternatives has increased the viability of cash as an asset despite its zero return. Its abundance might put one off as an investor however."

- 5.3 For some time now the Fund's investment team has been working on increasing the allocation to illiquid 'alternative' investments - private equity, infrastructure, other alternatives, in order to match the long term strategic allocations to these investments. This process began before Border to Coast had developed a programme of alternative investments and involves a combination of money allocated directly to fund managers, and money allocated to Border to Coast for the pooling company to invest via fund managers it has selected.
- 5.4 Investing money in alternatives typically takes longer than investing in more liquid investments – the process involves deciding how much to commit to a manager, waiting for that manager to draw down that commitment (usually in stages, as the manager finds suitable investment opportunities) and receiving money back from the manager (distributions) as those investments are ultimately completed or sold. Depending on the type of investment, the investment process can take a number of years and usually by the time all the committed capital is being put to work by the manager some of it has started to be returned to the investor as early projects are completed.

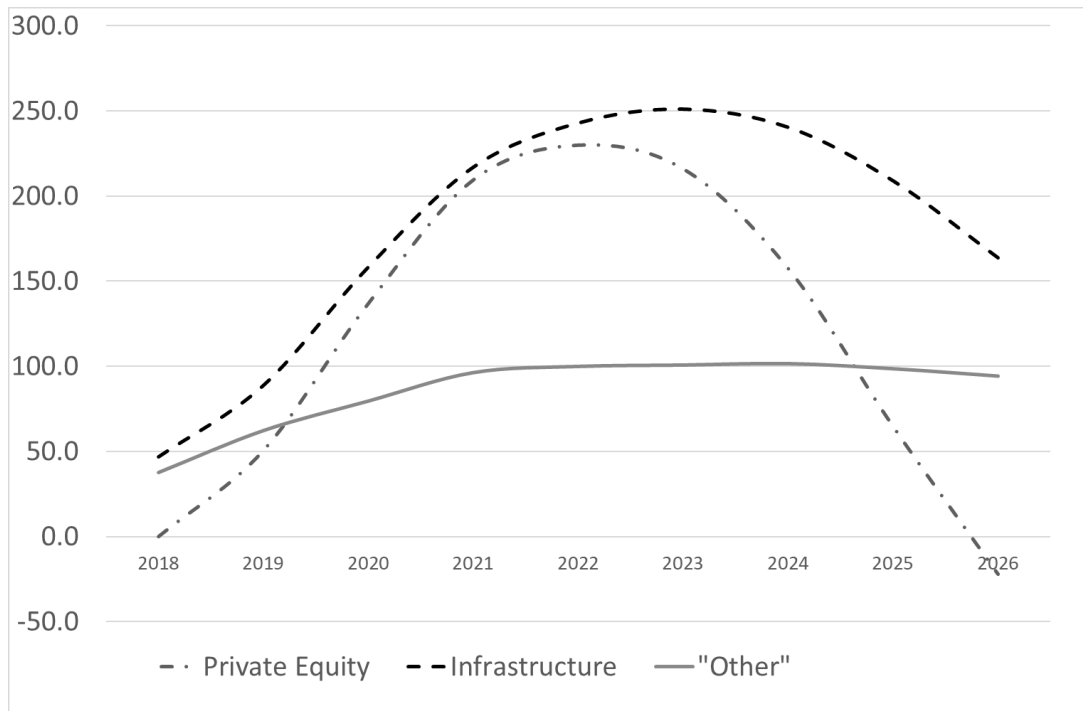
5.5 Over the 18 month period shown in the table in paragraph 4.1 above, investments in alternatives increased from 2.6% to 6.8% of the Fund. Although this is still less than half the 15% target allocation, it represents considerable progress given the necessarily slow pace of investment into this asset class. As at 30 September 2020 total **commitments** to private equity, infrastructure and other alternatives were approaching £900m, or more than 21% of the Fund’s value at that time, split as follows:

	Total committed	Total draw down at 30/09/20
Border to Coast infrastructure (2019/20 and 2020/21):	£150m	£16m
Other infrastructure managers:	£198m	£100m
Border to Coast private equity (2019/20 and 2020/21):	£150m	£11m
Other private equity managers:	£305m	£93m
Other alternatives (various managers):	£75m	£70m
Totals	£878m	£290m

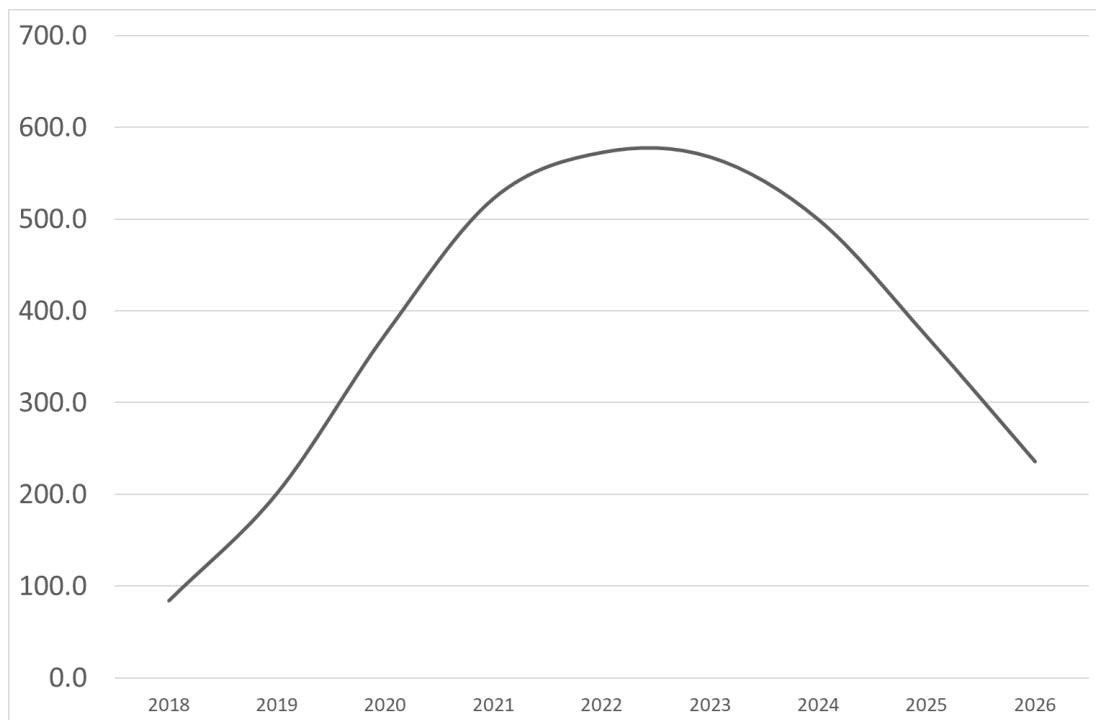
However, only around a third of this money had been drawn down and **invested** by managers at that point, and a proportion of this had been paid back in distributions.

5.6 Building and maintaining an illiquid investment portfolio takes time and also usually requires commitments in excess of the desired portfolio allocation. To illustrate this point, the following two graphs give an approximate indication of how the amount the Fund has invested in alternative asset classes is expected to fluctuate over coming years. Note, these graphs do not take into account future investment commitments that are likely to be made – in practice the Fund will make additional commitments in future to prevent the drop in allocation to alternatives in future years shown in these graphs. Also, various broad assumptions have been made about the pace at which managers will draw down and distribute capital which are unlikely to be completely accurate.

**Graph A:** Estimated investment in alternatives by asset class over time (assuming no further commitments are made)



**Graph B:** Estimated total investment in alternatives over time (assuming no further commitments are made)



- 5.7 The investment team continues to work with the Fund’s advisors and managers to ensure the required allocation to alternatives can be built and maintained in an effective and efficient manner.
- 5.8 The Fund’s allocation to property / property debt has reduced over the 18 month period in paragraph 4.1. This is due to a number of factors:
- The value of the Fund’s indirect and direct property portfolio has been adversely affected by the impact of the global pandemic and subsequent market conditions.
  - The Fund has not been able to source and acquire additional property assets for its portfolio, although we continue to work with our property manager to locate suitable additional property assets for the Fund.
  - Initial investigations into possible property debt investments were put on hold in March last year while the market was turbulent and unclear. This work will recommence and the investment team will continue to consider potential property debt investment options.

## **6. NEXT STEPS**

- 6.1 Officers have been working with the Fund’s investment advisors to review the strategic asset allocation, as William Bourne pointed out in his report to the December Committee: “The independent advisors are reviewing the Strategic Asset Allocation set in 2018 with Officers, and a paper on this will be brought to the March 2021 meeting.”

**AUTHOR:** Nick Orton (Head of Pensions Governance and Investments)

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**TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 9**

**TEESSIDE PENSION BOARD REPORT**

**8 FEBRUARY 2021**

**STRATEGIC DIRECTOR FINANCE, GOVERNANCE & SUPPORT – JAMES BROMILEY**

**BOARD WORK PLAN REVIEW**

**1. PURPOSE OF THE REPORT**

- 1.1 To ask Members of the Teesside Pension Board (the Board) to review the future work plan that was agreed at its 10 February 2020 meeting, and suggest any areas to cover in meetings from July 2021 onwards.

**2. RECOMMENDATION**

- 2.1 That Members provide suggestions for items to add to the work plan for July 2021 onwards.

**3. FINANCIAL IMPLICATIONS**

- 3.1 There are no specific financial implications arising from this report. Should any additional budget be required to carry out any aspects of the plan, this will be authorised by the Pension Fund Committee through the normal budget process.

**4. BACKGROUND**

- 4.1 The Board's Terms of Reference summarise the purpose and duties of the Board as follows:

**“Statement of purpose**

6. The Board is responsible for assisting the Administering Authority:

(a) to secure compliance with the Regulations, any other legislation relating to the governance and administration of the Scheme, and requirements imposed by the Pensions Regulator in relation to the Scheme; and

(b) to ensure the effective and efficient governance and administration of the Scheme.

7. The Council considers this to mean that the Pension Board is providing oversight of these matters and, accordingly, the Pension Board is not a decision making body in relation to the management of the Pension Fund. The Board makes recommendations and provides assurance to assist in the management of the Fund.

### **Duties of the Board**

8. The Board should at all times act in a reasonable manner in the conduct of its purpose. It will ensure that in performing their role it is:

- done effectively and efficiently and
- complies with relevant legislation and
- done by having due regard and in the spirit of the Code of Practice on the governance and administration of public service pension schemes issued by the Pensions Regulator and any other relevant statutory or non-statutory guidance.

9. In support of this duty Board members should be subject to and abide by the Code of Conduct for Board members. The Board will adopt Middlesbrough Borough Council's Members' Code of Conduct for this purpose."

4.2 More detail on the areas a pension board is expected to concentrate on is available on The Pension Regulator's website and the website of the national Scheme Advisory Board for the Local Government Pension Scheme (LGPS).

4.3 The Pensions Regulator's website lists the following areas of governance and administration that those responsible for running, overseeing or advising a public service pension scheme need to focus on:

- **"Reporting duties**  
Managers of public service pension schemes must ensure that the scheme return we issue each year is completed on time. They must also tell us of any changes to their scheme's 'registrable information' as soon as possible.
- **Internal controls and managing risks**  
Public service pension schemes need to have good internal controls. They are a key characteristic of a well-run scheme and will enable risks to the scheme to be managed effectively.
- **Record-keeping**  
Failing to maintain complete and accurate records can affect the ability of your public service pension scheme to carry out basic functions. Accurate record-keeping is crucial in ensuring that benefits are paid correctly.
- **Communicating to members**  
Members of public service pension schemes need to receive information to help them understand their pension arrangements and make informed decisions.
- **Publishing scheme information**  
Certain information relating to public service pension schemes needs to be published so that scheme members and interested parties know that their scheme is being managed effectively.

- **Maintaining contributions**  
Public service pension schemes need to have procedures and processes that enable you to effectively monitor pension contributions, resolve payment issues and report payment failures.
- **Pension board conflicts of interest and representation**  
In public service pension schemes, potential conflicts of interest need to be identified and managed to prevent actual conflicts of interest arising.
- **Resolving internal disputes**  
Internal dispute resolution (IDR) arrangements play an important part in the management of a public service pension scheme. They enable someone with an interest in the scheme to ask for a matter in dispute to be resolved.
- **Reporting breaches of the law**  
Certain people involved with the governance and administration of a public service pension scheme must report certain breaches of the law to us.”

(from <https://www.thepensionsregulator.gov.uk/en/public-service-pension-schemes/scheme-management> )

- 4.4 The Scheme Advisory Board produced best practice guidance on the creation and operation of Local Pension Boards, this guidance provides more detail of suggested areas and activities that LGPS Pension Boards can focus on. An annotated extract from the guidance, showing how the Board has covered or will cover each area, is enclosed as Appendix A, the full guidance can be found at the following link:  
[http://www.lgpsboard.org/images/Guidance/LGPS\\_Board\\_Guidance\\_FINAL\\_PUBLISHEDv1%201clean.pdf](http://www.lgpsboard.org/images/Guidance/LGPS_Board_Guidance_FINAL_PUBLISHEDv1%201clean.pdf)

## 5. CURRENT WORKPLAN

- 5.1 The current work plan was prepared taking into account the work the Board has already covered since its creation, the guidance from the Pensions Regulator and the Scheme Advisory Board, and was agreed at the Board’s 10 February 2020 meeting. The work plan is intended to be a living document and can be updated and amended at any point. It can also be changed whenever national guidance is updated.
- 5.2 The items on the work plan will be delivered mainly through reports provided at future Board meetings from the Head of Pension Governance and Investments.
- 5.3 The current work plan intentionally has the phrase “to be determined” shown for meetings from July 2021 onwards, and this gives an opportunity for the Board to make suggestions as to areas they would like to focus, or re-focus on.

<b>Teesside Pension Board Work Plan</b>		
<b>Date of Board meeting and any standard items scheduled</b>	<b>Suggested areas of focus (from the Pensions Regulator's list)</b>	<b>Suggested activities (from the Scheme Advisory Board guidance)</b>
10 February 2020		Review the outcome of actuarial reporting and valuations.
20 April 2020	Reporting breaches Maintaining contributions Reporting duties	Review the outcome of actuarial reporting and valuations.
27 July 2020 Annual Board Report Draft Report and Accounts	Pension board conflict of interest	
2 November 2020 Annual Review of Board Training	Communicating to members Publishing scheme information	Review standard employer and scheme member communications
8 February 2021	Internal controls and managing risks	Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.
19 April 2021 Annual Board Report	Record keeping Resolving internal disputes	Review performance and outcome statistics Review handling of any cases referred to Pensions Ombudsman
July 2021 Draft Report and Accounts	To be determined	Review procurements carried out by Fund
November 2021 Annual Review of Board Training		Review the complete and proper exercise of employer and administering authority discretions.
February 2022		To be determined
April 2022		
July 2022 Annual Board Report Draft Report and Accounts		
November 2022 Annual Review of Board Training		
February 2022		

CONTACT OFFICER: Nick Orton – Head of Pensions Governance and Investments

TEL NO.: 01642 729040



## Appendix A – Functions of an LGPS Pension Board

(taken from “Schedule A – Example remit of a Local Pension Board” from the Scheme Advisory Board’s document “Guidance on the creation and operation of Local Pension Boards in England and Wales)

<b>Function</b>	<b>When</b>	<b>How</b>
Review regular compliance monitoring reports which shall include reports to and decisions made under the Regulations by the Committee.	Ongoing	Review of Committee papers and minutes, attendance at meetings.
Review management, administrative and governance processes and procedures in order to ensure they remain compliant with the Regulations, relevant legislation and in particular the Code of Practice.	November 2018	Code of Practice gap analysis
Review the compliance of scheme employers with their duties under the Regulations and relevant legislation.	November 2018	Code of Practice gap analysis
Assist with the development of and continually review such documentation as is required by the Regulations including Governance Compliance Statement, Funding Strategy Statement and Statement of Investment Principles.	Ongoing	Consider and review as statements are updated by Committee
Assist with the development of and continually review scheme member and employer communications as required by the Regulations and relevant legislation.	Schedule into work plan	Review standard employer and scheme member communications
Monitor complaints and performance on the administration and governance of the scheme.	Ongoing	XPS quarterly report
Assist with the application of the Internal Dispute Resolution Process.	Schedule into work plan	Review performance and outcome statistics
Review the complete and proper exercise of Pensions Ombudsman cases.	Schedule into work plan	Review handling of any cases referred to Pensions Ombudsman
Review the implementation of revised policies and procedures following changes to the Scheme.	As required	Following legislative changes to the Scheme
Review the arrangements for the training of Board members and those elected members and officers with delegated responsibilities for the management and administration of the Scheme.	Schedule into work plan	
Review the complete and proper exercise of employer and administering authority discretions.	Schedule into work plan	
Review the outcome of internal and external audit reports.	Ongoing	Audit reports and outcomes are supplied to Committee and Board
Review draft accounts and scheme annual report.	Annually	Accounts presented to

<b>Function</b>	<b>When</b>	<b>How</b>
		July Board
Review the compliance of particular cases, projects or process on request of the Committee.	As required	
Any other area within the core function (i.e. assisting the Administering Authority) the Board deems appropriate.	As required	
Assist with the development of improved customer services.	Ongoing	
Monitor performance of administration, governance and investments against key performance targets and indicators.	Ongoing	XPS quarterly report
Review the effectiveness of processes for the appointment of advisors and suppliers to the Administering Authority.	Schedule into work plan	Review procurements carried out by Fund
Monitor investment costs including custodian and transaction costs.	Annual	Included in accounts
Monitor internal and external audit reports.	Ongoing	Audit reports and outcomes are supplied to Committee and Board
Review the risk register as it relates to the scheme manager function of the authority.	Periodically	As risk register is presented to Committee and Board
Assist with the development of improved management, administration and governance structures and policies.	As required	
Review the outcome of actuarial reporting and valuations.	Schedule into work plan	
Assist in the development and monitoring of process improvements on request of Committee.	As required	
Assist in the development of asset voting and engagement processes and compliance with the UK Stewardship Code.	As required	Asset voting and engagement mainly delivered by Border to Coast post-pooling
Any other area within the core function (i.e. ensuring effective and efficient governance of the Scheme) the Board deems appropriate.	As required	

**TEESSIDE PENSION FUND**

Administered by Middlesbrough Council

**AGENDA ITEM 10**

**TEESSIDE PENSION BOARD REPORT**

**8<sup>TH</sup> FEBRUARY 2021**

**DIRECTOR OF FINANCE – IAN WRIGHT**

**TEESSIDE PENSION BOARD – ADMINISTRATION REPORT**

**1. PURPOSE OF THE REPORT**

- 1.1 To provide an overview of administration services provided to the Teesside Pension Fund by XPS Administration, Middlesbrough.

**2. RECOMMENDATIONS**

- 2.1 That Board Members note the contents of the paper.

**3. FINANCIAL IMPLICATIONS**

- 3.1 There are no financial implications for the Fund.

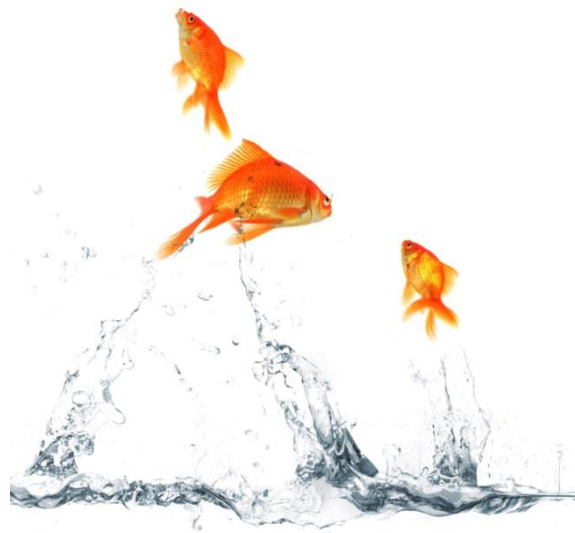
**4. BACKGROUND**

- 4.1 To enable the Pension Board to gain an understanding of the work undertaken by the Administration Unit and whether they are meeting the requirements of the contract. The report is contained within Appendix A.

CONTACT OFFICER: Graeme Hall (Operations Manager)

TEL. NO.: (01642) 030643

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# Teesside Pension Fund

## Service Delivery Report

2020/21

## Teesside Pensions Fund

### Headlines

#### McCloud judgement

On 27 June 2019 the Supreme Court denied the Government's request for an appeal in the McCloud and Sargeant case.

The case concerns the transitional protections provided to older members of the judges and firefighter pension schemes when the schemes were reformed in 2015, as part of the public sector pension scheme changes. On 20 December 2018 the Court of Appeal found that these protections were unlawful on the grounds of age discrimination and could not be justified.

A consultation document was issued on the proposed remedy in respect of the LGPS. The consultation covers both future provisions and proposed retrospective changes to enable the Scheme to remedy the findings of discrimination. Draft amending legislation accompanied the consultation which had a closing date of 8 October 2020.

The proposals contained in the consultation go beyond the immediate remedy of age discrimination that the McCloud judgement seeks to rectify and also contain broader changes which MHCLG propose to implement to rectify what they view as historic anomalies that have existed since the introduction of the new Scheme in 2014, some of which would require retrospective amendment.

The immediate remedy proposals have significant administrative impact and the more extensive proposals will place a further administrative burden upon the Fund, XPS and employers within the Fund. A response was submitted to the consultation agreeing with the broad principles of the remedy but highlighting the major administrative impact that the changes will impose.

#### Legislation on restricting exit payments (£95k cap)

The Restriction of Public Sector Exit Payments Regulations 2020 ('the Cap Regulations'), will come into force on 4 November 2020, in advance of the changes to LGPS regulations proposed by MHCLG in the further reform consultation. These changes will amend the LGPS regulations to provide for the payment of reduced pensions in whole (as is the current provision) and in part.

From 4 November 2020 up to the enactment of the MHCLG further reform proposals there is a position of legal uncertainty. This is due to the apparent discrepancy between the obligations on scheme employers under the Cap Regulations to limit strain cost payments, and the requirement for administering authorities to pay unreduced pensions to qualifying scheme members under existing LGPS regulations.

The Fund is now following the Scheme Advisory Board's recommended approach that anyone retiring on redundancy or business efficiency grounds who exceeds the cap will be offered a

choice of deferred benefits or reduced immediate benefits, and employers are recommended to follow the SAB guidance and not make a 'top up' payment to individuals in these circumstances at this stage.

### Regulations and guidance

The LGPS (Amendment) (No2) Regulations 2020 – exit credits

On 27 February 2020, MHCLG published a partial response to the consultation covering changes to the local valuation cycle and the management of employer risk. The response covered the proposals on exit credits only.

On 26 August 2020, MHCLG published a second partial response to the Local valuation cycle and the management of employer risk consultation that was issued in May 2019.

The response confirms that the LGPS 2013 Regulations will be amended to allow greater flexibility on employer exit payments and the ability to review employer contributions between valuations. The LGPS (Amendment) (No.2) Regulations 2020 provide for the changes and were laid on 27 August 2020. They came into effect from 23 September 2020.

A further response will be made by MHCLG in relation to the other proposals in the consultation (changes to the local fund valuation cycle, interim valuations and the status of further education, Sixth Form College and higher education corporations in England and Wales) in due course.

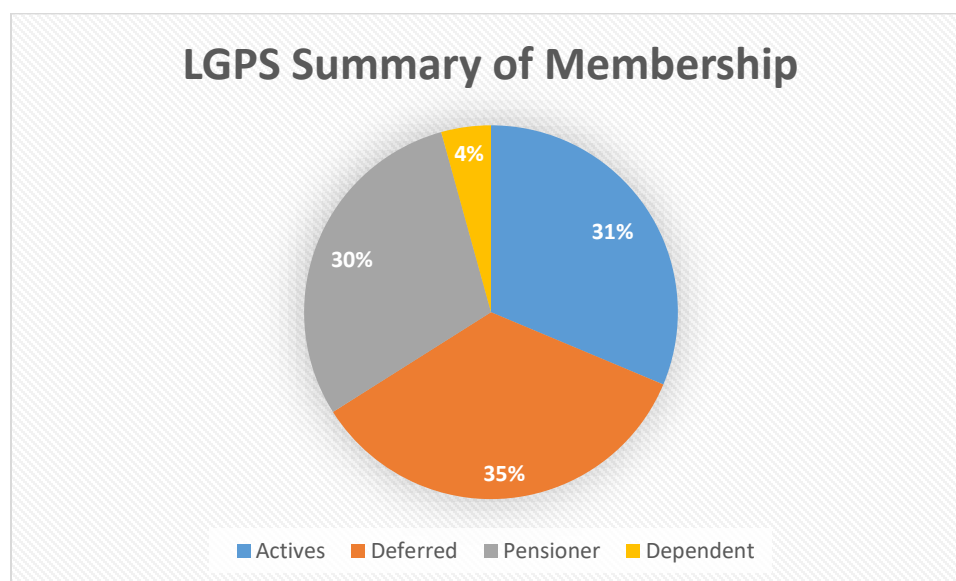
### Covid-19

XPS update

Following the latest lockdown due to Covid-19, XPS introduced further restrictions on who can work from the office (based on work undertaken and any special circumstances). At this moment there is no timeframe, nor rush, to commence a full return to an office environment. XPS will maintain a watching brief on governmental guidance.

## Membership Movement

	Actives		Deferred		Pensioner		Widow/Dependent	
Q3 2020/21	23,199	▲	25,713	▼	21,971	▲	3,182	▲
Q2 2020/21	23,018	▼	25,936	▼	21,763	▲	3,134	▲
Q1 2020/21	23,243	▲	25,958	▲	21,538	▲	3,101	▼
Q4 2019/20	22,997	▼	25,799	▼	21,521	▲	3,114	▲
Q3 2019/20	23,123	▲	25,948	▼	21,355	▲	3,093	▲
Q2 2019/20	22,463	▼	26,136	▲	21,179	▲	3,071	▲



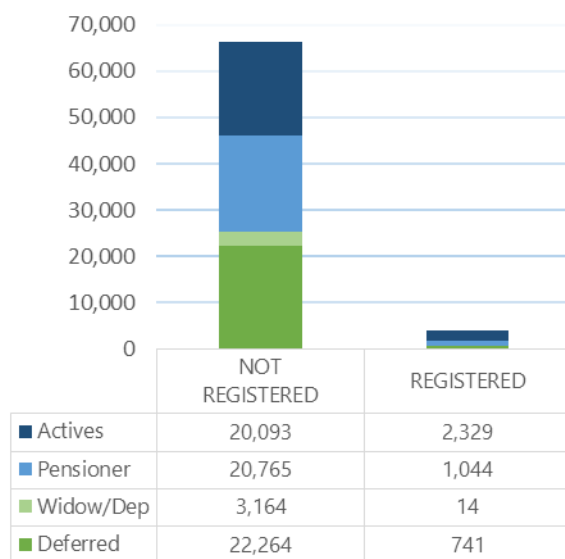
## Member Self Service

Below is an overview on the activity and registration of the Member Self Service System:

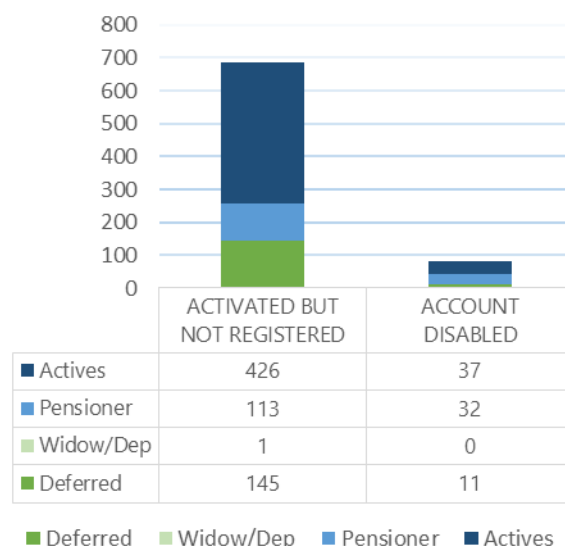
	NOT REGISTERED	REGISTERED	ACTIVATED BUT NOT REGISTERED	ACCOUNT DISABLED	TOTAL	% Uptake
Actives	20,093	2,329	426	37	<b>22,885</b>	<b>10.3%</b>
Deferred	22,264	741	145	11	<b>23,161</b>	<b>3.2%</b>
Pensioner	20,765	1,044	113	32	<b>21,954</b>	<b>4.9%</b>
Widow/Dep	3,164	14	1	0	<b>3,179</b>	<b>0.4%</b>
<b>Total</b>	<b>66,286</b>	<b>4,128</b>	<b>685</b>	<b>80</b>	<b>71,179</b>	<b>5.9%</b>



Registration Summary No's



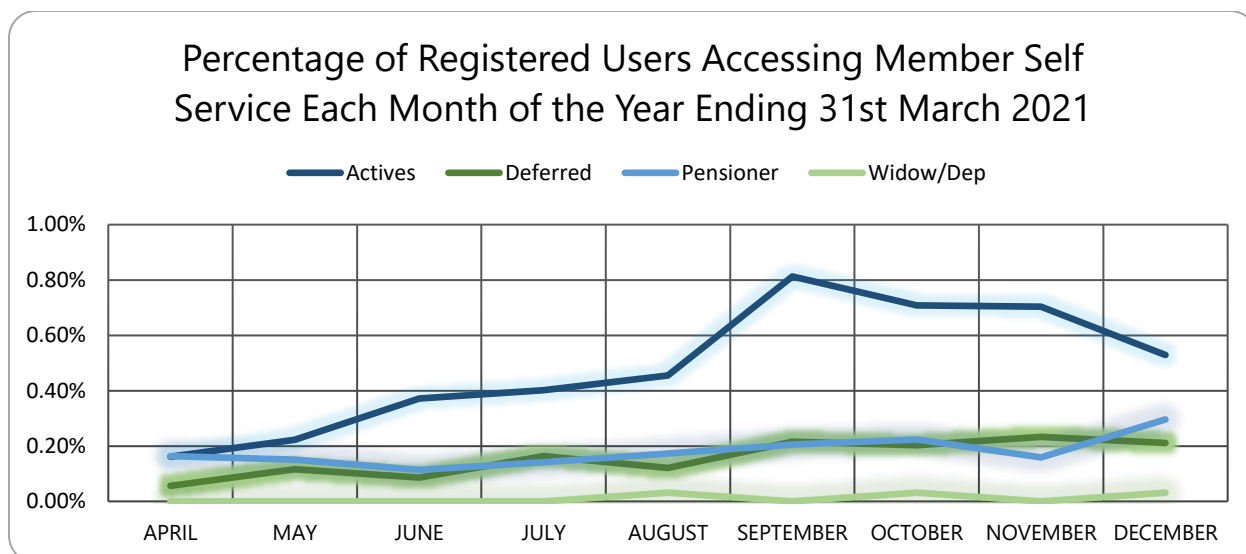
Other Account Status No's



		APRIL		MAY		JUNE	
QUARTER 1	Actives	49	0.21%	63	0.27%	108	0.47%
	Deferred	15	0.06%	34	0.15%	35	0.15%
	Pensioner	40	0.18%	37	0.17%	22	0.10%
	Widow/Dep	-	-	-	-	-	-
	<b>Total</b>	<b>104</b>		<b>134</b>		<b>165</b>	

		JULY		AUGUST		SEPTEMBER	
QUARTER 2	Actives	145	0.63%	157	0.68%	302	1.31%
	Deferred	44	0.19%	43	0.19%	84	0.36%
	Pensioner	35	0.16%	40	0.18%	54	0.25%
	Widow/Dep	-	-	2	0.06%	2	0.06%
	<b>Total</b>	<b>224</b>		<b>242</b>		<b>442</b>	

		OCTOBER		NOVEMBER		DECEMBER	
QUARTER 3	Actives	196	0.85%	161	0.70%	121	0.53%
	Deferred	49	0.21%	54	0.23%	49	0.21%
	Pensioner	44	0.20%	35	0.16%	65	0.30%
	Widow/Dep	-	-	-	-	1	0.03%
	<b>Total</b>	<b>289</b>		<b>250</b>		<b>236</b>	



## Additional Work

Guaranteed Minimum Pension reconciliation exercise

Work continues on this project, with expectation being Stage 2 will be complete by end of May. We will then move on to Rectification Stage 1 which will highlight those cases that need recalculating.

## Complaints

Type of complaint	Date received	Date responded

## Internal Dispute Resolution Process

For the 3 months to 31<sup>st</sup> December 2020 there are two known IDRPs cases:

- 1 related to November complaint regarding non-receipt of an Expression of Wish form
- 1 related to escalation to Stage 2 of a previous IDRPs case relating to ill health retirement.

Papers have been issued to the Stage 2 nominated person and we are awaiting a response.

## Pensions Ombudsman

For the 3 months to 31<sup>st</sup> December 2020 there are no known cases passed for consideration to, nor a ruling by, the Pensions Ombudsman.

## High Court Ruling

For the 3 months to 31<sup>st</sup> December 2020 there are no known cases.

Common Data

Data Item	Teesside Pension Fund				107 dependents	
	Max Population	Total Fails	% OK	Prev %		
NINo	74,742	140	99.81%	99.80%	107 dependents	
Surname	74,742	0	100.00%	100.00%		
Forename / Inits	74,742	0	100.00%	100.00%		
Sex	74,742	0	100.00%	100.00%		
Title	74,742	52	99.93%	99.96%		
DoB Present	74,742	0	100.00%	100.00%		
Dob Consistent	74,742	0	100.00%	100.00%		
DJS	74,742	0	100.00%	100.00%		
Status	74,742	0	100.00%	100.00%		
Last Status Event	74,742	652	99.13%	99.27%		
Status Date	74,742	1,349	98.20%	98.62%		
No Address	74,742	349	99.53%	99.53%		
No Postcode	74,742	467	99.38%	99.37%		
Address (All)	74,742	4,104	94.51%	94.61%		
Postcode (All)	74,742	4,115	94.49%	94.61%		
Common Data Score	<b>74,742</b>	<b>2,597</b>	<b>96.53%</b>	<b>97.07%</b>		
Members with Multiple Fails	<b>74,742</b>	<b>396</b>	<b>99.47%</b>	<b>99.50%</b>		

## Conditional Data

XPS Administration, Middlesbrough are working on a method to report Conditional Data. Discussions are ongoing with Aquila Heywood on a cost for this reporting function along with investigation on whether this can be achieved internally. This follows the issuance by SAB of 22 data fields that should be reported on.

An overview of the Conditional (Scheme Specific) Data for the three Police schemes are:

<b>Scheme</b>	<b>Member Total</b>	<b>Errors from tests carried out</b>	<b>%age accuracy based on tests carried out</b>
TPF (inc GMP)	68,296	9,151	86.60
TPF (exc GMP)	68,296	1,197	98.25

These scores come from the following tests. Only those tests shown in yellow have been reported on; the other reports will be developed and added to results in future reports.

Report	Report Description	Test 1	Test 2	Test 3	Member Totals	Errors	%
1.1.1	Divorce Details						
1.1.2	Transfers in	Date the transfer in was received is present on record	Ensure the transfer value on record isn't blank	N/A	45,183	65	99.86
1.1.3	Additional Voluntary Contribution (AVC) Details and other additional benefits						
1.1.4	Total Original Deferred Benefit						
1.1.5	Tranches of Original Deferred Benefit						
1.1.6	Total Gross Pension						
1.1.7	Tranches of Pension						
1.1.8	Total Gross Dependant Pension						
1.1.9	Tranches of Dependant Pension						
1.2.1	Date of Leaving	Date of Leaving Blank	Date joined blank or <01/01/1900	Date joined later than Date of Leaving	4,164	43	98.97
1.2.2	Date Joined scheme	Check all Key Dates are present and later than 01/01/1900	N/A	N/A	68,296	11	99.98
1.2.3	Employer Details	Employer Code present	N/A	N/A			

<b>1.2.4</b>	Salary	Pay not within 12 months	N/A	N/A	46,338	1,078	97.67
<b>1.3.1</b>	CARE Data	CARE Missing on relevant records	N/A	N/A			
<b>1.3.2</b>	CARE Revaluation						
<b>1.4.1</b>	Benefit Crystallisation Event (BCE) 2 and 6						
<b>1.4.2</b>	Lifetime allowance						
<b>1.4.3</b>	Annual allowance						
<b>1.5.1</b>	Date Contracted Out	Date Contracted Out missing					
<b>1.5.1</b>	NI contributions and earnings history						
<b>1.5.2</b>	Pre-88 GMP				24,400	7,954	67.40
<b>1.5.3</b>	Post-88 GMP						

## Customer Service

Since December 2016, XPS Administration, Middlesbrough have included a customer satisfaction survey with the retirement options documentation.

A summary of the main points are as follows:

Issued	Returned	%
15,867	3,055	19.25

Question	Previous Response*	Current Response*
1. It was easy to see what benefits were available to me	4.26	4.27
2. The information provided was clear and easy to understand	4.19	4.19
3. Overall, the Pensions Unit provides a good service	4.29	4.29
4. The retirement process is straight forward	4.03	4.03
5. My query was answered promptly	4.45	4.45
6. The response I received was easy to understand	4.43	4.44
7. Do you feel you know enough about your employers retirement process	76.46%	76.51%
8. Please provide any reasons for your scores (from 18/05/17)		
9. What one thing could improve our service		
10. Did you know about the www.teespen.org.uk website? (from 18/05/17)	47.27%	47.53%
11. Did you use the website to research the retirement process? (from 18/05/17)	27.24%	27.40%
12. Have you heard of Member Self Service (MSS)? (from 18/05/17)	23.75%	23.80%

\*scoring is out 5, with 5 being strongly agree and 1 being strongly disagree

## Service Development

Following the agreement of the Pensions Committee to fund enhancements to the Pensions Administration Services at their meeting of 7<sup>th</sup> March 2018, XPS Administration, Middlesbrough has looked to recruit into the roles required to provide this enhanced service.

Additional funds were only drawn down when roles were filled to undertake the additional services. This has so far led to:

### Initial Planning

To help with the creation of the teams that will assist with the additional services two new posts were created to covering Governance & Communications plus Systems & Payroll. These were filled by Paul Mudd and Neale Watson respectively on 11<sup>th</sup> July 2018. Their roles were then to look at how XPS could then provide the agreed services to the Fund.

### Employer Liaison

On 1<sup>st</sup> May 2019, the Employer Liaison team leader was appointed. Quickly followed by an assistant on 24<sup>th</sup> June 2019.

Since appointment, they have undertaken numerous tasks including Employer training, late contribution monitoring, and data cleansing. They have recently started Employer Health checks, which are now undertaken virtually due to the Covid restrictions.

The team are also working with the actuary to provide relevant and timely information.

Next steps will be to work with the Fund to determine how to undertake employer covenant and introducing the monthly contribution process across all employers.

### Communications

The Communications Coordinator was appointed on 16<sup>th</sup> December 2019 with an initial remit to review fund's website and develop a new version with greater accessibility and easier to navigate; this will be demonstrated at this meeting.

Once the new website is live, the next area to review will be the bulk communications that we issue (newsletters and Annual Benefit Statements) before reviewing any other documentation.

### Next Steps

XPS are currently reviewing processes to enable a move to monthly contribution postings which should lead to greater efficiencies, and more up to date information on member records. It is expected that this will occur during the 2021/22 financial year. Since March 2018, the plan has changed from the recruitment of two additional members of staff to use a piece of software that will provide an auditable process that will allow employers to upload member data directly to records. This will help ensure starters, leavers and variations are provided in a timely manner and current data is held to speed up the calculation process.

The next steps will include the procurement of the additional software and the recruitment of at least one further member of staff to assist with the processing of the data.



## Performance

Following discussions with both the Pension Board and Committee, XPS Administration are investigating a way to report the time between a member being entitled to a benefit and it being finalized (e.g. time between date of leaving and deferred benefit statement being issued or pension being brought into payment).

XPS Administration are therefore investigating whether sufficient reporting tools already exist within the pension administration system or whether bespoke reports are required to be developed (either internally or via the administration software providers).

The Pension Committee will be kept updated on the progress to provide this information.

## Employer Liaison

### Employers & Members

We have started our Employer Health Check communication where we are virtually going to meet each employer to find out what they need from us in regards to training, and what we expect from them. These meetings will also involve general discussions on how employers are finding matters in the current situation. The first few meetings we have completed have been successful and more are scheduled in the coming months. Analysis of needs is being collated and will be an ongoing exercise throughout the checks.

### Late Payments

I requested that accounts liaise with me more regularly in order to keep on top of the late payments. This has now begun and they email me monthly once the deadline for payments has passed. This seems to be working well and will continue.

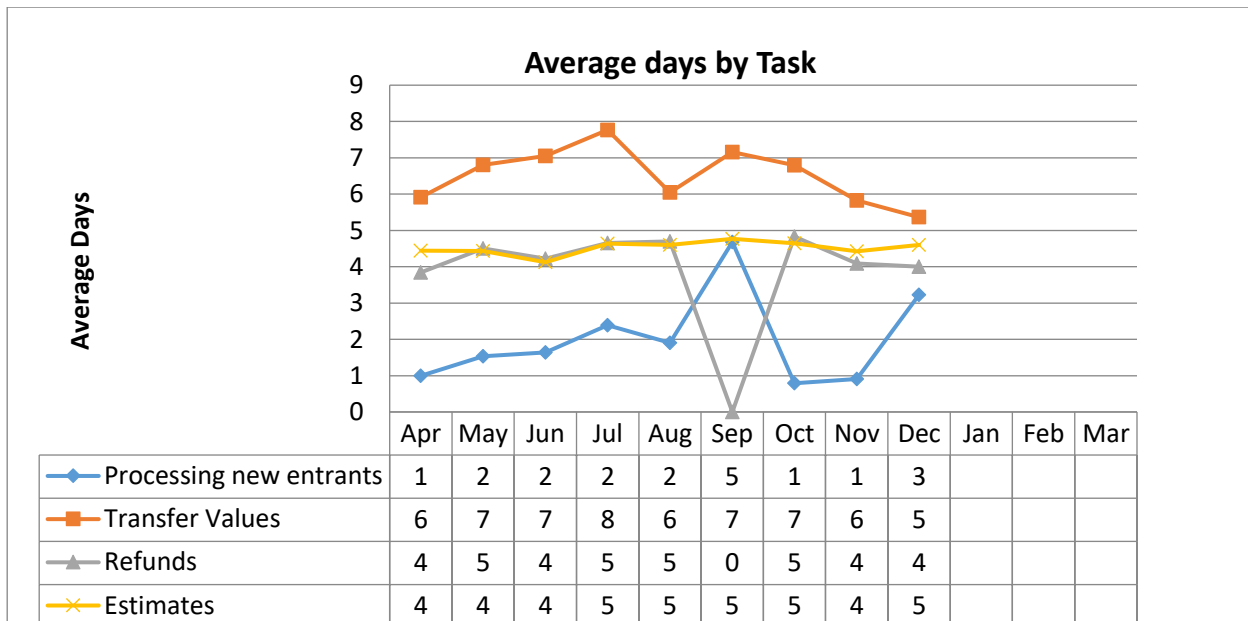
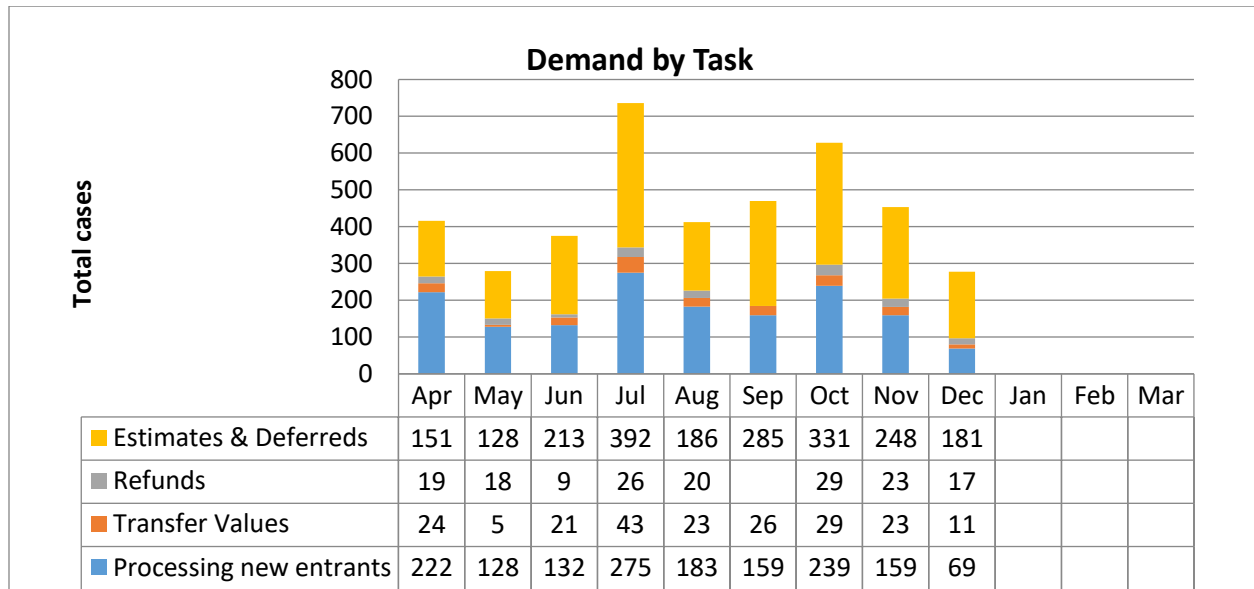
One regular late payment employer has now caught up.....Creative Management. Lockwood Parish was named on the late payment list however once I contacted them it turned out the member had left the fund and no contributions were due.

Date	Expected Payments	Late Payments	% Late	<10 Days Late	>10 Days Late
Aug-19	148	3	4.00%	2	1
Sep-19	148	4	4.00%	3	1
Oct-19	148	1	4.00%	0	1
Nov-19	156	6	2.00%	2	4
Dec-19	156	4	3.00%	4	0
Jan-20	158	4	3.00%	4	0
Feb-20	158	4	3.00%	4	0
Mar-20	158	2	1.00%	2	0
Apr-20	138*	4	3.00%	-	-
May-20	151	3	2.00%	0	3
Jun-20	151	2	1.00%	1	1
Jul-20	150	6	4.00%	6	0
Aug-20	150	9	6.00%	0	9

Date	Expected Payments	Late Payments	% Late	<10 Days Late	>10 Days Late
Sept-20	149	8	5.00%	3	5
Oct-20	149	3	2.00%	3	0
Nov-20	149	3	2.00%	3	0

## Performance Charts

Overall Demand



The following charts show performance against individual service level requirements.

April 2020

Standard Reference No.	KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
F64	All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	99.55%	1.00	222	1	222	221
F65	Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	6	24	0	24	24
F67	Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	4	19	0	19	19
F68 & F72	Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	4	151	0	151	151
F78	Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
F83	Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	100%	N/A	N/A	N/A		
F86	Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
F87	Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
F88	All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

May 2020

Standard Reference No.	KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
F64	All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	1.53	128	0	128	128
F65	Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	7	5	0	5	5
F67	Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	18	0	18	18
F68 & F72	Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	4	128	0	128	128
F78	Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
F83	Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	100%	N/A	N/A	N/A		
F86	Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
F87	Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
F88	All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

June 2020

Standard Reference No.	KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
F64	All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	1.64	132	0	132	132
F65	Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	7	21	0	21	21
F67	Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	4	9	0	9	9
F68 & F72	Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	4	213	0	213	213
F78	Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
F83	Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	100%	N/A	N/A	N/A		
F86	Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
F87	Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
F88	All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

July 2020

Standard Reference No.	KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
F64	All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	2.39	275	0	275	275
F65	Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	8	43	0	43	43
F67	Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	26	0	26	26
F68 & F72	Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	392	0	392	392
F78	Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
F83	Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	100%	N/A	N/A	N/A		
F86	Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
F87	Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
F88	All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

August 2020

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	1.90	183	0	183	183
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	6	23	0	23	23
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	20	0	20	20
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	186	0	186	186
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	100%	N/A	N/A	N/A		
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

September 2020

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.68	159	5	159	159
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	7	26	0	26	26
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	0%	#DIV/0!	0	0	0	0
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	0.0%	5	285	0	285	285
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	100%	N/A	N/A	N/A		
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		



October 2020

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	0.79	239	0	239	239
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	7	29	0	29	29
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	5	29	0	29	29
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	331	0	331	331
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	0%	N/A	N/A	N/A		
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

November 2020

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	0.91	159	0	159	159
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	6	23	0	23	23
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	4	23	0	23	23
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	4	248	0	248	248
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	0%	N/A	N/A	N/A		
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

December 2020

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Days	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (APL)	Average Case Time (days)	Number of Cases	Over target	TOTAL (cases)	Within Target
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	3.23	69	0	69	69
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	5	11	0	11	11
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being supplied.	Monthly	5	98.75%	100%	4	17	0	17	17
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	181	0	181	181
Pension costs to be recharged monthly to all employers.	Monthly		98.75%	100%	N/A	N/A	N/A		
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	Annual	April	98.75%	0%	N/A	N/A	N/A		
Payment of lump sum retiring allowance - Payment to be made within 6 working days of payment due date and date of receiving all the necessary information.	Monthly		98.75%	100%	N/A	N/A	N/A		
Pay eligible pensioners a monthly pension on the dates specified by the Council.	Monthly		100%	100%	N/A	N/A	N/A		
All calculations and payments are correct.	Monthly		98.75%	100%	N/A	N/A	N/A		

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