

TEESSIDE PENSION BOARD

Date: Monday 19th April, 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 19th April, 2021

1. Apologies for Absence
2. Declarations of Interest
To receive any declarations of interest.
3. Minutes - Teesside Pension Board - 8 February 2021 3 - 8
4. Minutes - Teesside Pension Fund Committee - 9 December 2020 9 - 16
5. Teesside Pension Fund Committee - 10 March 2021
Verbal Report
6. Strategic Asset Allocation Update 17 - 24
7. Pension Fund Business Plan 25 - 74
8. Teesside Pension Board Annual Report 2020/2021 75 - 82

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| 9. | National Knowledge Assessment Outcome Update | 83 - 86 |
| 10. | Update on Current Issues | 87 - 124 |
| 11. | Work Plan Update
Verbal Report | |
| 12. | XPS Administration Report | 125 - 154 |
| 13. | 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 9 April 2021

MEMBERSHIP

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

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

TEESSIDE PENSION BOARD

A meeting of the Teesside Pension Board was held on Monday 8 February 2021.

PRESENT: C Monson (Chair), G Whitehouse (Vice-Chair), Councillor W Ayre, J Cook and Councillor C Hobson

ALSO IN ATTENDANCE: P Mudd (XPS Administration), M Beever (XPS Administration) and A Stone (Border to Coast Pension Partnership)

OFFICERS: S Lightwing, N Orton, D Johnson and J McNally

APOLOGIES FOR ABSENCE: L Littlewood

20/33 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item/Nature of Interest
J Cook	Non pecuniary	Member of Teesside Pension Fund
Councillor C Hobson	Non pecuniary	Member of Teesside Pension Fund
C Monson	Non pecuniary	Member of Teesside Pension Fund
G Whitehouse	Non pecuniary	Member of Teesside Pension Fund

20/34 **MINUTES - TEESSIDE PENSION BOARD - 2 NOVEMBER 2020**

The minutes of the meeting of the Teesside Pension Board held on 2 November 2020 were taken as read and approved as a correct record.

The Head of Pensions Governance and Investments confirmed that there was no progress to report on Reforming Local Government Exit Pay.

In relation to the review of Employer Contributions and flexibility on exit payments, statutory guidance was still awaited from the Government.

20/35 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 16 SEPTEMBER 2020**

A copy of the minutes of the Teesside Pension Fund Committee meeting held on 16 September 2020 was submitted for information.

NOTED

20/36 **TEESSIDE PENSION FUND COMMITTEE - 9 DECEMBER 2020 - UPDATE**

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 9 December 2020.

The main points highlighted were:

- The Fund's asset value had dropped at the end of September to £4.08 billion but had bounced back by the end of December 2020 to £4.3 billion. Equity markets, particularly in the US had continued to rise.
- The Fund had sold £50 million in US Equities over the quarter in order to reduce the Fund's overweight position in US Equities.

- The Fund's cash holdings had reduced over the quarter to due to investments in Alternatives. At one point the Fund held over £0.5 billion in cash.
- The External Auditors, EY, presented their draft opinion on the Fund, and confirmed that they expected to issue an unqualified audit opinion on the financial statements.
- State Street, the Fund's Passive Manager had changed its benchmark to exclude certain companies such as manufacturers of controversial weapons, and companies in breach of the UN Global Compact. State Street had provided the appropriate notice of their intention to the Fund.
- Border to Coast (BCPP) presented a revised Responsible Investment Policy.
- The External Advisors recommended that the Fund should continue to reduce equity holdings and invest further in Alternatives.
- CBRE, the Fund's property advisers, updated the Committee on the position regarding rent arrears which was improving. At the time of the meeting there was £935K in arrears and a breakdown of the individual amounts owed and the actions being taken to recover the arrears was provided.

AGREED that the information provided was received and noted.

20/37 **PRESENTATION FROM BORDER TO COAST HEAD OF CLIENT RELATIONS**

The Head of Client Relations, Border to Coast, gave a presentation which covered the following areas:

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

An overview of the Border to Coast Pensions Partnership and its aims was provided.

As at 31 December 2020, 96 people were now employed by Border to Coast, including 12 new investment team members. An organisational chart of the Investment Team was included in the presentation.

A timetable of the funds launched to date and those scheduled for 2021, 2022, and beyond were included in the presentation. Ten funds were now up and running. Details of the Active Equity, Fixed Income and Alternative Fund Ranges were provided as well as performance information up to 31 December 2020.

The Head of Client Relations also detailed Border to Coast's approach to Responsible Investment.

Responding to questions, the Head of Client Relations provided further information in relation to the timescales for investing in Alternatives and Responsible Investment.

AGREED that the presentation was received and noted.

20/38 **NATIONAL KNOWLEDGE ASSESSMENT OUTCOME**

The Head of Pensions Governance and Investments provided feedback on the outcome of the National Knowledge Assessment recently undertaken by the Pension Fund Board and Committee members.

Ten out of fourteen Pension Fund Committee Members and three out of six Board Members participated in the Assessment. This represented a collective participation rate of 65%, just above average compared with the 22 Funds that had carried out the assessment nationally.

Consultants Hymans Robertson had analysed the outcome, provided each participant with individual scores and feedback, and collated the information into a report. The report also identified a number of areas where the Committee and Board would benefit from additional training. Extracts from the report and a suggested training plan were attached at Appendix A to the submitted report.

The outcome of the Knowledge Assessment would be discussed with the Committee at their March meeting, with a view to developing a training programme in which both Committee and Board members could participate.

Members discussed training options and it was requested that any Member who had not yet completed the Pensions Regulator Training should do so. The Chair urged any Member that had not yet completed the Knowledge Assessment to do so.

AGREED as follows:

1. The information provided was received and noted.
2. The Head of Pensions Governance and Investment would report back to the Board following discussion with Committee Members.

20/39

ASSET ALLOCATION UPDATE

A report of the Director of Finance was presented to update the Board with information on how the Pension Fund was progressing towards its long term strategic asset allocation.

The Pension Fund's target strategic asset allocation was set out in its Investment Strategy Statement which was last updated in February 2019. The table at 4.1 of the submitted report showed 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).

The asset allocation to equities had remained steady at 75% for the last two years, despite the fact that the strategic allocation to equities was 50%. The Fund had moved its allocation to the 50% target two years ago and during that time the Fund's Advisors had consistently cautioned against investing in Bonds.

Whilst the Fund was relatively well-funded, reducing the equity allocation would take some of the volatility out of the portfolio. The most attractive investment currently was alternatives, private equity and infrastructure and other market investments. An issue with those investments was that it could take a number of years to get money invested in them.

The volatility of equity markets over the last year had also deterred the Fund from selling. Over time, the Fund had tried to reduce its allocation through selling equity. Over the quarter to the end of last year, the Fund sold £50 million of US equity and over the previous 18 months had sold about £150 million in US equity in total, in an attempt to release some cash for other investments and rebalance. At the same time, the value of US equity had gone up.

The Fund had also been working on increasing its allocation to the illiquid alternative investments. Investments in alternatives had increased from 2.6% to 6.8% of the Fund over the past 18 month period which represented considerably progress given the necessarily slow pace of investment into this asset class. The target allocation was 15%.

The investment team continued to work with the Fund's advisors and managers to ensure the required allocation to alternatives was built and maintained in an effective and efficient manner.

The Fund's allocation to property and property debt had reduced over the 18 month period due to the following factors:

- The value of the Fund's indirect and direct property portfolio had been adversely affected by the impact of the global pandemic and subsequent market conditions.
- The Fund had not been able to source and acquire additional property assets for its portfolio, although work continued with the property manager to locate suitable additional property assets for the Fund. The Fund currently had 28 properties in the

portfolio.

- Initial investigations into possible property debt investments were put on hold in March last year while the market was turbulent and unclear. This work would recommence and the investment team would continue to consider potential property debt investment options.

Officers had been working with the Fund's investment advisors to review the strategic asset allocation and a report would be presented to the next Committee meeting in March 2021. It was suggested that the new strategy would include interim targets as well as a long term target, making it easier to measure and track against.

It was noted that Border to Coast were currently developing a Direct Property Fund and discussions had taken place as to whether the Teesside Pension Fund should move its property portfolio to Border to Coast although no decision had been reached.

A query was raised in relation to the potential for the Fund to invest in government backed bonds and it was noted that the current returns on such bonds were lower than the 4.5% annual return required by Fund to meet its liabilities.

AGREED that the information provided was received and noted.

20/40

BOARD WORK PLAN REVIEW

The Head of Pensions Governance and Investments presented a report on the Board's current Work Plan which was agreed at the 10 February 2020 meeting.

Board members were invited to submit any suggestions for areas to cover in meetings from July 2021. It was highlighted that some topics might be identified from the National Knowledge Assessment recently undertaken by Board members.

The Head of Pensions Governance and Investments highlighted that the three yearly Actuarial Valuation of the Fund was due next year and this could be a topic that Members would like to receive further training on.

AGREED that the information provided was received and noted.

20/41

XPS ADMINISTRATION REPORT INCLUDING WEBSITE PRESENTATION

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

Updates were provided on the following items:

- Headlines - McCloud judgement.
- Regulations and guidance:
 - The Restriction of Public Sector Exit Payments Regulations 2020.
 - The LGPS (Amendment) (No2) Regulations 2020 - exit credits.
- Covid-19 - XPS update.
- Membership Movement.
- Member Self Service - new website.
- Complaints.
- Internal Dispute Resolution Process.
- Annual Benefit Statements.
- Common Data.
- Conditional Data.
- Customer Service.
- Recruitment.
- Employer Liaison.
- Performance Charts.

In relation to the Restriction of Public Sector Exit Payments Regulations 2020, it was highlighted that a communication was expected from the Government to administering authorities regarding the apparent discrepancy between the new regulations and existing Local Government Pension Scheme (LGPS) regulations. Two judicial reviews were due to be

heard in March. The Government did not intend to amend the LGPS regulations until the outcome of those reviews were known.

Members received an online demonstration of the proposed new Teesside Pension website. It was suggested that the website was tested and sense-checked by a sample of Fund Members before going live.

AGREED that the information provided was received and noted.

20/42

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 Wednesday 9 December 2020.

PRESENT: Councillors D Coupe (Chair), E Polano (Vice-Chair), J Beall, A Bell, B Cooper, S Dean, T Furness, J Hobson, G Nightingale, J Rostron, Z Uddin and T Watson

ALSO IN ATTENDANCE: W Bourne (Independent Adviser), P Moon (Independent Adviser), A Owen (CBRE), M Rutter (External Auditor) (Ernst Young) and A Stone (Border to Coast Pension Partnership)

OFFICERS: S Lightwing, W Brown, D Johnson, J McNally, N Orton and I Wright

APOLOGIES FOR ABSENCE: were submitted on behalf of P Fleck

20/26 **DECLARATIONS OF INTEREST**

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

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

The minutes of the meeting of the Teesside Pension Fund Committee held on 16 September 2020 were taken as read and approved as a correct record.

20/28 **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 September 2020 were 10.9%, which was approximately £430 million, a reduction of £43 million. The Fund had made significant commitments to private markets investments and as money was drawn down, the cash balance would reduce further. The Fund would continue to use cash to move away from its overweight position in equities and invest further in Alternatives. The Fund had sold £50 million in US equities during the quarter. Following recent discussions with Advisors, proposals for reducing the Fund's overweight position in equities would be presented to the next Committee meeting.

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, £83.5 million 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 July 2020 to 30

September 2020. There were net purchases of £33.2 million in the period, this compared to net purchases of £22.8 million in the previous reporting period.

As at 30 September 2020, the Fund had £429.8 million invested with approved counterparties. This was a decrease of £43.1 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 September 2020, including cash, was £4,084 million, compared with the last reported valuation as at 30 June 2020, of £4,150 million.

A summary analysis of the valuation showed the Fund's percentage weightings in the various asset classes as at 30 September 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.

It was reported that work was continuing with Custodian to improve the accuracy of the Custodian report as there was still a variance.

ORDERED that the report was received and noted.

20/29

AUDIT RESULTS REPORT

The Auditor presented the provisional Audit Results Report for the Teesside Pension Fund for 2019/2020. EY had substantially completed the audit of Teesside Pension Fund for the year ended 31 March 2020. Subject to concluding the outstanding matters listed in Appendix D of the submitted report, the auditor confirmed that EY expected to issue an unqualified audit opinion on the financial statements. Any further amendments would be notified to the Committee.

The auditor highlighted the following items in the report:

- Materiality Thresholds.

The Auditor had previously reported that the materiality threshold used in the audit was £37.4 million, with a performance materiality of £28 million and an error-reporting threshold of £1.9 million. The thresholds had not been revised.

- Audit Opinion.

The audit opinion would include additional narrative to highlight financial statement disclosures that the valuations of directly held property had been prepared on the basis of a 'material valuation uncertainty'. These matters did not constitute a qualification of the audit opinion.

- Misstatements due to fraud or error.

There were no significant findings to report.

- Valuation of Investments.

The Covid-19 pandemic had had a significant impact on markets and investments in the Pension Fund and resulted in a reduction in the value of the Fund relative to the prior year. Following discussions with Officers and Investment Managers, the Auditor was confident that the impact of Covid-19 on valuations had been accurately reflected.

- Audit Differences.

A number of misstatements within the information used to prepare the accounts had been identified and these were listed at page 15 of the submitted report. The auditor highlighted that information received from the Custodian was not up to date and in one case there was

duplication of an investment that had been split during the year and both the original and split investments were recognised. The cumulative effect was a material overstatement in the draft accounts which was slightly above materiality. The majority of this had now been adjusted for in the final statements and the valuation of the Fund's assets decreased as a result. With these adjustments that Auditor confirmed that the valuation of assets in the accounts was materially correct.

- Directly Held Property.

EY's property experts reassessed the valuations of eight of the Fund's assets and was comfortable that these were appropriate. The Auditor noted however that valuations were at the upper end of the range.

- Audit Differences.

The total value was adjusted for was £33.1 million and £6.9 million that was not adjusted for. This was a combination of a £13.9 million that was a cumulative balance built up over a number of years. This would remain unadjusted as it was immaterial this year and would be looked at during 2020/2021 with the expectation that it would be cleared from the accounts for next year's audit. The 6.9 million was a cumulative impact of smaller differences between the Fund's records and investment managers. The Auditor confirmed that the opinion would be signed off with these amounts unadjusted.

- Recommendation.

The auditor had provided a recommendation in relation to a review of the information provided by the Custodian.

In conclusion, the Auditor confirmed EY's independence and highlighted the outstanding matters for completion of the audit. The auditor acknowledged the support and assistance of Council Officers during a difficult year.

ORDERED that the Audit Results Report 2019/2020 for the Teesside Pension Fund was received and noted.

20/30

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 September 2020 the Fund had investments in:

- the Border to Coast UK Listed Equity Fund, which had an active UK equity portfolio aiming to produce long term returns of at least 1% above the FTSE All Share index; and
- the Border to Coast Overseas Developed Markets Equity Fund, which had an active overseas equity portfolio aiming to produce total returns of at least 1% above the total return of the benchmark (40% S&P 500, 30% FTSE Developed Europe ex UK, 20% FTSE Developed Asia Pacific ex Japan, 10% FTSE Japan).

For both sub-funds the return target was an annual amount, expected to be delivered over rolling 3 year periods, before calculation of the management fee. The Head of Pensions Governance and Investments reported that Border to Coast was performing well and meeting its target. Similarly State Street, which had a passive global equity portfolio invested across four different region tracking indices appropriate to each region, was also meeting its target.

The report highlighted that State Street had recently made changes to their passive benchmarks. State Street had advised investors in a number of its passively-invested funds, including the four State Street equity funds the Fund invested in, that it had decided to exclude UN Global Compact violators and controversial weapons companies from those funds and the indices they tracked. As this decision was taken by State Street in November, the performance information presented in the submitted report had not yet been impacted by this

change.

State Street had produced a Q&A document (included at Appendix C to the submitted report), setting out more detail of the potential investment impact of the change to benchmarks. Overall approximately 37 out of 2000 companies in the Overseas State Street passive fund were excluded and they represented about 3.6% of the index by value. It was highlighted that the anticipated impact on the performance of these funds and the Fund's investments was not huge.

The approach State Street was taking to companies that they did not wish to invest in was to exclude these companies from the underlying benchmarks. As a passive investor, this was one of the few approaches available as passive investment typically requires holdings in all the main components of a particular stock market index.

Active equity investors, such as Border to Coast, were able to make decisions on which companies to hold or the weighting to apply to each company based on a wide range of factors, including responsible investment: Environmental, Social and Governance issues (ESG) and the likely impact of those issues on the financial performance of that company. The Senior Portfolio Manager from Border to Coast provided a summary of Border to Coast's approach, the essence of which was to take a forward-looking view and anticipate changes to corporate behaviour, policies and approach. Border to Coast was reliant on a number of different data inputs and tried to get a broad source of inputs, as well as taking account of more qualitative and wide ranging ESG inputs. Border to Coast also tried to influence corporate behaviour through engagement.

In response to a Members' question, the Head of Pensions Governance and Investment commented that discussion had recently taken place with Border to Coast in relation to whether tobacco exclusion was something that should be reconsidered collectively. Although at the current time the majority of the Funds in Border to Coast would probably not agree to a tobacco exclusion, there was nothing to prevent this proposal being given further consideration and it remained on the agenda.

In relation to feedback from companies that had been excluded, the Head of Pensions Governance and Investment explained that it would take some time for this to happen but the ultimate aim was for companies to change their behaviour. It was suggested by the Investment Advisor that engagement was a better route than exclusion as it delivered better outcomes.

The Head of Pensions Governance and Investment highlighted that the Fund did not normally invest in passive funds and the aim, as previously discussed by the Committee, was ultimately to move funds from State Street into Border to Coast.

ORDERED that the report was received and noted.

20/31

LGPS - NATIONAL KNOWLEDGE ASSESSMENT

A report of the Director of Finance was presented to provide Members with information relating to the Local Government Pension Scheme (LGPS) National Knowledge Assessment, which was facilitated by Hymans Robertson.

In January 2019 the LGPS Scheme Advisory Board (SAB) commissioned Hymans Robertson to assist in delivering a review of governance across the LGPS. This review was termed the Good Governance Project. The review recognised the Pension Regulator's push to increase governance and administration standards in pension schemes, including public service pension schemes, for which it had oversight responsibility.

The Good Governance review set out proposals in six main areas and made recommendations, details of which were contained in the submitted report and appendices.

The Head of Pensions Governance and Investment highlighted that whilst there was a statutory duty on Members of Local Pension Boards to maintain an appropriate level of knowledge and understanding to carry out their role effectively, this did not currently apply to Members of the Committee. However it was suggested that this statutory duty would be amended to include Members of the Committee in future.

At meeting of the Teesside Pension Board held on 2 November 2020, Board Members had agreed to take part in the assessment process.

It was proposed that Members of the Teesside Pension Fund Committee should also participate in the Local Government Pension Scheme (LGPS) National Knowledge Assessment, to help assess the Committee's collective relevant LGPS knowledge with a view to facilitating targeted training to meet any training needs identified.

The cost of participating in the National Knowledge Assessment was £5,000 plus VAT and assuming full participation by the Committee and Board this equated to around £240 per person. The training would be arranged as quickly as possible.

ORDERED that Members of the Teesside Pension Fund Committee and the Teesside Pension Board would participate in the Local Government Pension Scheme (LGPS) National Knowledge Assessment facilitated by consultants Hymans Robertson.

20/32

BORDER TO COAST RESPONSIBLE INVESTMENT POLICY AND CORPORATE GOVERNANCE AND VOTING GUIDELINES

A report of the Director of Finance was provided to advise the Committee of recent changes made by Border to Coast Pensions Partnership Limited (Border to Coast) to its Responsible Investment Policy and Corporate Governance and Voting Guidelines.

Copies of both policies, with the changes highlighted, were attached as appendices to the submitted report, which also provided a summary of the main changes.

The following pre-work would be undertaken ahead of the 2021 Policy Review process:

- The development of a standalone climate change policy.
- The measurement of transition risk and the implications of setting targets, including the potential to set a net zero carbon target.
- The role of private markets in managing transition risk.
- Implications of an exclusion policy if engagement was ineffective.

Border to Coast would also continue to develop their communication approach to enable Partner Funds and other important stakeholders to understand and oversee Border to Coast in carrying out their responsible investment remit.

ORDERED as follows that:

1. the revised Border to Coast Responsible Investment Policy and Corporate Governance and Voting Guidelines included as tracked changes versions in Appendices A and B to the submitted report, were noted and approved.
2. the proposed areas for future development detailed in section 7 of the submitted report were noted.

20/33

PRESENTATION FROM BORDER TO COAST HEAD OF CLIENT RELATIONS

The Head of Client Relations, Border to Coast, gave a presentation which covered the following issues:

- Border to Coast Update
- Market Background
- Equity Investments Update
 - UK Listed Equity Fund
 - Overseas Developed Markets Equity Fund
- Alternatives Investments Update
 - Private Equity
 - Infrastructure

A timetable of the funds launched to date and those scheduled for 2021, 2022, and beyond were included in the presentation. Ten funds were now up and running and the Emerging

Market Hybrid would be launched early in 2021.

As at 8 October 2020, 91 people were now employed by Border to Coast, including a 12 investment team hires.

The Head of Client Relations highlighted Border to Coast's approach to equity management and responsible investment.

Details of the Fund's current investments with Border to Coast were also included in the presentation and information in relation to performance of the funds was also provided.

In response to a query raised by the Chair with regard to the Fund's investment in Apple, it was clarified that the portfolio weighting and dividends were in line with the benchmarks.

ORDERED that the presentation was received and noted.

20/34

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.

The major issue for the Fund's Portfolio was the overweight position in the strategic allocation and discussions were ongoing as to how this could be addressed. The Fund needed to continue reducing its equity holdings and investing in alternatives.

ORDERED that the information provided was received and noted.

20/35

CBRE PROPERTY REPORT

A report was submitted that provided an overview of the current property market and informed Members of the individual property transactions relating to the Fund.

Transactions remained much lower than last year at around 20-30% less. In terms of supply and demand there was not much change from the last update. Popular sectors included industrial, distribution and supermarkets. Retail, offices, and regions generally outside the south east were not popular. Retail was approaching the bottom of its market in terms of yields and there was beginning to be some interest in certain better quality assets in that sector. The alternative sector was relatively neutral, with care homes and the health side, as well as automobiles, continuing to attract interest. Less popular sectors were pubs, leisure, and hotels. In line with previous years, people tended not to offer new properties to the market in December, as it was unlikely to transact and complete before the year end. It was expected that the market would return in the second half of January 2021.

In relation to the submitted report, the following issues were highlighted:

The acquisition of a highly regarded long-let supermarket detailed at page 6 of the report was no longer going ahead as the vendor had withdrawn from the sale.

As at 4 December 2020 the total Collectable Arrears on the portfolio had reduced to £935,000 as follows:

- River Island - arrears had increased to £233,000 and lease re-gear had been negotiated which would deal with the arrears.
- P and O Ferrymasters - the arrears had been cleared and a lease re-gear was being negotiated.
- Nuffield Health - negotiations were ongoing with regard to arrears and some rent had been paid.
- Peacocks Stores had entered into a CVA and the arrears had risen from £90,000 to £100,000, which would continue to rise. Until the Government's current protection scheme had ended it would not be possible to take possession of the property.

- Rugby were paying monthly and were on track with the payment plan.
- Boots were in negotiations to clear the current arrears.
- Sports Direct - arrears had risen to £94,000.
- Pizza Hut - a lease re-gear had been negotiated which would deal with the arrears.
- Marks and Spencer - the rent was being paid monthly but not the service charge and this issue was being resolved.
- Aurum Group Limited - rent was being paid monthly.

CBRE had collected 85% of the collectable rent to 10 November 2020, which was good in comparison to other Funds.

ORDERED that the information provided was received and noted.

20/36

XPS PENSIONS ADMINISTRATION REPORT

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

Updates were provided on the following items:

- Headlines - McCloud judgement.
- Regulations and guidance - the LGPS (Amendment) (No2) Regulations 2020- exit credits.
- Covid-19 - XPS update.
- Membership Movement.
- Member Self Service - new website.
- Additional Work - Guaranteed Minimum Pension reconciliation exercise.
- Complaints.
- Internal Dispute Resolution Process.
- Pensions Ombudsman.
- High Court Ruling.
- Annual Benefit Statements.
- Common Data.
- Conditional Data.
- Customer Service.
- Recruitment.
- Employer Liaison.
- Performance Charts.

ORDERED that the information provided was received and noted.

20/37

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

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 6

TEESSIDE PENSION BOARD REPORT

19 APRIL 2021

DIRECTOR OF FINANCE – IAN WRIGHT

Strategic Asset Allocation Update

1. PURPOSE OF THE REPORT

- 1.1 To report to Members of the Teesside Pension Board (the Board) on the revision to the Pension Fund's strategic asset allocation agreed at the Pension Fund Committee's 10 March 2021 meeting.

2. RECOMMENDATION

- 2.1 That 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 Pension Fund at the end of the quarter the allocation was published (31 March 2019) and at the end of the last quarter asset information has been published (31 December 2020). This is an update of the table presented to the Board at its 8 February 2021 meeting:

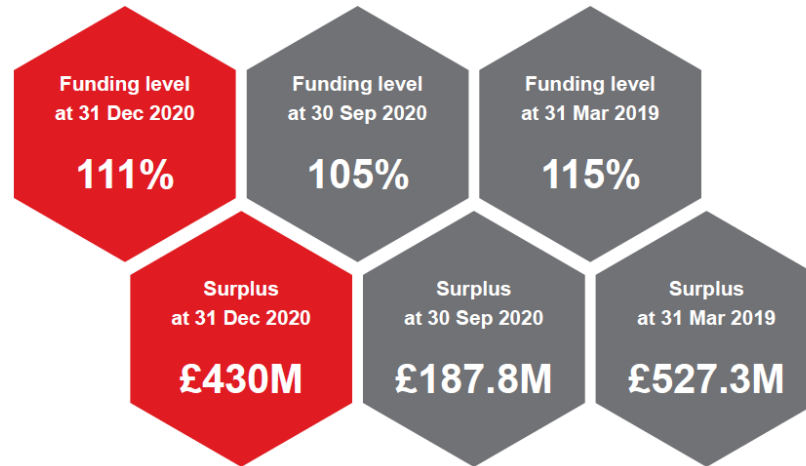
Asset Class	Target Strategic Allocation	Maximum	Minimum	As at 31.03.2019	As at 31.12.2020
GROWTH ASSETS		98%	60%	86.7%	90.7%
UK Equities	22%	80%	40%	30.2%	28.1%
Global Equities	28%			45.3%	48.9%
Property and Property Debt	15%	20%	10%	8.6%	7.6%
Alternatives	15%	20%	10%	2.6%	7.1%
PROTECTION ASSETS		40%	2%	13.3%	8.3%
Bonds	18%	40%	2%	0%	0%
Cash	2%			13.3%	8.3%
Total Pension Fund value				£4,084m	£4,385m

4.2 As can be seen from this table, and as was reported to the 8 February 2021 Board meeting, the Pension Fund has made slow progress towards its strategic asset allocation, in part for the following reasons:

- An increased allocation to bonds is only realistic if the asset class is appropriately priced, and throughout the period the Fund's investment advisors have cautioned that bonds do not represent good value;
- Equity valuations, after dropping sharply in March 2021, have been supported by a low inflation environment and a willingness of governments to support their economies while increasing their own indebtedness, this has made it difficult to time an appropriate reduction in equities;
- Investing in unlisted 'alternative' assets is usually a lengthy process. There is often a time lag between committing money to a manager and that manager investing the money with the underlying investments. This time lag can mean it takes several years for committed money to be fully invested and by that time some of the earlier underlying investments will be complete and will have started to return money to the investor. There are quicker ways of investing in 'alternatives' but these are at times more expensive and can involve more risk concentration.
- Increasing investment in direct property relies on identifying and acquiring suitable assets for the Pension Fund to acquire. This has proved problematic over the last year or so, in part because of the uncertainty around property valuation triggered by initial market inactivity following the pandemic, and partly owing to unique individual factors relating to a number of property assets the Fund has considered acquiring.
- Initial investigations into possible property debt investments were put on hold in March last year while the market was turbulent and unclear. This work has recommenced and the investment team will consider potential property debt investment options.

- 4.3 However, while the Pension Fund remains heavily invested in equities its assets are subject to significant volatility. While this can be tolerated to a certain extent given the Pension Fund's long investment time horizon, this volatility can cause issues for the Pension Fund's employers if the triennial valuation coincides with a low point in valuations.
- 4.4 As an indication of this volatility, the graph on the following page shows the actuary's assessment of how the funding level of the Fund has change over the period since the effective date of the last valuation (31 March 2019). There is also a graphic showing how the estimated surplus will have fluctuated. Some of this variation is a consequence of movements in asset values (principally equity values) and some is due to a change in the actuary's views on future long term investment returns (the actuary is now more pessimistic on this). Note, this funding level update is very much an estimate - see the "Method" notes on the page following the graph for more details of the assumptions used.

Change to funding level since the valuation at 31 March 2019



See notes on method overleaf

Method

- This funding update is consistent with the calculations for the formal actuarial valuation as at 31 March 2019. The assumptions used have been modified only insofar as is necessary to maintain consistency with the approach set out in the latest Funding Strategy Statement, reflecting the change in the effective date and in relevant market conditions.
- The funding update is projected from the results of the formal actuarial valuation as at 31 March 2019 and is therefore approximate. Since the update is not based on up-to-date membership data, it becomes more approximate the longer the period of time that has elapsed since the last actuarial valuation.
- The funding update takes account of the following over the period since the last formal actuarial valuation:
 - Cashflows into and out of the Fund estimated based on the 2019 valuation results;
 - Actual price inflation and its impact on benefit increases.
- Demographic experience since the last formal actuarial valuation has been assumed to be in line with the assumptions set out in the 2019 Valuation Report.
- This update is designed to give a broad picture of the direction of funding changes since the actuarial valuation but does not have the same level of reliability as, and therefore does not replace the need for, formal actuarial valuations.
- It does not reflect any changes to assumptions which would be made if a full actuarial valuation were to be carried out to reflect, for example, changes to the investment strategy or economic outlook.
- For the purpose of this funding update, we have used an un-audited value of the assets as at 31 December 2020 provided by the Administering Authority
- The whole of fund total employer contribution rates shown in this funding update allow for the following:
 - a recovery period ending 31 March 2042 when in surplus and 31 March 2040 when in deficit;
 - a target funding level of 105% when in surplus.
- The assumptions used in this funding update are as follows:

	Discount rate	Pay growth	Pension increases
31 March 2019	4.45%	3.1%	2.1%
30 September 2020	4.30%	3.1%	2.1%
31 December 2020	4.30%	3.2%	2.2%

5. ASSET ALLOCATION APPROACH

- 5.1 The issues set out in paragraph 4.2 above – the unattractiveness of bonds, the necessarily slow increase in investments in private equity, infrastructure and other alternatives, and the difficulty in significantly increasing the direct property portfolio, mean no progress has been made to date in reducing the Pension Fund’s equity exposure. This is despite a phased sell-off of £125 million of US equities over the 15 months to 31 December 2020.

6. REVISED ASSET ALLOCATION

- 6.1 Officers worked with the Pension Fund’s investment advisors Peter Moon and William Bourne to review the strategic asset allocation, with a view to setting a long-term and a short / medium term target for asset allocation. The latter target will allow the Committee and Board to judge more quickly whether appropriate progress is being made in reallocating the Pension Fund’s assets.
- 6.2 The revised strategic asset allocation, which was approved by the Pension Fund Committee at its 10 March 2021 meeting includes the following features:
- A significantly lower allocation to UK equities – this partly reflects the fact the UK market is increasingly concentrated on a number of sectors such as consumer staples, financials and commodities, meaning the market’s performance is to some extent linked to the performance of those sectors. It also reflects a recognition that future growth may be limited in the UK compared to other global regions.
 - A recognition that infrastructure investments can be classed as ‘protection’ rather than ‘growth’ assets – this acknowledges the long-term secure nature of the types of infrastructure the Pension Fund invests in.
 - Property debt is also reclassified as part of ‘other debt’ as a ‘protection’ asset, and so separated from property which remains classified as a ‘growth’ asset.
 - A short / medium term target of 65% equities by 31 March 2022. This may be challenging and will require careful implementation. The longer term equity target increases slightly from 50% to 55%.
- 6.3 The strategic asset allocation before the change was as follows:

Asset Class	Target Strategic Allocation	Maximum	Minimum
GROWTH ASSETS		98%	60%
UK Equities	22%	80%	40%
Global Equities	28%		
Property and Property Debt	15%	20%	10%
Alternatives	15%	20%	10%
PROTECTION ASSETS		40%	2%
Bonds	18%	40%	2%
Cash	2%		

6.4 This revised strategic asset allocation is as follows:

Asset Class	Long Term Target Strategic Asset Allocation	31 March 2022 Target Strategic Asset Allocation
GROWTH ASSETS	75%	78%
UK Equities	10%	12%
Overseas Equities	45%	53%
Property	10%	7%
Private Equity	5%	3%
Other Alternatives	5%	3%
PROTECTION ASSETS	25%	22%
Bonds / Other debt / Cash	15%	14%
Infrastructure	10%	8%

6.5 Following the Committee's agreement to the revised strategic asset allocation, the following steps are underway:

- The table in paragraph 6.4 is being incorporated into an updated Investment Strategy Statement (ISS) to circulate to Pension Fund employers for comment. Any substantive changes agreed to the revised ISS following the consultation will be brought to the next Committee meeting, but if there are no such changes the ISS will be published in due course.
- Officers will work to implement the revised strategic asset allocation and will report back to future Committee meetings on progress.

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

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 7

TEESSIDE PENSION BOARD REPORT

19 APRIL 2021

DIRECTOR OF FINANCE – IAN WRIGHT

Pension Fund Business Plan 2021/24

1. PURPOSE OF THE REPORT

1.1 To report to Members of the Teesside Pension Board (the Board) the annual Business Plan for the Fund.

2. RECOMMENDATION

2.1 That Members note this report and the Business Plan including the 2021/22 Pension Fund budget.

3. FINANCIAL IMPLICATIONS

3.1 The 2021/22 forecast income and expenditure is set out in the Business Plan, and is summarised below (expenditure in brackets):

	£ millions
Income from members	108.0
Expenditure to members	(170.0)
Administration and management expenses	(8.0)
Estimates net return on investments	25.0
Net increase/decrease in net assets available for benefits	(45.0)

4. BACKGROUND

4.1 In order to comply with the recommendations of the Myners Review of Institutional Investment it was agreed that an annual Business Plan should be presented to the Pension Fund Committee for approval. The Business Plan should contain financial estimates for the Fund, including the budgeted costs for investment and management expenses.

4.2 The Teesside Pension Fund Business Plan is designed to set out how the Pension Fund Committee operates, what powers are delegated and to provide information

on key issues. The Business Plan sits alongside the Fund's other governance documents, which set out the delegated powers and responsibilities of officers charged with the investment management function.

4.3 The Business Plan for 2021/24 that was approved by the 10 March 2021 Pension Fund Committee is attached (Appendix 1). The Business Plan includes:

- The purpose of the Fund, including the Teesside Pension Fund Service Promise (see Appendix A);
- The current governance arrangements for the Fund;
- The performance targets for the Fund for 2021/22, and a summary of the performance for 2020/21 (see Appendix B);
- The arrangements in place for managing risk and the most up to date risk register for the Fund (see Appendix C);
- Membership, investment and funding details for the Fund;
- An estimated outturn for 2020/21 and an estimate for income and expenditure for 2021/22 (see Appendix D and page 21 of Appendix 1); and
- An annual plan for key decisions and a forward work programme for 2021/22 and an outline work plan for 2022 – 2024.

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

TEL NO.: 01642 729040

Business Plan

2021 – 2024



Teesside Pension Fund

EXECUTIVE SUMMARY

The purpose of this Business Plan is to outline the Fund's objectives and provide a plan of action as to how key priorities will be achieved in order to further these objectives.

Over the last few years the Fund has faced increasing complexities and there has been and continues to be new legislation that has fundamentally changed the way in which we work and our relationship with our stakeholders. The complexities have stemmed from but are not limited to the following;

- Asset Pooling
- The Public Service Pensions Act 2013
- Increased risk monitoring
- Funding pressures resulting from longevity risk and volatile financial markets
- Overriding HMRC legislation
- Increased diversity of scheme employers resulting from alternative service provision models
- Changing Local Government Pension Scheme regulations

To manage these challenges the Fund needs to be flexible and responsive to adapt in a timely and effective manner.

This Business Plan also outlines the expected non-investment related Fund receipts and payments for the financial year 2020-21, and projections for 2021-22, as well as the administration and investment expenses.

The Business Plan also details the key performance indicators by which the Fund's performance will be measured. A full listing of these indicators can be found in section 5.

Officers will update the Pensions Committee and the Pension Board on the progress made against all aspects of the Business Plan in update reports presented at future meetings.

INTRODUCTION

Middlesbrough Borough Council is the Administering Authority for the Teesside Pension Fund (the Fund). The Fund is part of the Local Government Pension Scheme (LGPS), a defined benefit pension scheme providing ongoing benefits on a career average revaluated earnings (CARE) basis, with most benefits earned before April 2014 calculated on a final salary basis. It is principally funded by contributions from its constituent employers and members and by investment income.

The Fund currently has over 70,000 scheme members from over 150 employer bodies, including four Local Authorities.

At the last Actuarial Valuation, as at March 2019, the assets worth £4.088 billion, were sufficient to meet 115% of the Fund's liabilities.

PURPOSE OF THE FUND

Mission Statement

"To provide an efficient and effective pension scheme for all scheme members and employers in accordance with the requirements of the regulations and legislation for the Local Government Pension Scheme."

Purpose

The Fund is a vehicle by which scheme benefits are delivered. The purpose of the Fund is to:

- Receive monies in respect contributions from employers and employees, transfer values and investment income.
- Pay out monies in respect of scheme benefits, transfer values, costs, charges and expenses as defined in the LGPS Regulations 2013 and as required in the LGPS (Management and Investment of Funds) Regulations 2016.

Aims

The aims of the Fund are to:

- Manage employers' liabilities effectively and ensure that sufficient resources are available to meet all liabilities as they fall due.
- Enable primary contribution rates to be kept as nearly constant as possible and (subject to the administering authority not taking undue risks) at reasonable cost to the taxpayers, and scheduled and admission bodies, while achieving and maintaining fund solvency and long-term cost efficiency, which should be assessed in light of the

risk profile of the fund and employers, and the risk exposure policies of the administering authority and employers alike.

- Seek returns on investments within reasonable risk parameters.

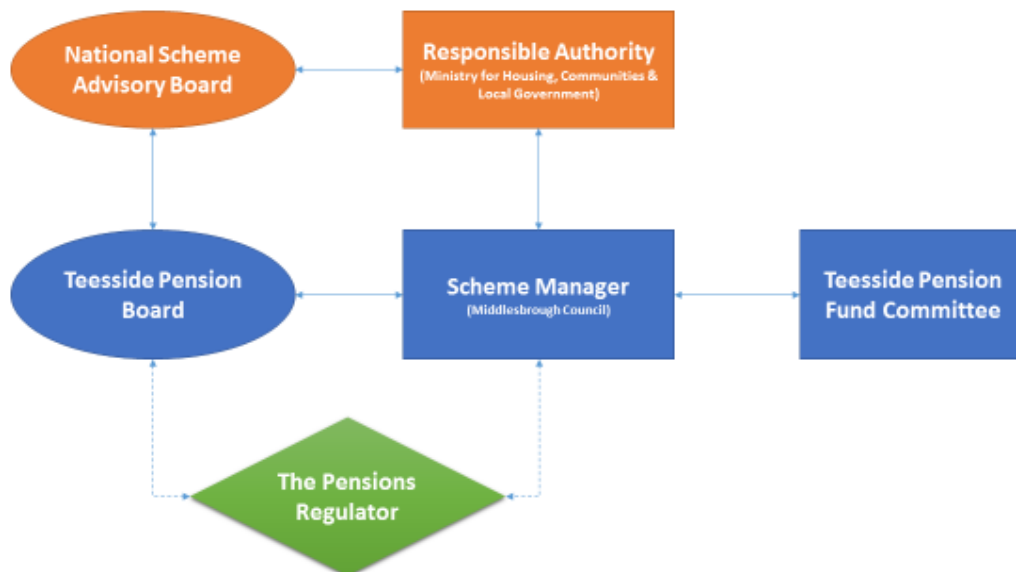
Service Promise

“We will provide a customer-focused pension service meeting the needs of members and employers, and manage the investments of the Fund to achieve solvency and long-term cost efficiency for our customers.”

The full service promise is attached as Appendix A, and sets out the promises to the four key stakeholders of the Fund.

GOVERNANCE ARRANGEMENTS

The Public Service Pensions Act 2013 updated the national and local governance framework for all public sector pension schemes, including the LGPS. The interaction of the various bodies is shown below.



Responsible Authority

For the LGPS, this is the Ministry of Housing, Communities and Local Government (MHCLG); its primary roles being:

- The LGPS Scheme ‘sponsor’;
- Ensuring affordability of the LGPS for members and employing authorities;
- Developing policy for the operation of the LGPS to reflect government policy and LGPS specific experience; and

- Commissioning and updating legislation and actuarial guidance.

National Scheme Advisory Board

The Local Government Pension Scheme Advisory Board (SAB):

- Advises on policy, best practice, and governance issues;
- Reporting responsibility;
- Single source of information for LGPS stakeholders on general and specific health of the LGPS; and
- Liaison role with the Pensions Regulator.

Further information on the Scheme Advisory Board, its role and operation can be found at the SAB website: <http://www.lgpsboard.org/> .

The Pensions Regulator

The statutory objectives of the Pension Regulator are:

- Protect member benefits (although they accept that in the LGPS these are effectively guaranteed); and
- Promote and improve understanding of good administration.

Please visit The Pensions Regulator website for more information:

<http://www.thepensionsregulator.gov.uk/public-service-schemes.aspx> .

In addition to the national bodies, each individual LGPS Fund has a single employing authority designated as the administering authority for its geographic area. Middlesbrough Council was appointed the Administering Authority for the Teesside Pension Fund by the Secretary of State, replacing the former Cleveland County Council Fund following Local Government Reorganisation in 1996.

Each administering authority is responsible for the financial and administrative functions of their Fund. For the Teesside Fund, this function is delegated to the Teesside Pension Fund Committee, which is assisted by the Teesside Pension Board.

Teesside Pension Fund Committee

The Pension Fund Committee's principal aim is to carry out the functions of Middlesbrough Council as the Scheme Manager and Administering Authority for the Teesside Pension Fund in accordance with Local Government Pension Scheme and any other relevant legislation.

In its role as the administering authority, Middlesbrough Council owes fiduciary duties to the employers and members of the Teesside Pension Fund and must not compromise this with its own particular interests. Consequently this fiduciary duty is a responsibility of the Pension Fund Committee and its members must not compromise this with their own individual interests.

The Pension Fund Committee will have the following specific roles and functions, taking account of advice from the Chief Finance Officer and the Fund's professional advisers:

- a) Ensuring the Teesside Pension Fund is managed and pension payments are made in compliance with the extant Local Government Pension Scheme Regulations, Her Majesty's Revenue & Customs (HMRC)'s requirements for UK registered pension schemes and all other relevant statutory provisions.
- b) Ensuring robust risk management arrangements are in place.
- c) Ensuring the Council operates with due regard and in the spirit of all relevant statutory and non-statutory best practice guidance in relation to its management of the Teesside Pension Fund.
- d) Determining the Pension Fund's aims and objectives, strategies, statutory compliance statements, policies and procedures for the overall management of the Fund, including in relation to the following areas:
 - i) Governance – approving the Fund's Governance Policy and Compliance Statement for the Fund within the framework as determined by Middlesbrough Council and making recommendations to Middlesbrough Council about any changes to that framework.
 - ii) Funding Strategy – approving the Fund's Funding Strategy Statement including ongoing monitoring and management of the liabilities, ensuring appropriate funding plans are in place for all employers in the Fund, overseeing the triennial valuation and any interim valuations, and working with the actuary in determining the appropriate level of employer contributions for each employer.
 - iii) Investment strategy - approving the Fund's Investment Strategy Statement and Compliance Statement including setting investment targets and ensuring these are aligned with the Fund's specific liability profile and risk appetite.
 - iv) Administration Strategy – approving the Fund's Administration Strategy determining how the Council will the administer the Fund including collecting payments due, calculating and paying benefits, gathering information from and providing information to scheme members and employers.
 - v) Communications Strategy – approving the Fund's Communication Strategy, determining the methods of communications with the various stakeholders including scheme members and employers.
 - vi) Discretions – determining how the various administering authority discretions are operated for the Fund.

- e) Monitoring the implementation of these policies and strategies on an ongoing basis.
- f) In relation to the Border to Coast Pensions Partnership ('Border to Coast'); the Asset Pooling Collaboration arrangements:
 - i) Monitoring of the performance of Border to Coast and recommending actions to the Joint Committee, The Mayor or his Nominee (in his role as the nominated person to exercise Shareholder rights and responsibilities), Officers Groups or Border to Coast, as appropriate.
 - ii) Undertake the role of Authority in relation to the Border to Coast Inter Authority Agreement, including but not limited to:
 - Requesting variations to the Inter Authority Agreement
 - Withdrawing from the Inter Authority Agreement
 - Appointing Middlesbrough Council officers to the Officer Operations Group.
- g) Considering the Fund's financial statements and the Fund's annual report.
- h) Selection, appointment, dismissal and monitoring of the Fund's advisers, including actuary, benefits consultants, investment consultants, global custodian, fund managers, lawyers, pension fund administrator, independent professional advisers and Additional Voluntary Contribution (AVC) provider.
- i) Liaison with internal and external audit, including providing or agreeing recommendations in relation to areas to be covered in audit plans, considering audit reports and ensuring appropriate changes are made following receipt of audit findings
- j) Making decisions relating to employers joining and leaving the Fund. This includes which employers are entitled to join the Fund, any requirements relating to their entry, ongoing monitoring and the basis for leaving the Fund.
- k) Agreeing the terms and payment of bulk transfers into and out of the Fund.
- l) Agreeing Pension Fund business plans and monitoring progress against them.
- m) Agreeing the Fund's Knowledge and Skills Policy for all Pension Fund Committee members and for all officers of the Fund, including determining the Fund's knowledge and skills framework, identifying training requirements, developing training plans and monitoring compliance with the policy.
- n) Agreeing the Administering Authority responses to consultations on LGPS matters and other matters where they may impact on the Fund or its stakeholders.
- o) Receiving ongoing reports from the Chief Finance Officer, the Head of Pensions Governance and Investments and other relevant officers in relation to delegated

functions.

No matters relating to Middlesbrough Council's responsibilities as an employer participating within the Teesside Pension Fund are delegated to the Pension Fund Committee.

Teesside Pension Board

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.

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.

Teesside Pension Officer Support

In order to support the Teesside Pension Fund Committee and Teesside Pensions Board and enable them to fulfil their obligations under the LGPS investment regulations administering authorities are required to take proper advice. "*Proper advice*" is defined in the LGPS Investment Regulations 2016 as "*the advice of a person whom the authority reasonably considers to be qualified by their ability in and practical experience of financial matters.*"

Advice is taken from internal and external sources:

- Internal advice comes from the **Director of Finance**, who has Section 151 responsibilities. It is the Director who is responsible for ensuring that adequate expertise is available internally and, where he deems that not to be the case, he will advise when external advice should be sought. Internal expertise and advice is provided by:
 - The **Head of Legal Services** on legal matters pertaining to the Fund.
 - The **Head of Pensions Governance and Investments** on investment and LGPS governance issues.
 - The **Head of Pensions (XPS Administration)** on fund administration and regulatory issues.
 - The **Head of Finance and Investment** on issues relating to the Statement of Accounts.
- External advice is provided by:
 - The **Fund's Investment Advisors** on asset allocation and investment matters.

- The **Fund’s Actuary**, Aon, on actuarial matters.
- The **Fund’s Solicitors**, Nabarro, on regulatory and administrative matters, and Freeths LLP, on legal matters relating to the Fund’s property investments.
- The **Fund’s Auditor**, EY LLP, regarding auditing the accounts and internal controls and systems.
- Other external advisors as the Director of Finance shall see fit to recommend.

PROCEDURE FOR THE REVIEW OF MANAGERS AND ADVISORS

The Fund’s management arrangements, the arrangements for the appointment of advisors and other external service providers and the regular review of those arrangements have been determined by the Committee.

- The LGPS (Management and Investment of Funds) Regulations 2016 included the requirement for all LGPS Funds to pool their assets. The Fund is one of eleven Funds who are shareholder partners in Border to Coast Pension Partnership Limited (‘Border to Coast’) and is moving to a position where Border to Coast will manage the majority of investment assets for the Fund.
- Initial asset transfers took place during 2018-19 which resulted in all the Fund’s UK equities being transferred to be under Border to Coast’s management, and the Fund has also bought some units in Border to Coast’s overseas equity sub-fund. However, for risk management reasons, most of the Funds overseas equities are currently managed passively by State Street Global Advisors – this position is under review.
- There are a number of investment assets which will remain with the Fund to manage, either because they will never transfer to Border to Coast, e.g. cash or local investments, or their transfer is delayed until Border to Coast is in a position begin management of these assets, e.g. property. These will continue to be managed by an internal team.
- Fund Investment Advisor arrangements were reviewed during 2018-19 and following a procurement exercise two independent Investment Advisors were appointed.
- The contract to provide Custodian Services to the Fund is carried out by Northern Trust – the contract started on 1 May 2019.
- Pension Administration Services are provided by XPS Administration (formerly Kier Group) under the terms of a contract for a period of ten years commencing 1 June 2001. This arrangement was approved by the Investment Panel on 2 March 2001. A five year extension to this contract was approved by the Investment Panel on 3 March 2010 and another five year extension was also approved on 17 June 2015. XPS

Administration bought the Kier pension administration function with effect from November 2018, and the contract, staff and software to administer the Teesside Pension Fund transferred to XPS Administration as part of that sale.

- The contract to provide Actuarial Services to the Fund was tendered in 2012/13. Aon Hewitt was appointed on 12 December 2012 for a period of seven years. This contract was extended by 6 months to allow for the completion of the actuarial work for the 31 March 2019 valuation (published on 31 March 2020). The contract was extended by a further 12 months to allow a replacement contract to be put in place using a refreshed framework during 2021.
- Fund Additional Voluntary Contribution (AVC) provision was reviewed by the Investment Panel on 12 July 2002 and the Prudential Assurance Company Ltd were appointed. The long-term nature of AVC provision does not lend itself to the regular review of providers.

PERFORMANCE TARGETS

Targets are set for each of these key areas to monitor the performance of the Fund.

Funding

The Funding Strategy Statement sets out a comprehensive strategy for the whole Fund, balancing and reconciling the many interests which arise from the nature of the Scheme and the requirements to fund benefits now and in the future. The Funding Strategy Statement was last updated and published in March 2020.

The funding target of the Fund is to achieve fully funded status, i.e. the assets of the Fund match, exactly, its liabilities. This is expressed as a percentage, with fully funded status represented as 100% funded. The Fund's Actuary, AON Hewitt, carries out a full actuarial valuation every three years, with the last valuation undertaken based on the assets and membership at 31 March 2019 – the final valuation report was published on 31 March 2020.

Investments

The Investment Strategy Statement sets out the Fund's strategy asset allocation (also known as the customised benchmark), a tailor made mix of investments which is reached after an Actuarial Valuation and subsequent Asset/Liability Study. The strategic asset allocation was last reviewed in September 2018. The Investment Strategy Statement was last reviewed and published in February 2019.

Monitoring investment performance is one way in which Members can assess how well the Fund is being managed. Performance is measured against the tailor-made mix of

investments which should produce returns over the medium and long term to meet the Fund’s liabilities; the strategic asset allocation and customised benchmark.

The Fund's investment performance is measured by Portfolio Evaluation Limited (PEL), a leading provider of performance services to public and private sector pension schemes. Investment performance is reported as part of the Fund’s Annual Report & Accounts and to the Pension Fund Committee each year.

Investment performance is measured against the customised benchmark over three time periods; one year, three year and ten year (i.e. short, medium and long term performance).

Pensions Administration

Key Performance Indicators (KPIs) relating to pensions administration are included within the terms of the contract with XPS Administration and performance against those KPIs is monitored as part of that contract. The current KPIs and targets are:

Pension Administration KPI	Target
All new entrant processed within eighteen working days of receipt of notification being received by pensions.	98.50%
Transfer Values - To complete the process within one month of the date of receipt/request for payment.	98.50%
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being received.	98.75%
Statements issued within ten working days - Estimate of benefits (of receipt of request) and Deferred Benefits (of receipt of all relevant information). (Formerly F68 and F72)	98.25%
Pension costs to be recharged monthly to all employers.	98.75%
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	98.75%
Payment of retirement grant payment to be made within 6 working days of the later of the payment due date and the date of receiving all of the necessary information.	98.75%
Pay eligible pensioners a monthly pension on the dates specified by the Council.	100.00%
All calculations and payments are correct.	98.75%

These KPIs will be reviewed as part of the process for retendering the pensions administration contract, with a view to updating them and the target rates. Results against these KPIs are reported to each meeting of the Pension Fund Committee and the Pension Board.

Accounting

The Fund's Annual Report and Accounts are prepared in line with the current guidelines and reported to the Teesside Pension Fund Committee. The Annual Report and Accounts are audited by the Fund's External Auditors (EY LLP). EY present their audit findings to the Teesside Pension Fund Committee and provide their audit opinion based on the findings of the report. The target is for the External Auditors to report that the Annual Report & Accounts show a true and fair view of the transactions the Fund.

To ensure there are adequate internal controls in place to manage and administer the Fund effectively, Internal Audit carry out an independent audit review every year, and the final reports are presented to the Teesside Pension Board. Internal Audit report their findings and an audit assurance level. The target for both internal audits is to receive an assurance level of a strong control environment.

Governance

In addition to the Funding Strategy Statement and Investment Strategy Statement, the Fund is required to have in place a number of other key governance documents to allow the Fund to run effectively and smoothly. These additional governance documents are:

- Governance Policy and Compliance Statement
- Training Policy
- Conflicts of Interest Policy
- Risk Management Policy
- Procedures for Reporting Breaches of the Law
- Communication Policy
- Pension Administration Strategy and Employer Guide
- Discretions Policy and Fund Officers' Scheme of Delegation

All governance documents should be reviewed at least every three years to ensure they are still relevant and represent best practice.

A summary of performance against all targets is presented in Appendix B of this report.

RISK MANAGEMENT

The Fund's Risk Management Policy details the risk management strategy for the Fund, including:

- The risk philosophy for the management of the Fund, and in particular attitudes to, and appetite for, risk.
- How risk management is implemented.
- Risk management responsibilities.
- The procedures that are adopted in the Fund's risk management process.
- The key internal controls operated by the Administering Authority and other parties responsible for the management of the Fund.

Effective risk management is an essential element of good governance in the LGPS. By identifying and managing risks through an effective policy and risk management strategy, the Fund can:

- Demonstrate best practice in governance.
- Improve financial management.
- Minimise the risk and effect of adverse conditions.
- Identify and maximise opportunities that might arise.
- Minimise threats.

The Fund adopts best practice risk management, which supports a structured and focused approach to managing risks, and ensures risk management is an integral part in the governance of the Fund at a strategic and operational level.

In relation to understanding and monitoring risk, the Administering Authority aims to:

- Integrate risk management into the culture and day-to-day activities of the Fund.
- Raise awareness of the need for risk management by all those connected with the management of the Fund (including advisers, employers and other partners).
- Anticipate and respond positively to change.
- Minimise the probability of negative outcomes for the Fund and its stakeholders.
- Establish and maintain a robust framework and procedures for identification, analysis, assessment and management of risk, and the reporting and recording of events, based on best practice.
- Ensure consistent application of the risk management methodology across all Fund activities, including projects and partnerships.

To assist in achieving these objectives in the management of the Fund, the Administering Authority will aim to comply with:

- The CIPFA Managing Risk publication.

- The Pensions Act 2004 and the Pensions Regulator's Code of Practice for Public Service Pension Schemes as they relate to managing risk.

The Fund's risk management process is in line with that recommended by CIPFA and is a continuous approach which systematically looks at risks surrounding the Fund's past, present and future activities. The main processes involved in risk management are identified in the figure below and detailed in the following sections:



Risk Identification

The risk identification process is both a proactive and reactive one: looking forward i.e. horizon scanning for potential risks, and looking back, by learning lessons from reviewing how previous decisions and existing processes have manifested in risks to the organisation.

Risk Analysis & Evaluation

Once potential risks have been identified, the next stage of the process is to analyse and profile each risk. Risks will be assessed by considering the likelihood of the risk occurring and the impact if it does occur, with the score for likelihood multiplied by the score for impact to determine the current overall risk rating.

When considering the risk rating, the Administering Authority will have regard to the existing controls in place and these will be summarised on the risk register.

Risk Response

The extent to which the identified risks are covered by existing internal controls is reviewed to determine whether any further action is required to control the risk, including reducing the likelihood of a risk event occurring or reducing the severity of the consequences should it occur. Before any such action can be taken, Pension Fund Committee approval may be

required where appropriate officer delegations are not in place. The result of any change to the internal controls could result in any of the following:

- **Tolerate** – the exposure of a risk may be tolerable without any further action being taken; this is partially driven by the Administering Authority's risk 'appetite' in relation to the Pension Fund;
- **Treat** – action is taken to constrain the risk to an acceptable level;
- **Terminate** – some risks will only be treatable, or containable to acceptable levels, by terminating the activity;
- **Transfer** - for example, transferring the risk to another party either by insurance or through a contractual arrangement.

The Fund's risk register details all further action in relation to a risk and the owner for that action.

Risk Monitoring & Review

Risk monitoring is the final part of the risk management cycle and is the responsibility of the Pension Fund Committee. In monitoring risk management activity, the Committee considers whether:

- The risk controls taken achieved the desired outcomes
- The procedures adopted and information gathered for undertaking the risk assessment were appropriate
- Greater knowledge of the risk and potential outcomes would have improved the decision-making process in relation to that risk
- There are any lessons to be learned for the future assessment and management of risks.

Risk Reporting

Progress in managing risks will be monitored and recorded on the risk register. The risk register, including any changes to the internal controls, will be provided on an annual basis to the Pension Fund Committee – see attached Appendix C. The Pension Fund Committee will be provided with updates on a quarterly basis in relation to any changes to risks and any newly identified risks and a formal review will be carried out at least twice a year.

As a matter of course, the local Pension Board will be provided with the same information as is provided to the Pension Fund Committee and they will be able to provide comment and input to the management of risks.

In order to identify whether the objectives of this policy are being met, the Administering Authority will review the delivery of the requirements of this Policy on an annual basis taking into consideration any feedback from the local Pension Board.

The risks identified are of significant importance to the Pension Fund. Where a risk is identified that could be of significance to the Council it will be included in the Risk Register.

Risk Matrix

The risk matrix is adapted from the one used by the Council and the External Auditor’s assessment of materiality (for the 2020/21 audit £37.4 million) is used as a very high fund value for the purposes of scoring the identified risks.

Likelihood	5	Almost Certain >80%	Low (5)	Medium (10)	Medium (15)	High (25)	High (35)
	4	Likely 51% - 80%	Low (4)	Low (8)	Medium (12)	High (20)	High (28)
	3	Possible 21% - 50%	Low (3)	Low (6)	Medium (9)	Medium (15)	High (21)
	2	Unlikely 6- 20%	Low (2)	Low (4)	Low (6)	Medium (10)	Medium (14)
	1	Rare <6%	Low (1)	Low (2)	Low (3)	Low (5)	Low (7)
			1	2	3	5	7
			Insignificant	Minor	Moderate	Major	Extreme

TRAINING PLAN

The Fund has adopted the CIPFA Code of Practice on Public Sector Pensions Finance Knowledge and Skills. It is a requirement of the Code that an annual statement on compliance must be included in the Fund's Statement of Accounts.

Investment Officers are required to acquire, by examination, the Investment Management Certificate (IMC) or relevant qualification. Officers without the relevant qualification and with less than five years relevant experience must undergo a minimum of twenty hours relevant training.

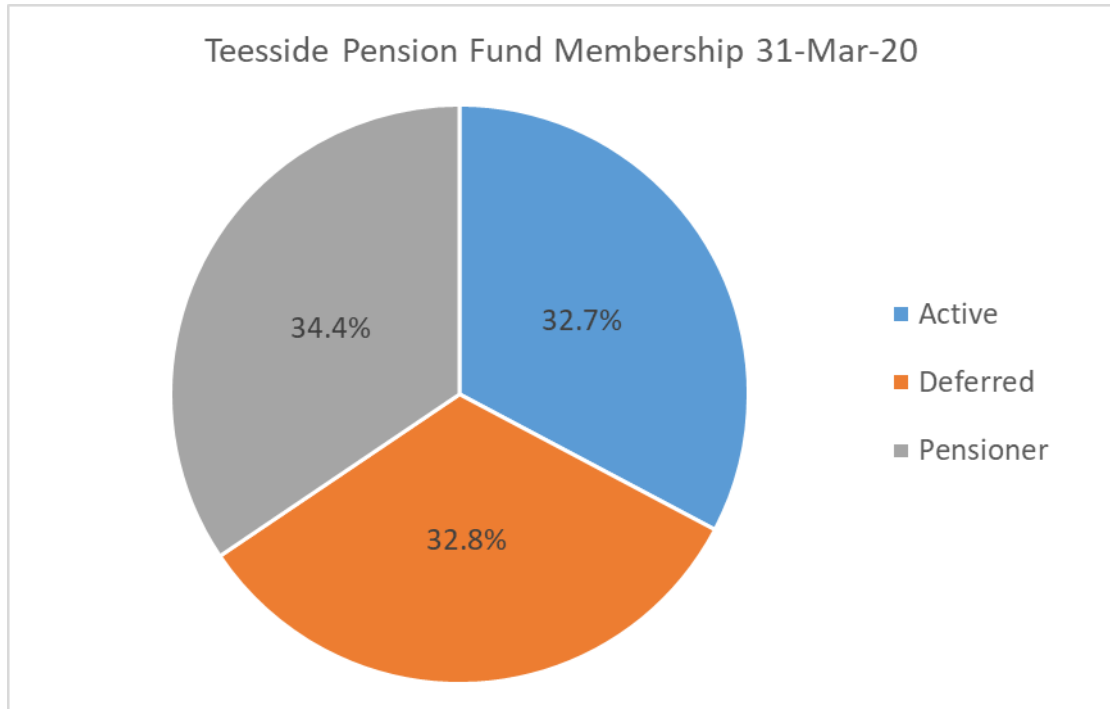
The Principles included in the Myners Review of Institutional Investment included a requirement under "Effective Decision Making" that Trustees should have sufficient expertise and be offered appropriate training.

It is a requirement that all Members serving on the Teesside Pension Fund Committee and those who may act as substitute received adequate training. This facility is extended to also include non-Middlesbrough Council members of the Committee. All Teesside Pension Board Members have received training and undertaken the Pension Regulator's toolkit.

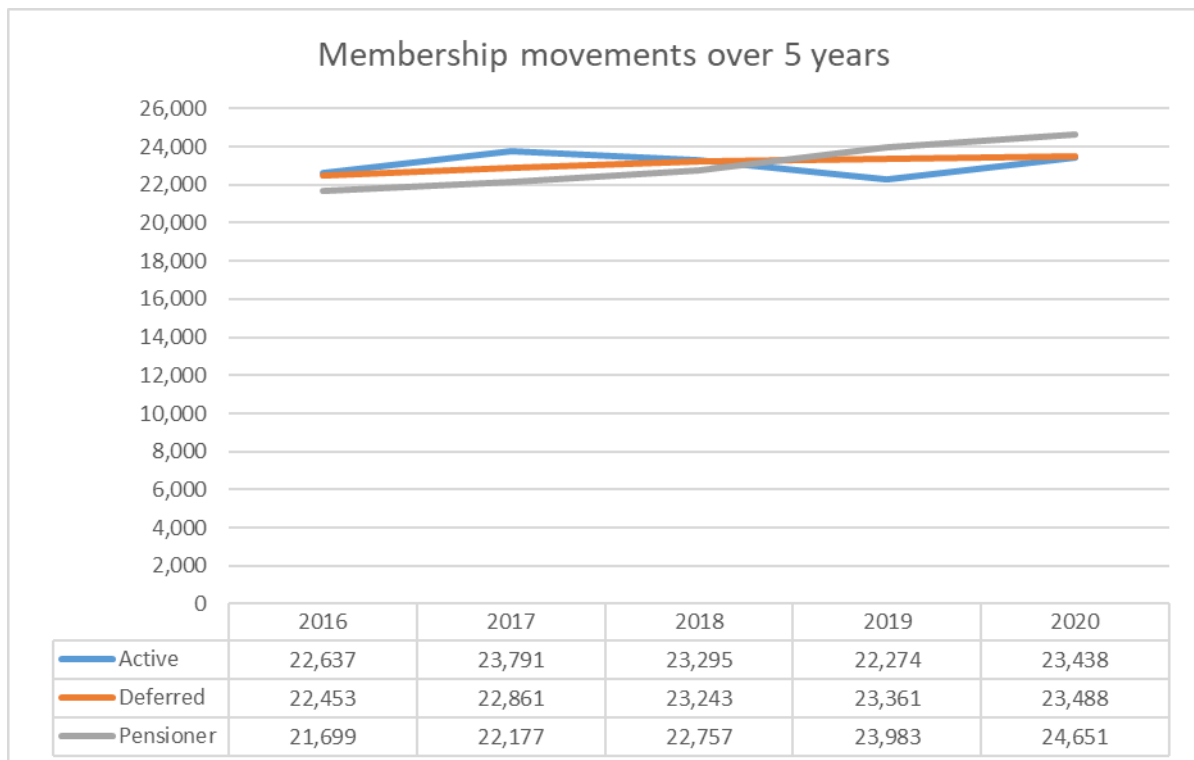
Training for Members and the staff employed by the Fund is essential as the Fund is moving to a position where it is effectively managing two critically important outsourcing contracts with Border to Coast managing the majority of the Fund's investment assets, and XPS Administration managing the Fund's pension administration service.

MEMBERSHIP DATA

The total scheme membership for the Fund as at 31 March 2020 was 71,577 made up of the following membership types:

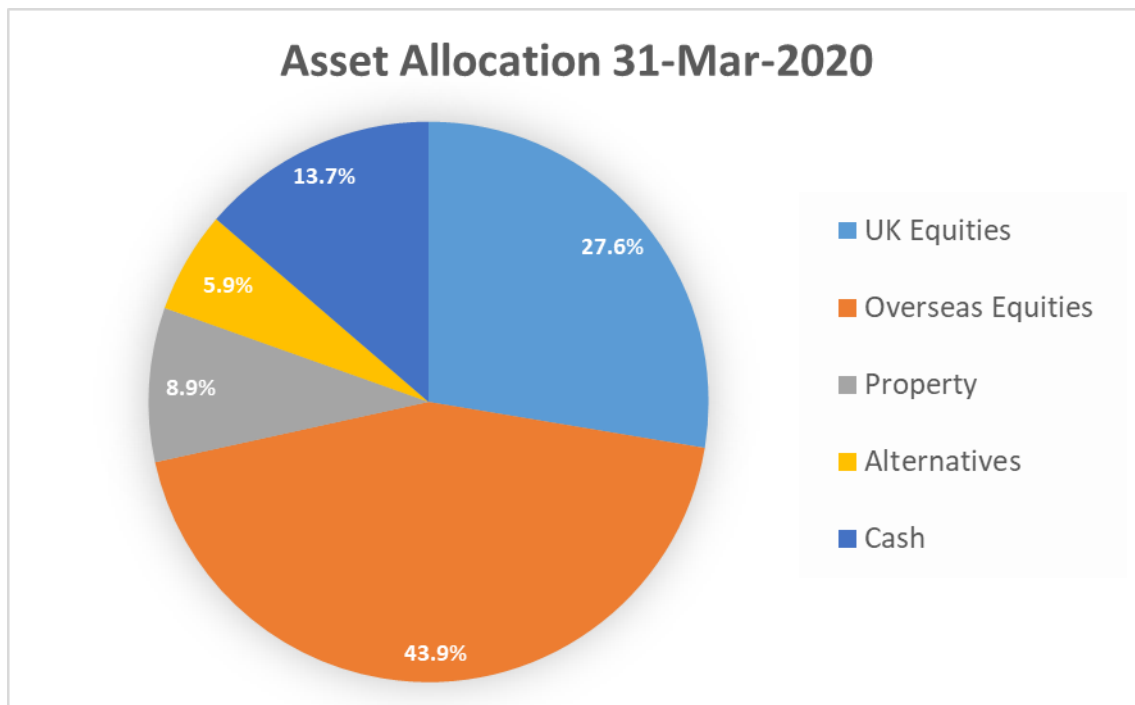


The changes to the scheme membership types is shown below. Whilst the total membership has increased by approx. 3,000 members over the period, the numbers of active members has fluctuated but increased slightly, whereas the numbers of deferred and pensioner members have increased more steadily over the period.

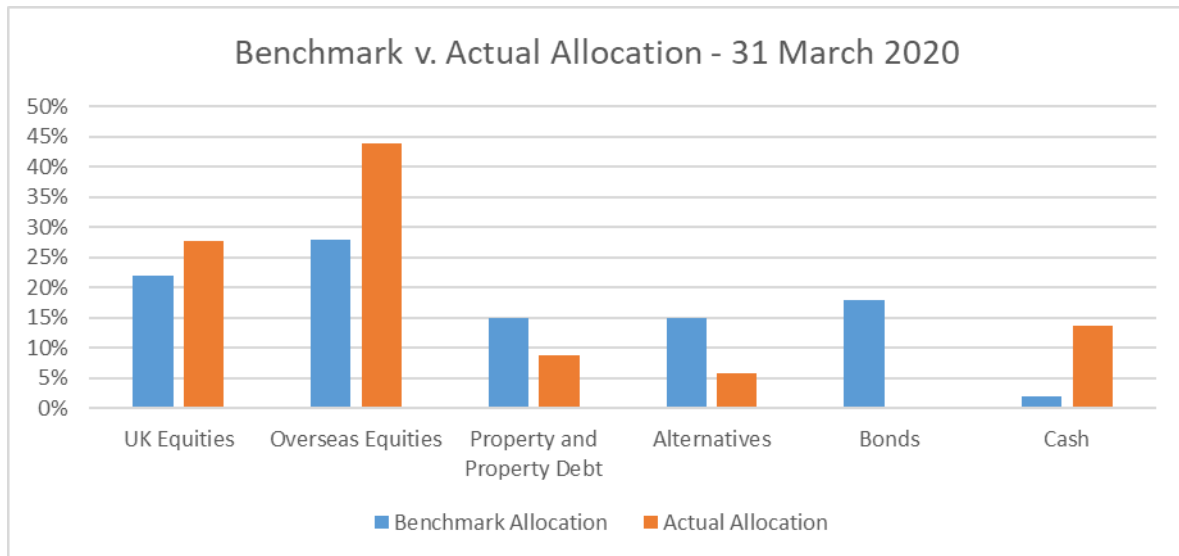


INVESTMENTS AND FUNDING

The Pension Fund invests in a wide range of asset classes and regularly reviews its asset allocation policy to ensure that it remains appropriate for the Fund.



The Fund's Investment Strategy Statement sets out the Asset Allocation Strategy. This strategy is set for the long term and is reviewed every 3 years as part of the Fund's Asset/Liability study to ensure that it remains appropriate to the Fund's liability profile. As part of the strategy the Administering Authority has adopted a strategic benchmark representing the mix of assets best able to meet the long term liabilities of the Fund. A revised strategic benchmark was agreed by the Pension Fund Committee at its September 2018 meeting, and this revised benchmark was used to update the Investment Strategy Statement. As at 31 December 2019 the actual assets compared to the revised strategic benchmark as follows:



Actuarial valuations are carried out every three years with the last completed valuation dated 31 March 2019. These valuations calculate the value of the Fund’s liabilities and compare them to the market value of the assets to determine a funding ratio. At the 2019 valuation, there was a surplus of £527.3 million, which corresponded to a funding ratio of 115%.

The next triennial valuation (as at 31 March 2022) will be published by 31 March 2023. The result of that valuation will be implemented from 1 April 2023, with any changes to employer contribution rates due to take effect then.

FUND ACCOUNT, INVESTMENT AND ADMINISTRATION COSTS

The following table provides a summary of the fund account, investment and administration income and expenditure:

Description	2019-20 Actual £'000s	2020-21 Estimate £'000s	2021-22 Estimate £'000s
Contributions	-99,421	-97,125	-98,000
Transfers in from other pension funds	-8,546	-3,313	-5,000
Other income	-3,985	-7,713	-5,000
Total income from members	-111,952	-108,151	-108,000
Benefits payable	146,259	153,100	156,000
Payments to and on account of leavers	13,683	8,000	14,000
Total expenditure to members	159,942	161,100	170,000
Management expenses	7,455	6,623	8,000
Total income less expenditure	55,445	59,572	70,000
Investment income	-40,980	-28,255	-25,000
Change in Asset Market Value	368,157	0	0
Net return on investments	327,177	-28,255	-25,000
Net (increase) / decrease in net assets available for benefits during the year	382,622	31,317	45,000

Further detail behind the above summary is attached in Appendix D.

ANNUAL PLAN FOR RECEIVING REPORTS

The Teesside Pension Fund Committee meets four times each year, with an additional meeting to approve the Annual Report & Accounts. These should be before the end of:

- June;
- July;
- September;
- December; and
- March.

This allows for the presentation of key reports, which are needed to meet statutory deadlines:

June	Fund Performance Report
July	Annual Report & Accounts Audit Report
September	Interim Actuarial Valuation Report (where relevant)
December	Shareholder Governance Annual Report
March	Business Plan Annual External Audit Plan

FORWARD PLAN FOR KEY DECISIONS

A number of reviews and reports have been scheduled as a result of earlier Pension Fund Committee decisions and the requirement to put out to external tender services provided to the Fund. It may be necessary to delay non-contractual elements of the Plan, depending on resources available.

2021/22:

Pooling of Investment Assets:

- Continue to commit assets to Border to Coast's private equity and infrastructure funds as they become available.
- Commit assets to Border to Coast's emerging markets equity fund, subject to appropriate due diligence.

Pension Fund Governance:

- Complete the remaining part of the review of the Fund's Governance Arrangements (ensure the policies are in line with Regulations and the

Pension Regulator’s Code of Practise (Code 14), develop a new training plan for Investment Panel/Pension Board Members and implement new reporting processes after the review).

Pension Investments:

- Review management of Property assets – assess whether to pool direct property investment through Border to Coast.
- Implement the asset allocation instructions from the Pension Fund Committee.
- Monitor and report investment performance of the Fund, as measured against the Fund's customised benchmark.
- Continue to review and assess opportunities for investment in ‘alternatives’
- Assess any local investment opportunities that arise, with a view to making recommendations to the Pension Fund Committee where appropriate.
- Continue to monitor the Fund’s overweight equity position against its strategic asset allocation, and assess and implement protection approaches if appropriate.

Pension Administration:

- Continue to implement customer service improvements – updated website, better liaison with scheme employers
- Commence retendering exercise for pension administration

Funding:

- Continue to work with scheme employers to improve data quality prior to 31 March 2022 valuation.
- Review and update the Investment Strategy Statement if required.
- Re-tender actuary contract

2022/23:

- Asset/Liability Study.
- Review of the Governance Policies.
- Continue / complete transfer of investment assets to Border to Coast.
- Actuarial Valuation – work with actuary to determine and understand outcomes

2023/24:

- Transfer of property assets to Border to Coast (subject to value for money assessment)
- Assess Border to Coast’s performance

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Teesside Pension Fund

Our Service Promise

We will provide a customer-focused pension service meeting the needs of members and employers, and manage the investments of the Fund to achieve solvency and long-term cost efficiency for our customers.

Contact:

Nick Orton, Head of Pensions Governance and Investments
nick_orton@middlesbrough.gov.uk / 01642 729040.

Scheme Members

- Payment of pension payments/retirement grants
- New entrants to the LGPS processed
- Accurate transfer values calculated and paid
- Provide annual benefit statements

Scheme Employers

- Accurate contribution calculated and collected
- Pension costs accurately calculated and recharged
- Cash flow data supplied to the Actuary for IAS19/FRS17 reports

Pension Fund Committee

- Safe custody of the Fund's assets
- Invest the Fund's monies in accordance with LGPS Regulations and Pension Fund Committee instructions
- Manage the relationship with the Fund's pooling asset management company (Border to Coast Pensions Partnership)
- Report the Fund's investment transactions & asset valuations
- Produce a Business Plan for approval
- Hold accurate scheme membership data
- Statutory and selected non-statutory returns will be completed.

Pension Board

- Annual Report & Accounts produced in accordance with the latest CIPFA LGPS Code of Practice.

What we'll do for you:

- We will administer and manage the Fund in accordance with the relevant statute and regulations.
- We will process transactions and payments listed in this Service Promise in line with the timescales stipulated.
- We will provide annual benefit statements to all scheme members, in accordance with the LGPS Regulations by 31 August every year.
- We will provide Rates & Adjustment Certificates to scheme employers following the triennial valuation of the Fund's assets and liabilities, in accordance with the LGPS Regulations by 31 March the year following the valuation.



What you can do for us:

- Scheme employers provide all required information within the timeliness required for the task and in the format required.
- Scheme employers make contribution payments on time and in line with the Regulations and their Admission Agreements.
- Scheme employers provide a bond or other guarantee required by their Admission Agreements.
- All scheme members and scheme employers provide updated information relevant to the general upkeep of the data needed to maintain their records accurately.

SUMMARY OF PERFORMANCE AGAINST TARGETS

Funding:

	Target	Actual
2019 Triennial Actuarial Valuation	100%	100%

Investments:

	As at 31 December 2020	
	Benchmark	Actual
Performance Return – 1 Year	3.7%	3.7%
Performance Return – 3 Year (per annum)	4.9%	4.6%
Performance Return – 5 Year (per annum)	9.3%	8.7%
Performance Return – 10 Year (per annum)	7.0%	7.9%

Pensions Administration:

	As at 31 December 2020	
	Target	Actual
All new entrant processed within eighteen working days of receipt of notification being received by pensions.	98.50%	100.00%
Transfer Values - To complete the process within one month of the date of receipt/request for payment.	98.50%	100.00%
Refund of contributions - correct refund to be paid within five working days of the employee becoming eligible and the correct documentation being received.	98.75%	100.00%
Statements issued within ten working days - Estimate of benefits (of receipt of request) and Deferred Benefits (of receipt of all relevant information). (Formerly F68 and F72)	98.25%	100.00%
Pension costs to be recharged monthly to all employers.	98.75%	100.00%

	As at 31 December 2020	
	Target	Actual
Annual benefit statements shall be issued on a rolling basis ensuring that a scheme member shall receive a statement once a year.	98.75%	100.00%
Payment of retirement grant payment to be made within 6 working days of the later of the payment due date and the date of receiving all of the necessary information.	98.75%	100.00%
Pay eligible pensioners a monthly pension on the dates specified by the Council.	100.00%	100.00%
All calculations and payments are correct.	98.75%	100.00%

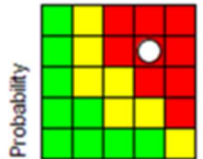
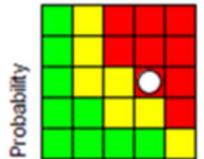
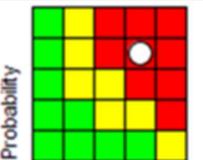
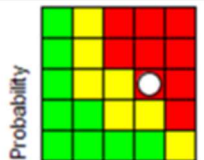


Accounting:

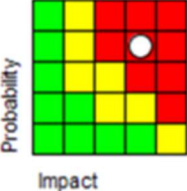
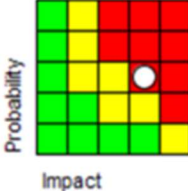
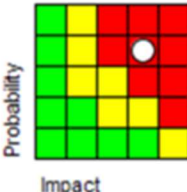
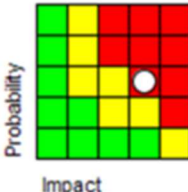
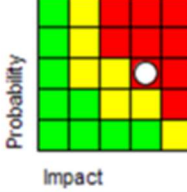
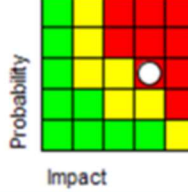
	Target	Actual
External Auditor Opinion	True & Fair View	True & Fair View
Internal Audit Opinion – Investments	Strong Control Environment	Strong Control Environment
Internal Audit Opinion – Administration	Strong Control Environment	Strong Control Environment

Governance:

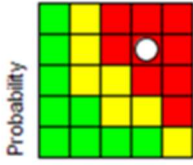
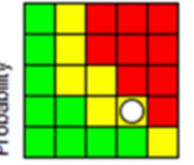
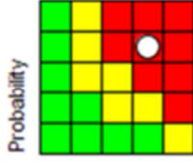
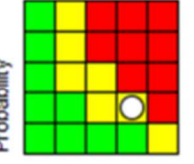
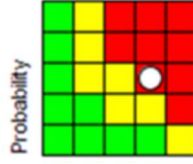
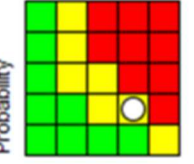
	Target	Actual
Funding Strategy Statement	Last 3 Years	2019
Investment Strategy Statement	Last 3 Years	2019
Governance Policy & Compliance Statement	Last 3 Years	2017
Training Policy	Last 3 Years	2017
Conflict of Interest Policy	Last 3 Years	2017
Risk Management Policy	Last 3 Years	2017
Procedures for Reporting Breaches of Law	Last 3 Years	2017
Communication Policy	Last 3 Years	2017
Pension Administration Strategy & Employer Guide	Last 3 Years	2017
Discretions Policy & Fund Officers' Scheme of Delegation	Last 3 Years	2017

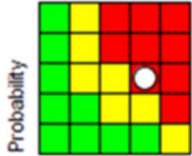
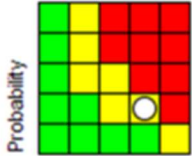
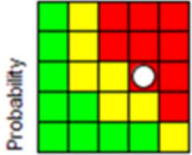
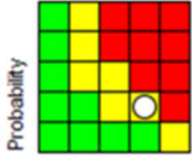

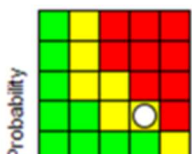
Teesside Pension Fund Risk Register

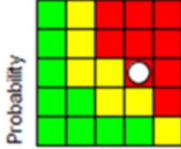
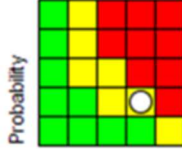
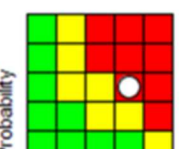
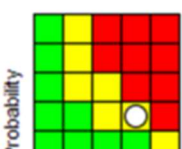
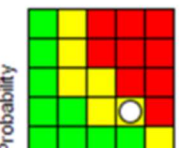

Code	Title	Original Score	Current Score
TPF001	<p>INFLATION</p> <p>Price inflation is significantly more than anticipated: an increase in CPI inflation by 1% more than anticipated will increase the liability valuation by 20%.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-5</p>	 <p>20</p>	 <p>15</p>
Current Mitigation		Future Mitigation	Responsible Officer
In assessing the member liabilities, the triennial Fund Actuary assumptions made for inflation are "conservatively" set based on independent economic data, and hedged against by setting higher investment performance targets.			Head of Pensions Governance and Investments
TPF002	<p>ADVERSE ACTUARIAL VALUATION</p> <p>Impact of increases to employer contributions following the actuarial valuation.</p> <p>Fund & Reputation Impact-3 Employers Impact-5 Member Impact-1</p>	 <p>20</p>	 <p>15</p>
Current Mitigation		Future Mitigation	Responsible Officer
Interim valuations provide early warnings. Actuary has scope to smooth impact for most employers.			Head of Pensions Governance and Investments
TPF003	<p>GLOBAL FINANCIAL INSTABILITY</p> <p>Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, leading to tightened financial conditions, reduced risk appetite and raised credit risks.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>20</p>	 <p>15</p>
Current Mitigation		Future Mitigation	Responsible Officer
Increasing investment diversification will allow the Fund to be better placed to withstand this type of economic instability. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.			Head of Pensions Governance and Investments

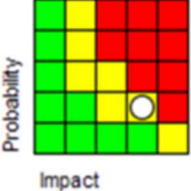


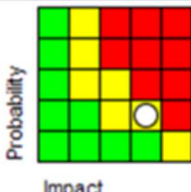
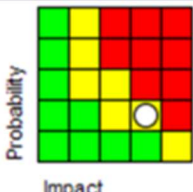
<p>TPF004</p>	<p>POLITICAL RISK</p> <p>Significant volatility and negative sentiment in investment markets following the outcome of adversely perceived political changes.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>20</p>	 <p>15</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Increasing investment diversification, including a global investment approach, will allow the Fund to be better placed to withstand this type of political instability. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF005</p>	<p>INVESTMENT CLASS FAILURE</p> <p>A specific industry investment class/market fails to perform in line with expectations leading to deterioration in funding levels and increased contribution requirements from employers.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>20</p>	 <p>15</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Increasing investment diversification will allow the Fund to be better placed to withstand this type of market class failure. As a long-term investor the Fund does not have to be a forced seller of assets when they are depressed in value.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF012</p>	<p>POOLING INVESTMENT UNDERPERFORMANCE</p> <p>Investments in the investment pool not delivering the required return.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>15</p>	 <p>15</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
			<p>Head of Pensions Governance and Investments</p>

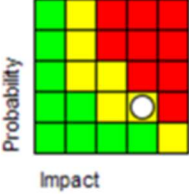
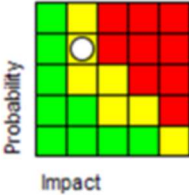
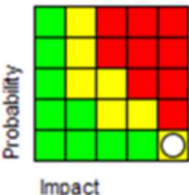
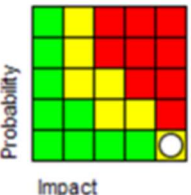
<p>TPF009</p>	<p>HIGHER THAN EXPECTED COSTS OF INVESTMENT POOLING</p> <p>Higher setup and ongoing costs of Border to Coast and of the management associated with investment pooling arrangements (or lack of reduction compared to current costs).</p> <p>Fund & Reputation Impact-7 Employers Impact-2 Member Impact-1</p>	<p>21</p>	<p>14</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	
<p>Border to Coast's budget is set annually with the agreement of at least 9 of the 11 partner funds. Expenditure is monitored and reported to the quarterly Joint Committee meetings. Tenders for on-going suppliers and staff are all now in place.</p>		<p>Head of Pensions Governance and Investments</p>	
<p>TPF010</p>	<p>INADEQUATE POOLING TRANSPARENCY</p> <p>Lack of transparency around investment pooling arrangements.</p> <p>Fund & Reputation Impact-7 Employers Impact-1 Member Impact-1</p>	<p>21</p>	<p>14</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	
<p>With the pooling of investment assets TPF staff will work closely with Border to Coast sub-fund asset managers and Border to Coast management to gain full clarity of performance, with training provided to TPF staff as required.</p>		<p>Head of Pensions Governance and Investments</p>	
<p>TPF021</p>	<p>INAPPROPRIATE INVESTMENT STRATEGY</p> <p>Mismatching of assets and liabilities, inappropriate long term asset allocation of investment strategy, mistiming of investment strategy.</p> <p>Fund & Reputation Impact-7 Employers Impact-7 Member Impact-1</p>	<p>14</p>	<p>14</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	
<p>This is mitigated by the Triennial Valuation and the engagement of Two Independent Investment Advisors.</p>		<p>Head of Pensions Governance and Investments</p>	

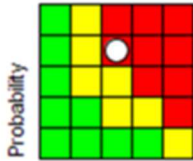
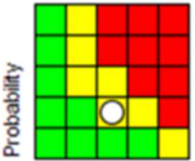

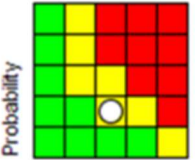
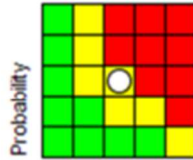
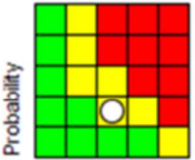
<p>TPF007</p>	<p>KEYMAN RISK</p> <p>Concentration of knowledge & skills in small number of officers and risk of departure of key staff - failure of succession planning.</p> <p>Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1</p>	 <p>20</p>	 <p>10</p>	
<p>Current Mitigation</p>		<p>Future Mitigation</p>		<p>Responsible Officer</p>
<p>A deputy position was created in 2018/19 - this acts to support deputise as required from an investments perspective for the Head of Investments, Governance and Pensions.</p>				<p>Head of Pensions Governance and Investments</p>
<p>TPF008</p>	<p>INSUFFICIENT STAFF</p> <p>Causes failure to have time to adopt best practice by properly developing staff and processes.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>20</p>	 <p>10</p>	
<p>Current Mitigation</p>		<p>Future Mitigation</p>		<p>Responsible Officer</p>
<p>In preparation for the pooling of investment assets to Border to Coast, the team was expanded and has a total complement of 9 staff. Investment transaction volumes have significantly reduced owing to the change in investment approach.</p>				<p>Head of Pensions Governance and Investments</p>
<p>TPF011</p>	<p>UNANTICIPATED PAY RISES</p> <p>Increases are significantly more than expected for employers within the Fund.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>15</p>	 <p>10</p>	
<p>Current Mitigation</p>		<p>Future Mitigation</p>		<p>Responsible Officer</p>
<p>1) Fund employers will monitor own experience. 2)Triennial Actuarial valuation Assumptions made on pay and price inflation (for the purposes of IAS19/FRS102 and actuarial valuations) will be long term assumptions, any employer specific assumptions above the actuaries long term assumption would lead to further review. 3) Employers are made aware of generic impact that salary increases can have upon final salary linked elements of LGPS benefits.</p>				<p>Head of Pensions Governance and Investments</p>

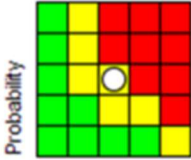



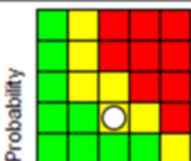

<p>TPF013</p>	<p>POOLING SYSTEMIC RISKS</p> <p>Systemic and other investment risks not being properly managed within the investment pool; for example appropriate diversification, credit, duration, liquidity and currency risks.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p> <p>10</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Appropriate due diligence is carried out regarding the structure, targets, diversification and risk approach for each sub-fund before investment. In addition, The Pensions Head of Service and Section 151 officer, will closely monitor and review Border to Coast sub-fund investment elements on an on-going basis, and reported to TPF Committee and Board.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF014</p>	<p>LONGEVITY</p> <p>Pensioners living longer: adding one year to life expectancy will increase pension fund liabilities by 8%</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p> <p>10</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>In assessing the member longevity and pension liabilities, the Triennial Actuary assumptions made for longevity are "conservatively" set based on the latest life expectancy economic data. They are reviewed and updated at each three year Actuarial valuation. If required, further investigation can be carried out of scheme specific/employer longevity data.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF017</p>	<p>BULK TRANSFER VALUE DISPUTE</p> <p>Failure to ensure appropriate transfer is paid to protect the solvency of the fund and equivalent rights are acquired for transferring members.</p> <p>Fund & Reputation Impact-3 Employers Impact-5 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p> <p>10</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>A mechanism exists within the regulations to resolve such disputes - this should reduce the financial impact of any such event.</p>			<p>Head of Pensions Governance and Investments</p>

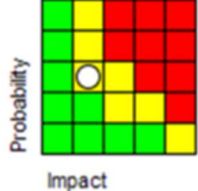
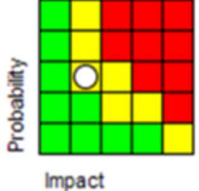
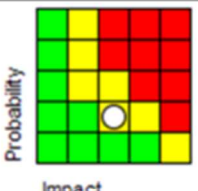
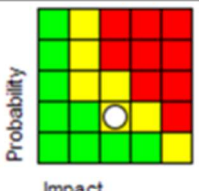
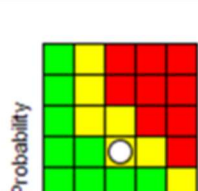
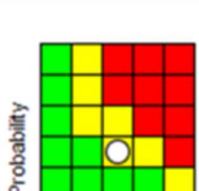
<p>TPF018</p>	<p>TPF INVESTMENT UNDERPERFORMANCE</p> <p>Investment Managers fail to achieve performance targets over the longer term: a shortfall of 1% on the investment target will result in an annual impact of £41m.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p> <p>10</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>1) The asset allocation made up of equities, bonds, property, cash etc funds, is sufficiently diversified to limit exposure to one asset category. 2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal asset allocation. 3) Actuarial valuation and asset/liability study take place automatically every three years. 4) Interim valuation data is received annually and provides an early warning of any potential problems. 5) The actuarial assumption regarding asset outperformance of a measure over CPI over gilts is regarded as achievable over the long-term when compared with historical data.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF019</p>	<p>TPF GOVERNANCE SKILLS SHORTAGE</p> <p>Lack of knowledge of Committee & Board members relating to the investment arrangement and related legislation and guidance.</p> <p>Fund & Reputation Impact-5 Employers Impact-3 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p> <p>10</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Pension Fund Committee new members have an induction programme and will have subsequent training based on the requirements of CIPFA Knowledge and Skills Framework including Pooling.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF025</p>	<p>OUTSOURCED MEMBER ADMIN FAILURE</p> <p>XPS Administration service fails to the point where it is unable to deliver its contractual services to employers and members.</p> <p>Fund & Reputation Impact-1 Employers Impact-1 Member Impact-5</p>	 <p>Probability</p> <p>Impact</p> <p>10</p>	 <p>Probability</p> <p>Impact</p> <p>10</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>XPS Administration is a well-resourced established pensions administration provider which is not in financial difficulty.</p>			<p>Head of Pensions Governance and Investments</p>

<p>TPF026</p>	<p>INSECURE DATA Failure to hold personal data securely - i.e data stolen. Fund & Reputation Impact-3 Employers Impact-1 Member Impact-5</p>	 <p>10</p>	 <p>10</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>XPS Administration have advised they are not aware of any attempted hacking events, and they have suitable data security measures in place.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF028</p>	<p>INADEQUATE POOLING INVESTMENT EXPERTISE Inadequate, inappropriate or incomplete investment expertise exercised over the pooled assets. Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>10</p>	 <p>10</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Border to Coast has completed recruitment of experienced and capable management team, alongside most of its final expected complement of 90+ staff.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF029</p>	<p>INSUFFICIENT RANGE OF POOLING ASSET CLASSES Insufficient range of asset classes or investment styles being available through the investment pool. Fund & Reputation Impact-5 Employers Impact-3 Member Impact-1</p>	 <p>10</p>	 <p>10</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>There is now in place a roll-out plan of different asset classes and engagement with Border to Coast to identify relevant future asset classes</p>			<p>Head of Pensions Governance and Investments</p>

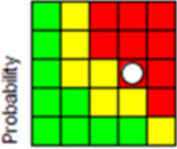
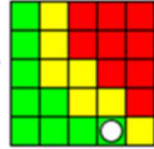
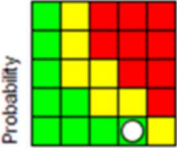
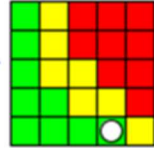

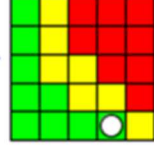
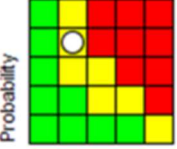
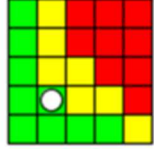
TPF031	INTERNAL COMPLIANCE FAILURES Failure to comply with recommendations from the local pension board, resulting in the matter being escalated to the scheme advisory board and/or the pensions regulator. Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1		10		10
	Current Mitigation	Future Mitigation	Responsible Officer		
The Pension Board is able to make direct recommendations to the Pension Fund Committee if necessary and officers will ensure these are followed up and progress tracked and reported.				Head of Pensions Governance and Investments	
TPF030	COMMITTEE MEMBERSHIP CHANGE Change in membership of Pension Fund Committee leads to dilution of member knowledge and understanding. Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1		8		8
	Current Mitigation	Future Mitigation	Responsible Officer		
Officers and advisers provide continuity and training following changes to Committee membership.				Head of Pensions Governance and Investments	
TPF039	BORDER TO COAST FAILURE Failure of the operator itself, or its internal risks and controls failure of corporate governance, responsible investment, or the failure to exercise voting rights according to policy. Fund & Reputation Impact-7 Employers Impact-4 Member Impact-1		7		7
	Current Mitigation	Future Mitigation	Responsible Officer		
Officers liaise closely with Border to Coast and receive regular updates on its plans, finances and ongoing development				Head of Pensions Governance and Investments	

<p>TPF015</p>	<p>EMPLOYER FAILURE</p> <p>An employer ceasing to exist with insufficient funding, or being unable to meet its financial commitments, adequacy of bond or guarantee. Any shortfall would be attributed to the fund as a whole.</p> <p>Fund & Reputation Impact-2 Employers Impact-3 Member Impact-3</p>	 <p>12</p>	 <p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>1) Fund employers should monitor own experience. 2) Triennial Actuarial Assumptions will account for the possibility of employer(s) failure (for the purposes of IAS19/FRS102 and actuarial valuations). Any employer specific assumptions above the actuary's long term assumption, would lead to further review. 3) Employer covenant review.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF016</p>	<p>ADVERSE LEGISLATIVE CHANGE</p> <p>Risk of changes to legislation, tax rules etc.; resulting in increases required in employer contributions.</p> <p>Fund & Reputation Impact-3 Employers Impact-3 Member Impact-3</p>	 <p>12</p>	 <p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>The process of legislative change and the actuarial valuation cycle means any such change would be flagged up well in advance. The actuary has scope to mitigate any contribution increase in respect of most Fund employers.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF022</p>	<p>GDPR COMPLIANCE</p> <p>Non-compliance with GDPR regulations.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1</p>	 <p>9</p>	 <p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Data protection privacy notices have been distributed by XPS Administration. The Council has established GDPR-compliant processes and procedures.</p>			<p>Head of Pensions Governance and Investments</p>


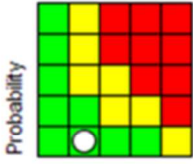
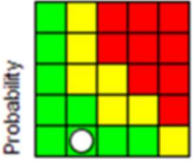
<p>TPF023</p>	<p>INACCURATE DATA RECORD COLLATION</p> <p>Failure to maintain proper, accurate and complete data records leading to increased errors and complaints.</p> <p>Fund & Reputation Impact-1 Employers Impact-3 Member Impact-3</p>	 <p>9</p>	 <p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	
<p>Administration data quality is being assessed as part of the triennial valuation process, as well as being assessed regularly in order to meet Pensions Regulator requirements on scheme data.</p>		<p>Head of Pensions Governance and Investments</p>	
<p>TPF024</p>	<p>STRUCTURAL CHANGES TO EMPLOYER MEMBERSHIP</p> <p>Risk that TPF are unaware of structural changes to an employer's membership, or changes (e.g. closing to new entrants) meaning the individual employer's contribution level becomes inappropriate.</p> <p>Fund & Reputation Impact-2 Employers Impact-3 Member Impact-2</p>	 <p>9</p>	 <p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	
<p>The XPS Administration employer liaison team will improve this by working closely with employers.</p>		<p>Head of Pensions Governance and Investments</p>	
<p>TPF032</p>	<p>INADEQUATE POOLING DATA</p> <p>Inability to gather robust, quality or timely information from Border to Coast.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1</p>	 <p>6</p>	 <p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	
<p>With the pooling of investment assets TPF staff will work closely with Border to Coast sub- fund asset managers and Border to Coast management to gain full clarity and reporting of performance, with training provided to TPF staff as required.</p>		<p>Head of Pensions Governance and Investments</p>	

<p>TPF033</p>	<p>ESG REPUTATIONAL DAMAGE</p> <p>Insufficient attention to environmental, social and governance (ESG) leads to reputational damage.</p> <p>Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1</p>	 <p>6</p>	 <p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Border to Coast provides increased focus on Responsible Investment.</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF034</p>	<p>THIRD PARTY SUPPLIER FAILURE</p> <p>Financial failure of third party supplier results in service impairment and financial loss.</p> <p>Fund & Reputation Impact-3 Employers Impact-3 Member Impact-1</p>	 <p>6</p>	 <p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Suppliers' financial stability is assessed through the procurement process</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF035</p>	<p>PROCUREMENT PROCESS CHALLENGES</p> <p>Procurement processes may be challenged if seen to be non-compliant with public sector procurement rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non-compliant process.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1</p>	 <p>6</p>	 <p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Council's procurement team is consulted throughout procurement processes</p>			<p>Head of Pensions Governance and Investments</p>



<p>TPF036</p>	<p>ASSET POOLING TRANSITION RISK</p> <p>Loss or impairment as a result of Asset transition. Fund & Reputation Impact-3 Employers Impact-3 Member Impact-1</p>	<p>6</p>	<p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Asset transitions closely monitored and evaluated, using specialist transition manager support where appropriate</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF037</p>	<p>COMPLIANCE FAILURES</p> <p>Failure to comply with legislative requirements e.g. SIP, FSS, Governance Policy, Freedom of Information requests, Code of Practice 14.</p> <p>Fund & Reputation Impact-3 Employers Impact-2 Member Impact-0</p>	<p>6</p>	<p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Robust processes are in place for responding to information requests within statutory deadlines and to ensure production of scheme information at appropriate times</p>			<p>Head of Pensions Governance and Investments</p>
<p>TPF038</p>	<p>CUSTODY DEFAULT</p> <p>The risk of losing economic rights to pension fund assets, when held in custody or when being traded. The risk might arise from missed dividends or corporate actions (e.g. rights issues) or problems arising from delays in trade settlements.</p> <p>Fund & Reputation Impact-3 Employers Impact-3 Member Impact-1</p>	<p>6</p>	<p>6</p>
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Good relationship maintained with Global Custodian, advice sought as required</p>			<p>Head of Pensions Governance and Investments</p>

TPF020	INADEQUATE BORDER TO COAST OVERSIGHT Insufficient resources to properly monitor pooling & Border to Coast. Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1	 Probability Impact	15	 Probability Impact	5
	Current Mitigation	Future Mitigation	Responsible Officer		
	Sufficient resources exist within the team to oversee and monitor Border to Coast. External providers are also involved, such as Portfolio Evaluation Limited and the two independent investment advisors.			Head of Pensions Governance and Investments	
TPF042	DECISION MAKING FAILURES Failure to take difficult decisions inhibits effective Fund management. Fund & Reputation Impact-5 Employers Impact-2 Member Impact-1	 Probability Impact	5	 Probability Impact	5
	Current Mitigation	Future Mitigation	Responsible Officer		
	Committee and officers receive support from two Independent Investment Advisors			Head of Pensions Governance and Investments	
TPF043	CASH INVESTMENT FRAUD Financial loss of cash investments from fraudulent activity. Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1	 Probability Impact	5	 Probability Impact	5
	Current Mitigation	Future Mitigation	Responsible Officer		
	Appropriate internal processes and checks are in place			Head of Pensions Governance and Investments	
TPF027	SCHEME MEMBER FRAUD Fraud by scheme members or their relatives (e.g. identity, death of member). Fund & Reputation Impact-1 Employers Impact-1 Member Impact-2	 Probability Impact	8	 Probability Impact	4
	Current Mitigation	Future Mitigation	Responsible Officer		
	XPS Administration has identification and validation processes in place			Head of Pensions Governance and Investments	

TPF040	INACCURATE FUND INFORMATION In public domain leads to damage to reputation and loss of confidence. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1	4	4
	Current Mitigation	Future Mitigation	Responsible Officer
	Information reviewed prior to publication		Head of Pensions Governance and Investments
TPF041	LIQUIDITY SHORTFALLS Risk of illiquidity due to difficulties in realising investments and paying benefits to members as they fall due. Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1	4	4
	Current Mitigation	Future Mitigation	Responsible Officer
	Cash balances are likely to remain high in the short to medium term		Head of Pensions Governance and Investments
TPF044	ICT SYSTEMS FAILURE Prolonged administration ICT systems failure. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-3	3	3
	Current Mitigation	Future Mitigation	Responsible Officer
	ICT systems at Council and at XPS are backed up regularly – disaster recovery procedures are in place		Head of Pensions Governance and Investments

TPF045	CONTRIBUTION COLLECTION FAILURE Failure to collect employee/er member pension contributions. Fund & Reputation Impact-1 Employers Impact-2 Member Impact-1	 Probability Impact	2	 Probability Impact	2	
	Current Mitigation	Future Mitigation	Responsible Officer			
	Employer contribution receipt is monitored on a monthly basis, with exceptions reported back to officers as required and to Committee on a quarterly basis			Head of Pensions Governance and Investments		
TPF046	INADEQUATE DISPUTES RESOLUTION PROCESS Failure to agree and implement an appropriate complaints and disputes resolution process. Fund & Reputation Impact-1 Employers Impact-2 Member Impact-2	 Probability Impact	2	 Probability Impact	2	
	Current Mitigation	Future Mitigation	Responsible Officer			
	Process is in place and has been operating successfully for several years			Head of Pensions Governance and Investments		
TPF047	BORDER TO COAST CESSATION Partnership disbands.. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1	 Probability Impact	2	 Probability Impact	2	
	Current Mitigation	Future Mitigation	Responsible Officer			
	Advance warning would be given of any cessation, Assets could be moved and reinvested elsewhere as required.			Head of Pensions Governance and Investments		

TPF048	<p>POOLING CUSTODIAN FAILURE</p> <p>Failure to ensure safe custody of assets.</p> <p>Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1</p>		
	<p>Current Mitigation</p>	<p>Future Mitigation</p>	<p>Responsible Officer</p> <p>Head of Pensions Governance and Investments</p>
TPF049	<p>OFFICER FRAUD</p> <p>Fraud by administration staff.</p> <p>Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1</p>		
	<p>Current Mitigation</p> <p>Appropriate internal processes and checks are in place</p>	<p>Future Mitigation</p>	<p>Responsible Officer</p> <p>Head of Pensions Governance and Investments</p>
TPF050	<p>EXCESSIVE ADMIN COSTS</p> <p>Excessive costs of member benefit administration leads to lack of VFM and loss of reputation.</p> <p>Fund & Reputation Impact-1 Employers Impact-1 Member Impact-1</p>		
	<p>Current Mitigation</p> <p>Costs are agreed in advance through the contract with any variation requiring prior agreement</p>	<p>Future Mitigation</p>	<p>Responsible Officer</p> <p>Head of Pensions Governance and Investments</p>
TPF051	<p>ERRONEOUS MEMBER BENEFIT CALCS</p> <p>Risk of incorrect calculation of members benefits.</p> <p>Fund & Reputation Impact-1 Employers Impact-1 Member Impact-2</p>		
	<p>Current Mitigation</p> <p>XPS Administration is responsible for ensuring quality of output and rectifying any errors</p>	<p>Future Mitigation</p>	<p>Responsible Officer</p> <p>Head of Pensions Governance and Investments</p>

<p>TPF052</p>	<p>INADEQUATE MEMBER COMMS</p> <p>Increased workload for pensions team or increased opt-outs if communications inadequate or misunderstood.</p> <p>Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1</p>		
<p>Current Mitigation</p>		<p>Future Mitigation</p>	<p>Responsible Officer</p>
<p>Member communications drafted by XPS Administration are reviewed and agreed by the Head of Pensions Governance and Investments</p>			<p>Head of Pensions Governance and Investments</p>

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Fund account, investment and administration - detailed analysis

	2019-20 Actual £'000s	2020-21 Estimate £'000s
<i>Income from members</i>		
<i>Employers contributions normal</i>	-68,491	-66,000
<i>Employers contributions additional</i>	-12	-5
<i>Employers contributions deficit recovery</i>	-1,004	-1,120
<i>Members contributions</i>	-29,914	-30,000
<i>Transfers in from other schemes</i>	-8,546	-3,313
<i>Other income</i>	-3,985	-7,713
	-111,952	-108,151

	2019-20 Actual £'000s	2020-21 Estimate £'000s
<i>Expenditure to members</i>		
<i>Pensions paid</i>	119,302	125,000
<i>Commutations and lump sum retirement benefits</i>	24,257	25,000
<i>Lump sum death benefits</i>	2,700	3,100
<i>Payments to and on account of leavers</i>	13,683	8,000
	159,942	161,100

	2019-20 Actual £'000s	2020-21 Estimate £'000s
Management expenses:		
Administration costs	2,185	1,389
Investment management expenses		
<i>Custody fees</i>	14	14
<i>External investment management expenses</i>	840	900
<i>Internal investment management expenses</i>	506	520
<i>Transaction costs</i>	120	200
Total Investment management expenses	1,480	1,634
Oversight & governance costs		
Total Oversight & governance costs	3,790	3,600
	7,455	6,623

	2019-20 Actual £'000s	2020-21 Estimate £'000s
Investment Income		
<i>Investment income from bonds</i>	0	
<i>Investment income from equities</i>	-1,511	0
<i>Investment income from pooled investment vehicles</i>	-19,253	-11,578
<i>Other investment income</i>	0	
<i>Property gross rental income</i>	-15,870	-14,604
<i>Property expenses</i>	188	462
<i>Interest on cash deposits</i>	-4,534	-2,535
	-40,980	-28,255

Teesside Pension Board

Annual Report 2020 – 2021



1. Background

The **Teesside Pension Fund** is the Local Government Pension Scheme (LGPS) for local authority employees in the Teesside region (and employees working for other bodies that are eligible to participate). The Fund has over 71,500 members, and assets of more than £4.38 billion (as at 31 December 2020).

The administering authority for the Teesside Pension Fund is Middlesbrough Council on behalf of all participating employers. The Council has granted authority to manage the investments of the Fund (within the requirements of the Local Government Pension Scheme Regulations) to the **Teesside Pension Fund Committee** which has plenary powers to make decisions without reference to the Council. The Committee consists of elected members of Middlesbrough Council, representatives from the other unitary authorities and other employers and the trade unions (all of whom have voting rights). The Committee receives support and advice from a number of sources including Council officers and the Fund's Investment Advisers.

Section 5 of the *Public Service Pensions Act 2013* required every LGPS to establish a Board to assist in assuring that the administration of its Pension Scheme complies with all relevant legislation. Pensions Boards are specifically required to assist in:

- (a) securing compliance with:
 - (i) scheme regulations and other legislation relating to the governance and administration of the scheme;
 - (ii) any requirements imposed in relation to the scheme by the Pensions Regulator;
 - (iii) such other matters as the scheme regulations may specify
- (b) ensuring the effective and efficient governance and administration of the Scheme.

In accordance with the *Public Service Pensions Act 2013* and the Local Government Pension Scheme regulations, the **Teesside Pension Board** ('the Board') was created on 1 April 2015 to assist in the administration of the Teesside Pension Fund. The Board's formal statement of purpose is:

To assist the Administering Authority in its role as a scheme manager of the Scheme. Such assistance is to:

- (a) 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.

This means that the Board is providing oversight of these matters and, accordingly, the 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.

The Board consists of six voting members – three employer representatives and three member representatives. Two employer representatives are appointed from the Councils of Hartlepool, Middlesbrough, Redcar & Cleveland and Stockton-on-Tees, and one employer representative is chosen from all other Scheme employers. Two member representatives are appointed from the recognised trades unions representing employees who are Scheme

members, and one member representative is appointed from the pensioner Scheme members.

The current Chair took up the role in April 2019 having previously been the Deputy Chair, and the Board agreed at that point to extend his tenure to end on 28 July 2021. The post of Chair is normally held for two years and rotated on a bi-annual basis with the Deputy Chair. Each post is held by one employer representative and one Scheme member representative.

This is the fifth Annual Report of the Board, for the period 1 April 2020 to 31 March 2021.

2. Introduction

Welcome to the fifth Annual Report of the Teesside Pension Board.

The Board seeks to assist the administering authority of the Teesside Pension Fund to maintain effective and efficient governance. We continue to be supported in this role by officers of Middlesbrough Council (the administering authority for Teesside Pension Fund), and we have also been assisted by specialist external advisers, and by staff from XPS Administration who deal with the day to day pension administration.

As highlighted in previous annual reports Teesside Pension Fund has entered into an agreement to pool some and, eventually, most of its investments with other LGPS Funds through Border to Coast Pensions Partnership Limited ('Border to Coast'). Border to Coast was set up, and is wholly owned, by eleven LGPS administering authorities each responsible for an LGPS fund (originally twelve administering authorities were involved until the long-planned merger of two of those authorities was confirmed during the year and backdated to 1 April 2020). Border to Coast was established to meet central government's requirement that local government pension schemes pool their investment assets with the aims of providing savings and improving governance. Middlesbrough Council (as administering authority for the Teesside Pension Fund) is one of the owners and customers of Border to Coast.

Initial investments with Border to Coast were in public equities (or shares) and all the Fund's UK equities transferred during 2018/19 to be managed by Border to Coast, using the same low-cost 'internally-managed' approach but delivered by a larger team of investment professionals based in Leeds. The Fund also made investments in Border to Coast's internally-managed overseas equity fund during 2018/19. Border to Coast has established a private markets investment capability and the Fund made investments in both private equity and infrastructure through Border to Coast during 2019/20 and 2020/21. As at 31 December 2020, 35% of the Fund's assets were invested through Border to Coast, with this percentage expected to increase significantly over the coming months and years.

Teesside Pension Board has received updates and commented on the process of establishing and developing Border to Coast. The Board is conscious that the Teesside Pension Fund is fully funded and has benefited from low running costs. The Board will therefore continue to closely monitor the progress of Border to Coast to satisfy itself that any movement of assets into Border to Coast remains in the interest of the Teesside Pension Fund and its members, and that Border to Coast is meeting the aims of providing savings and improving governance.

3. Board Activity 2020 – 2021

At the start of the year investment markets had reacted strongly to the Covid-19 pandemic and the subsequent restrictions on movement and economic activity affecting most of the world. Governments in most major markets across the world showed a willingness to intervene to support economic activity and increase their levels of debt to achieve this. Most stock markets have significantly recovered, although the position varies across regions and sectors, and the Fund (with its significant equity weighting) has recovered its value over the year, although not always steadily. The Board's first meeting of the year was unable to go ahead owing to uncertainty about holding remote meetings. However subsequent meetings did take place remotely and the Board has taken a keen interest in how the Fund has dealt with the investment, administration and governance issues arising from the pandemic.

Over the course of 2020/21 three of the planned four meetings were able to be held, all of them remotely, as a consequence of the restrictions in place to combat the Covid-19 pandemic. The Board has been able to continue in its role and carry out its responsibilities to ensure effective governance. As well as continuing to receiving minutes from Pension Fund Committee meetings (meetings which some Board members also attend and all Board members receive agendas for), over the course of the year the Board has considered papers or had oral reports covering the following areas:

- Impact of the Coronavirus Pandemic on the Pension Fund.
- Board membership and training, including participation in national knowledge assessment.
- Administration reports from XPS – these include performance against service level agreement targets, information on general administration activity, statistics on appeals cases and details of current and future issues impacting, or potentially impacting, on the administration of the Fund. The Board also had a presentation from XPS detailing proposals for a future relaunch of the Fund's website.
- Updates on the progress of investment pooling with Border to Coast including a presentation from Border to Coast's Head of Client Relations.
- The audit planning report.
- The Board's own Annual Report.
- The Draft Annual Report for the Fund (containing the Fund's accounts).
- Updates on current issues affecting the Fund, including the Government consultation on a remedy for discrimination identified in the McCloud / Sergeant court cases, proposals to reform Local Government exit pay, introduction of flexibility in reviewing employer contributions and determining employer exit payments and consultation on increasing the earliest age to access a pension from age 55 to age 57
- Updates on work programme items (see below), including review of standard employer and employee scheme communications and review of training approach.

4. Board work programme

At its February 2020 meeting the Board confirmed that the focus of its activity would be guided by the general principles set out by the Pensions Regulator. 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>)

Taking these principles into account the Board set out its work plan as follows:

Teesside Pension Board Work Plan		
Date of Board meeting and any standard items scheduled	Pensions Regulator areas of focus	Activities (from the Scheme Advisory Board guidance)
20 April 2020* Annual Board Report	Reporting breaches Maintaining contributions Reporting duties	Review the outcome of actuarial reporting and valuations.
27 July 2020 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	<i>To be determined</i>	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		<i>To be determined</i>
April 2022 Annual Board Report		
July 2022 Draft Report and Accounts		
November 2022 Annual Review of Board Training		
February 2022		

*note the April 2020 meeting was not held (see below)

5. Impact of Coronavirus / Covid-19 pandemic

At the end of the 2019/20 year the UK was entering into 'lockdown' as a consequence of the Coronavirus / Covid-19 pandemic. One effect of this was the cancellation of the initial Board meeting of the subsequent 2020/21 year, which was due to have been held in April 2020. The Board will continue to monitor how the administering authority deals with the impact of the pandemic, and will keep under review the economic effect on the Fund of market uncertainty and volatility. This issue is likely to form a major part of the 'current issues' the Board will be considering.

Appendix – Board membership and meeting attendance

Membership

Colin Monson <i>Chair</i>	Scheme member representative (retired members)
Billy Ayre	Employer representative (Councillor, Redcar & Cleveland Council)
Jackie Cook	Scheme member representative (UNITE)
Chris Hobson	Employer representative (Councillor, Middlesbrough Council)
Leanne Littlewood <i>(Resigned 23 March 2020)</i>	Scheme member representative (UNISON)
Gary Whitehouse <i>Deputy Chair</i>	Employer representative (Middlesbrough College)

Meeting attendance:

	20 April 2020	27 July 2020	2 November 2020	8 February 2021
C Monson	Meeting Cancelled	✓	✓	✓
W Ayre		x	✓	✓
J Cook		✓	✓	✓
C Hobson		✓	✓	✓
L Littlewood		✓	x	x
G Whitehouse		✓	x	✓

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 9

TEESSIDE PENSION BOARD REPORT

19 APRIL 2021

DIRECTOR FINANCE – IAN WRIGHT

National Knowledge Assessment Outcome - Update

1. PURPOSE OF THE REPORT

- 1.1 To update Members of the Teesside Pension Board (the Board) on the proposals agreed by the 10 March 2021 Pension Fund Committee following the outcome of the National Knowledge Assessment recently undertaken by Board and Pension Fund Committee members.

2. RECOMMENDATIONS

- 2.1 That Members note this report and provide any comments on how training could best be delivered in future.

3. FINANCIAL IMPLICATIONS

- 3.1 There are no specific financial implications in respect of the information contained in this report. The Pension Fund Committee has already agreed to a training budget as detailed below.

4. BACKGROUND

- 4.1 The Pension Fund Committee and the Board have used a knowledge assessment tool developed by actuarial and consultancy firm Hymans Robertson, designed to help assess the knowledge and understanding of local pension boards and pension fund committees.

- 4.2 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

4.3 Hymans Robertson analysed the outcome of the assessment and as well as providing each participant with individual scores and feedback collated the information into a report. Extracts from the report were presented to the 8 February 2021 Board meeting and the 10 March 2021 Pension Fund Committee meeting.

4.4 The report identified a number of areas where the Committee and Board would benefit from additional training and included a suggested training plan.

5. TRAINING PLAN AND BUDGET

5.1 At its 10 March 2021 meeting the Pension Fund Committee agreed the following:

- The training plan in Appendix A should be delivered to Committee and Board members.
- A training budget initially set at £40,000 is set aside to allow external companies and individuals to be commissioned to assist with this training where appropriate.
- Expenditure on external training will be determined by the Head of Pensions Governance and Investments in consultation with the Chair and Vice Chair.

6. NEXT STEPS

6.1 The Head of Pensions Governance and Investments will investigate options to deliver the training plan within budget, and looking to ensure maximum participation and value is delivered to Board and Pension Fund Committee members. An initial focus will be on the induction of any new Members following the Council's annual general meeting in May 2021.

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

TEL NO.: 01642 729040

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"> 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.
2021/22 – Q2	<ul style="list-style-type: none"> The impact of COVID-19 on the Fund + investment performance and Environmental, Social & Governance topic(s). We would also suggest that some time is included to discuss the SAB Good Governance project.
2021/22 – Q3	<ul style="list-style-type: none"> For the Board – procurement and relationship management and pension administration 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.
2021/22 – Q4	<ul style="list-style-type: none"> For the Committee – actuarial methods For the Board – financial markets and product knowledge.
2022/23 – Q1	<ul style="list-style-type: none"> Valuation training sessions – purpose, role, outcomes etc. This has been timed to coincide with the 2022 Actuarial Valuations.
2022/23 – Q2	<ul style="list-style-type: none"> Pensions governance

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 10

TEESSIDE PENSION BOARD REPORT

19 APRIL 2021

DIRECTOR FINANCE – IAN WRIGHT

Update on Current Issues

1. PURPOSE OF THE REPORT

- 1.1 To provide Members of the Teesside Pension Board (the Board) with an update on current issues affecting the Pension Fund locally or the Local Government Pension Scheme (LGPS) in general.

2. RECOMMENDATIONS

- 2.1 That Members note this report.

3. FINANCIAL IMPLICATIONS

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

4. REGULATIONS IMPOSING £95,000 EXIT CAP REVOKED

- 4.1 The government has a long-standing manifesto commitment to restrict the level of payment that can be made to individuals leaving the public sector to under £100,000. In November 2020 regulations came into effect that would cap the maximum payment made to (or in respect of) someone leaving Local Government Pension Scheme (LGPS) employment at £95,000. However, these regulations were problematic as when they were introduced they directly contradicted existing LGPS regulations which have not yet been updated. This anomaly, and some concerns about the consultation process, meant the government was facing several judicial reviews in relation to the introduction of the capping regulations, and these were due to be heard from March 2021.
- 4.2 Before these judicial reviews could be heard, on 12 February 2021 the government announced that it was revoking the LGPS £95,000 cap regulations and subsequently clarified that anyone who had been subject to the cap since they took effect (on 4 November 2020) should have their benefits recalculated and paid without any cap applying.

4.3 This is seemingly just a pause in the implantation of a cap on exit payments, as the guidance revoking the cap regulations included the following statement:

“For the avoidance of doubt, it is still vital that exit payments deliver value for the taxpayer and employers should always consider whether exit payments are fair and proportionate. HM Treasury will bring forward proposals at pace to tackle unjustified exit payments.”

4.4 It seems likely that further regulations will be brought forward that introduce a similar cap on exit payments, presumably at the same time as wider reform of LGPS exit payments is put in place.

4.5 Employers in the Fund had already been advised to act with caution in respect of any payments made to individuals who were subject to the £95,000 cap. XPS has advised that they are not aware of anyone who has left employment from a Fund employer since 4 November 2020 who would have been subject to the (now revoked) £95,000 cap regulations.

5. SCHEME ADVISORY BOARD – GOOD GOVERNANCE REVIEW FINAL REPORT

5.1 The Scheme Advisory Board (SAB) has published its final report on Good Governance in the LGPS, and has also issued an action plan to the government giving its recommendations on improving the governance of the LGPS. A copy of the report is enclosed at Appendix A.

5.2 Most of the recommendations in the report build on those included in the earlier report that the SAB produced, which was presented to the 22 January 2020 Pension Fund Committee. The recommendations made in the report are as follows:

- A.1 MHCLG will produce statutory guidance to establish new governance requirements for funds to effectively implement the proposals below. (“the Guidance”).
- A.2 Each administering authority must have a single named officer who is responsible for the delivery of all LGPS related activity for that fund (“the LGPS senior officer”).
- A.3 Each administering authority must publish an annual governance compliance statement (GCS) that sets out how they comply with the governance requirements for LGPS funds, as per statutory Guidance. This statement must be co-signed by the LGPS senior officer and S151.
- B.1 Each fund must produce and publish a conflicts of interest policy which includes details of how actual, potential and perceived conflicts are addressed within the governance of the fund, with specific reference to key conflicts identified in the Guidance.
- B.2 The Guidance should refer all those involved in the management of the LGPS, and in particular those on decision making committees, to the guide on statutory and fiduciary duty which will be produced by the SAB

- C.1 Each fund must produce and publish a policy on the representation of scheme members and non-administering authority employers on its committees, explaining its approach to voting rights for each party.
- D.1 Introduce a requirement via the Guidance for key individuals within the LGPS, including LGPS officers and pensions committees, to have the appropriate level of knowledge and understanding to carry out their duties effectively.
- D.2 Introduce a requirement for s151 officers to carry out LGPS relevant training as part of CPD requirements to ensure good levels of knowledge and understanding.
- D.3 Administering authorities must publish a policy setting out their approach to the delivery, assessment and recording of training plans to meet these requirements.
- D.4 CIPFA should be asked to produce appropriate guidance and training modules for s151 officers.
- E.1 Each administering authority must document key roles and responsibilities relating to the LGPS and publish a roles and responsibilities matrix setting out how key decisions are reached. The matrix should reflect the host authority's scheme of delegation and constitution, and be consistent with role descriptions and business processes.
- E.2 Each administering authority must publish an administration strategy.
- E.3 Each administering authority must report the fund's performance against an agreed set of indicators designed to measure standards of service
- E.4 Each administering authority must ensure their committee is included in the business planning process. Both the committee and LGPS senior officer must be satisfied with the resource and budget allocated to deliver the LGPS service over the next financial year.
- F.1 Each administering authority must undergo a biennial Independent Governance Review and, if applicable, produce the required improvement plan to address any issues identified. IGR reports to be assessed by a SAB panel of experts.
- F.2 LGA to consider establishing a peer review process for LGPS Funds.

5.3 Assuming the government adopts these recommendations, some of the most significant changes affecting our Fund will be:

- A more detailed conflicts of interest policy will be required
- A requirement for all officers and Committee members involved in the LGPS to have an appropriate level of knowledge and understanding to carry out their roles effectively
- The Fund's performance against nationally set indicators on governance and administration should be reported.
- The Fund's governance should be subject to a biennial governance review.

6 INCREASING THE NORMAL MINIMUM PENSION AGE: CONSULTATION ON IMPLEMENTATION.

- 6.1 Her Majesty's Treasury (HMT) published a consultation document on 11 February 2021 confirming the government's commitment to increase the minimum pension age from 55 to 57 (with some limited exceptions) from 6 April 2028.
- 6.2 The consultation seeks views on the implementation of the increase to the minimum pension age and the proposed protections for existing members. As set out in the consultation, the proposed protections would mean those scheme members who remain in active scheme membership after the 2028 cut-off date would continue to be able to draw their pension benefits from as early as age 55, but they would lose this protection if they left employment before drawing their benefits.
- 6.3 The closing date for the consultation is 21 April 2021. The Local Government Association has said it will share a draft response to the consultation with LGPS Funds before the closure date. This response is expected to cover any relevant LGPS-specific issues that need raising.

7 THE PENSIONS REGULATOR: CONSULTATION ON NEW SINGLE CODE OF PRACTICE

- 7.1 The Pensions Regulator (TPR) has issued a consultation on a new code of practice setting out how it provides advice and guidance. A copy of the consultation document is enclosed as Appendix A. The full suite of documents can be found at the following link:

<https://www.thepensionsregulator.gov.uk/en/document-library/consultations/new-code-of-practice>

- 7.2 The new code consolidates ten existing codes of practice, including the main one that currently applies to the LGPS (Code of Practice 14 – Governance and Administration of Public Service Pension Schemes) into a single modular on-line code that will apply to all UK pension schemes.
- 7.3 Not all of the new code applies to the LGPS, and some others are recommended best practice, not strictly required by law. Appendix 1 of the consultation document is a table identifying how the elements of the new code apply to the public sector (including the LGPS), whether they are existing requirements, new requirements, best practice recommendations or do not apply to that type of scheme.
- 7.4 New and best practice modules applying to the LGPS include:
- Administration modules – covering operational procedures, documentation of these will be key, as will ensuring the new module on cyber controls is adequately addressed.
 - The Governing Body modules – new modules are 'Recordings of meetings and decisions made' and 'Managing advisers and service providers'. Best practice modules include 'Remuneration policy' recommending a published policy covering key personnel running the scheme and 'Continuity planning'.

- Communications and disclosure modules – new requirements on principles for member communications (clear, accurate, concise), use of technology and steps for mitigating scam risk.
- Investment governance and monitoring modules – best practice modules covering documenting objectives, maintaining knowledge and skills, obtaining advice, decision-making processes, monitoring risks, adviser performance and procedures for monitoring investments.
- Stewardship and Climate Change modules – not identified as best practice for the LGPS but the module wording is clear that LGPS funds should follow the principles. Funds should as a minimum be assessing the risks and opportunities associated with climate change in relation to both assets and liabilities.

7.5 The consultation runs until 26 May 2021. The Local Government Association (LGA) has stated it will be responding to the consultation and sharing its response in advance of submission. The Head of Pensions Governance and Investments will assess whether a separate response on behalf of the Fund is necessary, and will consult with the Chair of the Pension Fund and the Director of Finance before making any submission. Work will commence on analysing the Fund’s level of compliance with the new draft code and this will continue once the code is finalised.

8. NEXT STEPS

8.1 Further updates will be provided periodically.

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Consultation document

The new code of practice

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1. Scope of the consultation

We are consulting on the draft content for the first phase of our new code of practice. This begins the process of replacing our existing codes of practice (COPs). The new code incorporates changes introduced by the Occupational Pension Schemes (Governance) (Amendment) Regulations 2018 (the governance regulations).

The COPs that have been replaced by the new code in this phase are shown on page 8.

We welcome comments on any aspect of the draft content of the new code and have provided specific questions on certain areas of interest.

The new code is designed to be a web-based product. Therefore, the appearance of modules online may vary from the way they appear in the consultation documents. An online demonstration version of the new code is available for users during this consultation.

You can submit feedback on issues such as the web design, navigation and functionality of the new code via the online demonstration version. We know from stakeholder feedback that users value ease of use, simple navigation and an efficient search. We are developing the online functionality alongside this consultation and further user testing will be taking place to ensure it will meet users' needs. If you would like to be involved in user testing, contact: webfeedback@tpr.gov.uk

Following the consultation, we will consider any representations made on the draft content and make any appropriate changes before laying the new code in Parliament. We will also be undertaking work to adjust guidance in relation to the new code.

Who is this consultation for?

We are interested to hear from pensions professionals who provide support and advice in relation to understanding and meeting the expectations we set in our COPs.

We value responses from trustees and managers of occupational and personal pension schemes and scheme managers, advisory boards and pension boards of public service pension schemes. We are also particularly interested to hear from non-professionals, such as member-nominated and lay trustees, and whether they find the new code easier to use and understand.

Responding to the consultation

We have provided forms for responses which you can complete electronically and submit to us. It is our strong preference that respondents use the forms which can be found at: www.tpr.gov.uk/en/document-library/consultations/new-code-of-practice. We can accept responses in other formats, but you should retain the same structure as the forms. You can send your response:

- by email to: newcodeofpractice@tpr.gov.uk
- by post to: **Nick Gannon**, Regulatory Policy, The Pensions Regulator, Napier House, Trafalgar Place, Brighton, BN1 4DW

Due to the current national lockdown, there may be a delay in postal communications and any responses arriving after the closing date may not be considered.

We may need to share any comments you send us within our own organisation or with other government bodies, including the Department for Work and Pensions (DWP). We may publish comments as part of our response to the consultation.

If you want your comments to remain anonymous, please state this explicitly in your response. If you want your response to be confidential, please let us know and we will take the necessary steps to meet your request.

However, please be aware that, if we receive a formal request under the Freedom of Information Act, we may have to make your response available. When responding, please advise whether you are responding as an individual or on behalf of an organisation (and, if the latter, which organisation).

Closing date

This consultation document was published on **17 March 2021**. The closing date for responses is **26 May 2021**.

Government consultation principles

For the purposes of this consultation paper, we are following the government's consultation principles at: www.gov.uk/government/publications/consultation-principles-guidance

The key principles state that consultations should:

- be clear and concise
- have a purpose
- be informative
- be only part of a process of engagement
- last for a proportionate amount of time
- be targeted
- take account of the groups being consulted
- be agreed before publication
- facilitate scrutiny

2. Background

The governing bodies (see [section 5: Explanatory notes for other content](#)) for more information about our use of this term) of workplace pension schemes play a pivotal role in achieving good outcomes for savers. Running a pension scheme is an increasingly demanding task in an environment that is constantly changing and growing in complexity.

The DWP chose to transpose the changes from the second European Pensions Directive (IORP II) to UK legislation in the governance regulations. The governance regulations came into effect from 13 January 2019 and required us to change some of our existing COPs. They also required us to introduce new expectations in some areas, such as the introduction of an “effective system of governance”. The new code addresses those requirements.

It is important to note that the governance regulations only transpose certain aspects of IORP II into UK law. Elements of IORP II that were not transposed are considered to already be present in UK law.

The governance regulations set out measures to improve the standards of governance across pension schemes. Good governance is key to a well-run scheme. With increased member engagement and the need to publish additional information about schemes, the public scrutiny of pension schemes and those running them will increase. Growing concerns about climate change and developments such as the pensions dashboards will also highlight the need for good scheme governance.

The landscape of pension saving has seen seismic changes over the past decade. The continuing shift from DB to DC accrual, the rise of master trusts, and success of automatic enrolment have each created new pressures on those governing pension schemes. The number of pension savers has increased massively, as have the standards expected of those running the schemes. Trustees and scheme managers need to have the right people, skills, structures and processes in place to facilitate scheme operations, enable effective and timely decisions, and to manage risks appropriately. Our COPs and guidance provide the support needed to be able to achieve this.

The purpose of codes of practice

Our COPs are not statements of the law, except in certain circumstances set out in legislation. Instead, our COPs set out our expectations for the conduct and practice of those who must meet the requirements set in pensions legislation.

In most cases there is no specific penalty for failing to follow a COP, or to meet the expectations set out in it. However, we may rely on COPs in legal proceedings as evidence that a requirement has not been met. In those situations, a court must take a COP into account when considering their verdict. Similarly, if we find grounds to issue an improvement or a compliance notice, they may be worded in relation to a COP issued by us.

3. The new code of practice

When assessing our COPs for changes needed to implement the governance regulations it became clear that they did not meet the current needs of schemes.

Several COPs are now out of date and there is duplication of content between COPs and guidance. Furthermore, the 15 COPs are not always easy to navigate, and the interactions between them and related guidance are not always apparent.

There is a clear need for our COPs to support modern scheme governance. To meet the needs of schemes and their advisers, our COPs must be easier to access, understand, and act upon. To address these issues, we have taken the decision to combine our existing COPs into the new code.

We have broken down the themes from our existing COPs to form shorter, topic-focused modules. Each module sets out our expectations in relation to a topic. Modules also link to related topics within the new code and, in time, to guidance and external sources.

Moving our existing COPs to the new code is a significant undertaking in terms of time and resource. We have therefore chosen to phase the transition. This phasing will allow a full reconsideration of our COPs and associated guidance. A project to review our guidance in line with the new code will start later in 2021. Phasing also allows additional time for the substantial work needed to redesign our website. We do not currently have an end-date for this work, instead we see the code as being a living product that will go through an ongoing process of review and amendment to reflect legislative and policy change.

This first phase of the new code comprises 51 modules. These represent the content of 10 of our existing COPs. By removing duplicated and unnecessary text, the new code is considerably shorter than the original content.

Our approach to the new code reflects the changes we have made as an organisation. It also recognises feedback from the pensions industry about the need for us to be clearer in setting our expectations.

Codes transposed

The table below sets out our existing COPs and shows which of them are being replaced by the new code.

Code of practice	Code in force	Part of new code
01: Reporting breaches of the law	April 2005	✓
02: Notifiable events	April 2005	✗
03: Funding defined benefits	July 2014 (GB) July 2015 (NI)	✗
04: Early leavers	May 2006	✓
05: Reporting of late payment of contributions to occupational pension schemes	September 2013	✓
06: Reporting of late payment of contributions to personal pension schemes	September 2013	✓
07: Trustee knowledge and understanding (TKU)	November 2009	✓
08: Member-nominated trustees/member-nominated directors – putting arrangements in place	November 2006	✓
09: Internal controls	November 2006	✓
10: Modification of subsisting rights	January 2007	✗
11: Dispute resolution – reasonable periods	July 2008	✓
12: Circumstances in relation to the material detriment test	June 2009	✗
13: Governance and administration of the occupational trust-based schemes providing money purchase benefits	July 2016	✓
14: Governance and administration of public service pension schemes	April 2015	✓
15: Authorisation and supervision of master trusts	October 2018	✗

Once the new code comes into force, the COPs that are being replaced will be revoked in their entirety. Our expectation is that the remaining COPs will be brought into the new code in due course. We also intend to include planned revisions to existing COPs (such as the DB funding code) within the framework of the new code.

We have provided a reference table showing the transposition of existing COPs to the new code at: www.tpr.gov.uk/en/document-library/consultations/new-code-of-practice/annex-2-where-the-new-code-of-practice-modules-come-from

Regular updates

The regulations that will arise from the Pensions Schemes Act 2021 are a clear indication that the legislative landscape for pensions changes frequently. Natural changes to schemes as some reach maturity, and as provision shifts to new types of scheme, will also mean that our expectations will need to change and adapt. This means that the new code will also need to change and adapt to reflect the changing landscape. We believe the new code will be easier for us to maintain and update as required and we intend for the new code to have a predictable update cycle. This will provide governing bodies and advisers with a degree of predictability about future code revisions.

Although the new code may be simpler to update than older COPs, we will not deliver updates without warning. All changes to our COPs require consultation and Parliamentary approval before they come into force. These requirements will not change with the new code. Schemes and advisers will still have time to comment on, and adapt to, new expectations.

The Pensions Schemes Act 2021 has introduced new powers for us, a new scheme type, and will deliver regulations affecting transfers, and the way in which governing bodies consider climate change. Each of these is likely to introduce measures that will lead to new or updated code elements. We also have five existing COPs to transpose to the new code. We expect the first updates to the new code to include modules relating to DB scheme funding, arising from the recently closed consultation. There are no modules in the material in this consultation that draw from provisions in the Pension Schemes Act 2021. Necessary changes arising from the Act will arrive in later phases of the new code.

Questions about updates

1. We welcome any observations about a possible regular process for issuing updates to the new code. For example, should updates be annual, or at longer intervals? Please advise any concerns about regular updates.
2. We would also be interested to hear about any topics, besides those described above, that we should prioritise for inclusion in the new code.

Presentation of expectations

Our COPs set out the way we expect schemes to comply with the law in certain areas. This will continue to be the case in the new code.

We know from discussions with stakeholders that finding specific expectations in any of our current COPs is often difficult. Similarity, repetition and separation of COPs can potentially introduce conflicting expectations. All these factors can make it difficult for governing bodies to meet our expectations.

The new code takes a fresh approach to setting out our expectations and adopts a simpler method where most expectations now appear in lists. These lists separate legal duties and our expectations of how governing bodies should meet them. It is important to note that none of our codes cover all aspects of pensions legislation. Therefore, governing bodies should look beyond our codes, and seek the help of advisers, to help them understand all their legal obligations.

We have adopted government communication principles in our use of language to help users distinguish between legal duties and our expectations. In the new code, legal duties are shown by using the word 'must', whilst our expectations use 'should'. We use 'need' where there is no expectation or legal requirement in place, but that process is necessary to allow a scheme to operate. In some modules, we highlight expectations as a matter of best practice for certain schemes. We have also extensively rewritten the new code to make our expectations clearer.

Setting expectations in lists may tempt some to consider them to be tick-box governance requirements. This is not our intention, and we do not believe that governance should ever be tick-box. We believe that by clearly presenting our expectations we make it simpler for governing bodies to consider whether and how they are meeting them. The lists should prompt discussion and consideration of the processes and policies, and the assessment of whether they exist and are functioning as intended. The expectations in each list are typically set out sequentially. This allows users to progress through stages of a process in an ordered way. Governing bodies still have the freedom to choose to prioritise specific measures above others. This may be because some are more urgent or important. For example, prompt and accurate processing of contributions will probably have a higher priority in a large DC scheme than a small closed DB scheme. Whatever the focus of improvement work, governing bodies should always ensure that they comply with legislative requirements.

The format of the new code will also help us in any future regulatory interactions. We will remain a pragmatic regulator and the new code will help us to work with schemes where we identify matters that fall short of our expectations.

The new code will still provide flexibility for those running a scheme to operate in a way that is appropriate for the circumstances of their scheme. Certain scheme-specific circumstances may lead schemes to meet our expectations in a way not specified in the code.

Guidance

In time, the new code has the potential to bring our codes, guidance and the Trustee Toolkit together. However, full integration will require an audit and review of around 200 pieces of existing guidance, across various phases of new code development. This means there will be a period when the new code and guidance are not as closely related as will eventually be the case.

We have identified certain pieces of guidance that are immediately affected by the new code. This is particularly the case in respect of guidance that relates to specific paragraphs in a related COP. The redesign of these pieces of guidance is being prioritised to ensure they fit alongside the new code.

Our review of guidance will mean we will no longer have categories such as scope guidance or code-related guidance. All guidance will be readily distinguishable from the content of the new code. However, some guidance, such as that developed to assist employers with their automatic enrolment duties, will remain outside of the scope of this project.

Question about guidance

Which pieces of guidance, or topic areas, should be prioritised for updates following the introduction of the new code?

4. New governance expectations

The new code is largely a consolidation and re-presentation of the existing codes it replaces. One of the principal aims of the new code is for all schemes to be held to comparable standards when allowing for differences in the underlying legislation. The governance regulations have given us a much greater scope to set expectations around behaviours of running pension schemes. The scope of the governance regulations is not universal however, and our expectations of our regulated community are not uniform.

Governing bodies

Throughout the new code, we have used a new term to provide consistency when referring to the trustees or managers of occupational pension schemes, managers of personal pension schemes, and scheme managers and pension boards of public service schemes that we regulate.

The term we are using is 'the governing body'. The need for a single term was apparent from discussions with stakeholders. These revealed that using a single description, for example 'trustee', could disengage those who were not trustees. Similarly, using the full list of possible audiences, as above, is unwieldy when writing a concise code.

The roles and responsibilities of the various types of governing body should be understood by those performing them. Where there is any doubt in a scheme as to where a responsibility or accountability lies, the governing body should take steps to establish the position.

Within each module, we have attempted to ensure that any responsibility is clear to those on whom it falls. Governing bodies should then decide if they are within that audience. We particularly welcome comments to this consultation where applicability is not clear to the reader.

During the development of the new code we have received requests for a Local Government Pension Scheme (LGPS) specific version of the code. We have examined this request but, due to the various management structures that exist across the funds and their associated authorities it would be impractical to do so. Governing bodies of LGPS funds should consider their own governance arrangements and where responsibilities ultimately sit within them.

4. New governance expectations

Governing bodies continued...

In schemes in the private sector, the same principles of delegation apply. Trustees or managers may delegate certain activities or functions to others, either employed by or providing services to the scheme. In each case, the accountability remains with the trustees or scheme manager.

Differences in legislation may lead to different expectations on certain schemes according to type or size. Some expectations, such as those associated with the DC chair's statement, are only applicable to specific audiences. Where there is only a single intended audience, we have used a specific term in the relevant module, for example 'the trustee', instead of 'the governing body'.

A table showing each module and those to whom it applies is in Appendix 1.

Question about governing bodies

Do you understand the term "governing body"? Would another term work better?

Effective systems of governance

One of our primary aims as a regulator has been to improve the governance of pension schemes. The governance regulations have introduced a new requirement for most occupational schemes to have and operate an effective system of governance. Without the code being in place, it is difficult for schemes to understand what our expectations might be.

In our efforts to establish what an effective system of governance might be, we reviewed a great deal of existing material that covered relevant topics. The scope of governance and the related regulations is broad. To provide governing bodies with a clear indication of our expectations in this area, we have created a module that provides links to sections of the new code that describe a minimum effective system of governance.

Schemes that do not need to operate an effective system of governance may still find they are subject to comparable legislation that requires them to follow expectations set out in certain various modules. Governing bodies of other schemes may wish to follow the principles of an effective system of governance as an example of best practice. The Systems of governance module provides a useful starting point for a thorough review of the processes and procedures of any scheme.

Question about effective systems of governance:

Is it clear where all the features of an effective system of governance are covered in code from the content of this module? If not, what needs to be clearer?

Internal controls

Perhaps the single most important aspect of establishing effective systems of governance is the fact that they hinge on internal controls. Most governing bodies are not directly involved in every aspect of the day-to-day operation of their scheme. They instead delegate operational tasks to an internal administration team or outsource to professional service providers. However, regardless of delegation, the governing body retains accountability for those functions. All governing bodies should have procedures for the operation of their scheme. Similarly, all governing bodies need policies and processes that give them assurance that all the functions of the scheme are operating correctly.

Internal controls are the policies, processes and procedures carried out in running the scheme. They are also the checks and balances that ensure those processes are operating correctly. Governing bodies can assure themselves that their scheme is operating correctly by having robust and measurable internal controls. Internal controls apply equally to services provided in-house and externally. Internal controls are also an important part of assessing and managing the risks that face a scheme.

It would be highly inadvisable, and almost impossible, to operate any scheme without internal controls. We believe almost all schemes will have some controls in place, even if they do not recognise them as such. However, it is likely that many schemes will not have the full suite of internal controls that we consider they should have.

To help governing bodies establish relevant internal controls, we have created several modules within the new code focusing on risk management and specific controls that should be in place. We do not go into the details of how any control should operate. It is for the governing body, and their advisers, to determine the most appropriate controls for their scheme and the adequacy and effectiveness of any control they implement.

Question about internal controls:

The expectations set out apply differently to different schemes. Is this clear from the module, and are governing bodies provided with enough leeway to address the expectations in the most appropriate way for their scheme?

Own risk assessment

The governance regulations introduce another new requirement for private sector schemes with 100 or more members. This is the introduction of the Own Risk Assessment (ORA). When transposing this requirement from IORP II, the UK chose to stop short of requiring the Solvency II type assessment of the scheme's finances originally proposed. Our interpretation of an ORA recognises that pension schemes face a wide range of risks, not just those related to investments.

The ORA we propose builds on the principles set out for the effective system of governance. The ORA is then a regular process that requires the governing body to assess the effectiveness and risks of the effective system of governance. This is distinct from the normal risk management processes for the scheme. The ORA is therefore a process for assessing the management of risks.

The ORA should not be perceived as an item of tick-box compliance, or an unnecessary burden. We propose the ORA as a way for governing bodies to demonstrate that they have fully considered the various risk management processes – external, financial and operational – that their scheme faces. The ORA is a tool to focus governing bodies on their policies, processes and procedures in a way they may not have done before.

The governance regulations do not require publication of the ORA, or for it to be sent to us. We do expect schemes to record their ORA, and the first such exercise may be a significant piece of work. Many schemes will already have broadly comparable review processes in place already, while others will have to expand their processes considerably. However, we accept that the circumstances of each scheme will affect the risks it faces. It is therefore possible for governing bodies to tailor their ORA according to the size, scale and complexity of their scheme.

Those schemes required to produce an ORA will have 12 months from the date the new code comes into force to document their first assessment. The ORA then becomes an annual process, or whenever there is a material change in the risks facing the scheme or its governance processes.

As with effective systems of governance, we have created a module that acts as an index for the elements we expect the ORA to consider.

Questions about own risk assessments:

1. Are there any improvements we could make to our suggested ORA that would make it more valuable for governing bodies?
2. Is the cycle suggested for the review and update of the ORA appropriate given the subjects that it covers?

5. Explanatory notes for other content

In this section we provide a rationale for new or amended expectations. As noted above, a key aim for the new code was to create a consistency in expectations between different schemes types. This is subject to the different legislative requirements placed on different schemes according to their type, nature or size.

We are responsible for the regulation of a wide range of different scheme types within the private and public sectors. Many schemes resist simple classification as they incorporate different benefit types. Several of our existing COPs focus on a specific scheme type. This meant it was easy to overlook expectations set in other COPs. For example, we are aware that some schemes with a 'dedicated' code were unaware that they should be following the provisions in the codes dealing with maintaining contributions. For all the differences between schemes, many expectations set across our COPs are very similar. This duplication of content created longer codes, reduced readability and risked creating inconsistency of expectation.

Although many of the expectations in the new code have come directly from the existing codes, we have taken the opportunity to ensure they are up-to-date and consistent. In some areas, this has meant we have needed to create new content and expectations, or we have broadened the scope of existing content to cover a larger number of schemes. Some wording may be recognisable as originating from a particular COP. This does not imply that it only applies to one type of scheme. It is simply us choosing the best existing form of words for that expectation.

Throughout the new code, we have sought to improve consistency and clarity where the same or comparable legal requirements exist. Acting in this way simplifies knowledge required for those working with more than one scheme. It also enables us, where necessary, to use our powers in an appropriate and timely fashion. The work to create the new code has not moved expectations away from their legal underpins. Nor are we expanding the scope of our regulatory remit. Some scheme types will still face different expectations because the law applies differently to those schemes. In time, it may be possible to filter modules so that only content directly applicable to the user's scheme is displayed.

There are some expectations that apply to only a subset of schemes. Where these might be useful for other schemes, we have suggested that they are adopted as best practice.

The table shown in Appendix 1 illustrates each module and its current audience. It also shows whether content is new to that audience or taken from an existing code.

Our expectations are set at a level we consider to be appropriate for any well-run scheme. They do not represent a gold standard or are not intentionally difficult to meet. It is important to repeat that most expectations set out in the new code already exist in our COPs. Unless an expectation is new, such as the ORA, schemes should already be meeting the provisions set out in the new code.

Public service schemes

COP 14 (Public service pensions) was published in April 2015 when we took on the responsibility of regulating public service schemes. Since then, these schemes have developed their practices significantly. They have made huge strides towards consistently delivering the governance we expect of them. Our understanding of public service schemes has also grown, and the creation of the new code provides us with an opportunity to update some of our expectations.

The new code seeks, wherever possible, to set comparable standards for schemes of all types. This is equally true of public service schemes. However, public service schemes do not have identical legislation to schemes in the private sector. Consequently, there is some divergence in the exact expectation we have placed on public service schemes. This is particularly true in the case of the modules dealing with internal controls, where the legislative standard is different. In practice, while this means that our expectations of the presence of controls is the same as for private sector schemes, their operation may be different.

As with other codes that dealt with a specific audience, the expectations we had for public service schemes in COP 14 are comparable to other types of schemes. Therefore, while the new code sets out expectations in a different way, we believe those expectations will be familiar to public service users.

Master trusts

Master trusts are directly authorised by us and need to keep us satisfied that they meet the criteria to be authorised. The framework for that authorisation is the relevant legislation, COP15 and associated guidance. The review of the authorisation process identified areas within COP15 that could have been clearer and therefore require some modification. We intend to transpose and update COP15 to the new code, but this is not happening in the current phase. Elements of the new code are relevant for master trusts and they should also continue to refer to COP15 until we transpose it to the new code.

Cyber security

One subset of internal controls receiving greater detail in the new code is that of cyber security. With most scheme records held digitally, the security and maintenance of scheme data has become a significant issue. Cyber security is a topic that we have already addressed in guidance. However, survey data indicates that cyber security processes are still rare. To ensure that more schemes address this pressing issue we have taken the opportunity to reinforce our guidance and place direct expectations on schemes. The expectations apply only to certain schemes, but we strongly encourage all schemes to adopt as many of the expectations as possible.

Environmental, social and governance (ESG)

Another area introduced to the new code is the stewardship of the scheme's investments. Attention has, in recent years, increasingly turned to the way schemes manage their money. It is no longer possible for schemes to seek returns from their investments without considering the social or environmental costs that they may facilitate. Pension schemes should seek to exercise the significant rights they have as shareholders and bondholders of their investee companies. Governance of investments, and an awareness of the activities of investee companies, will influence the financial returns of the scheme. Pension schemes have longer-term investment horizons than many other investors. As concerns about matters such as climate change and social responsibility grow, the long-term interests of scheme members will be served by governing bodies who are active stewards of their investments.

The new code introduces two modules that address matters in these areas. Stewardship focuses on the governance responsibilities that come with financial investments. The second module relates to climate change and the risks and opportunities it presents.

Financial transactions

As noted elsewhere, legislation sets different requirements for different scheme types. However, most of our expectations in a given area, such as financial transactions, are common to all. Regardless of whether they are DB, DC, or hybrid, all schemes need processes for handling financial transactions.

DC schemes are required by law to maintain processes around core financial transactions. We believe the principles that apply to DC schemes are equally valuable to all schemes and we have examined our ability to set comparable expectations on other schemes. Having satisfied ourselves that this is possible, the module on financial transactions contains expectations that apply to many more schemes.

Timescales

One of the functions of any of our COPs is to provide our interpretation of certain timescales set in legislation.

For example, various pieces of legislation require governing bodies to do things ‘regularly’. Some regular events follow payrolls or investment cycles, others by valuations, annual accounts or external events. Where there is an obvious link of this sort, our intention has been to align our expectation of regularity with those cycles. Where there is no obvious operational link, we have typically set our expectation of a regular event to be annually.

Wherever possible, we have maintained the timescales set in existing COPs. This is so schemes that may be considering more pressing matters do not need to adjust established procedures. However, when developing the modules we have noted that certain timescales set out in in COPs 5 and 6 (maintaining contributions) were potentially harder to meet than had been intended when viewed as part of a procedure. We have therefore taken steps to amend them for consistency and to match current our operational expectations.

Northern Ireland

Pensions legislation in Northern Ireland (NI) is separate, but comparable, to that in Great Britain. The new code contains various references and links to legislation in Great Britain and legal references to NI legislation in the same footnotes as for the rest of the UK.

6. Equalities

As part of our regulatory work and business functions, TPR is subject to the Public Sector Equality Duty (PSED). The PSED ensures that public bodies have due regard to the needs of all individuals in their day-to-day work – in shaping policy, in delivering services, and in relation to their own employees.

The legislation relates to specific “protected characteristics” set out in the Equality Act 2010: disability, gender re-assignment, pregnancy and maternity, age, race, religion or belief, sex, and sexual orientation matters.

Question about equalities

We would be interested to understand if there are any aspects of our expectations that users think would discriminate against, disadvantage or present an additional or exceptional challenge to anyone with a protected characteristic.

7. Status of other consultations

The new code will continue to grow and adapt over time. Modules representing the content of the remaining five existing COPs will be added in future phases. The current DB funding code is already being revised and the modules that relate to that topic are expected to be ready for consultation at the end of 2021.

It is important to note that at this stage we are not adopting into the new code any of the findings from our recent consultation on the future of trusteeship. Events over the past year have delayed this work and it will be recommenced in due course.

We will also be adding content relating to the Pensions Schemes Act 2021, and other forthcoming legislation as it becomes ready. Future revisions may take the form of additional or updated modules, or a mixture of both. We will be consulting on future updates to the new code at the appropriate times.

8. Consultation questions

We are consulting on a significant revision to our existing COPs. We therefore want to give respondents every opportunity to comment on as much or as little of the code content as they wish to.

As well as the questions presented in this paper, we are also asking questions, listed below, which apply to every module. We do not expect respondents to answer each question for every module. We do not require any respondent to specify “no comment” to a question where they have no comment to make. Respondents can make comments about as many or as few modules as they wish.

The consultation covers only the content of the new code as presented online at: www.tpr.gov.uk/en/document-library/consultations/new-code-of-practice. We welcome general comments about the principles on which the new code is based. Space for general comments is provided at the end of **Response form 1: General questions about the new code of practice**.

The following questions are raised in relation to each module and are replicated in the relevant response forms.

Universal questions for each module

1. Is the title a fair reflection of the content provided within the module and, if not, what would be a clearer description of this content?
2. Is it clear from the module what our expectations are, and does this content provide governing bodies with a clear sense of how expectations may be applied to their scheme’s own circumstances?
3. Has the subject matter of the module been covered in sufficient detail and is there any further information or guidance that would assist governing bodies in meeting our expectations?
4. Are there any expectations that may be considered a disproportionate and/or unreasonable burden for a well-run scheme, or for certain types of scheme or governing body?
5. Do you have any further comments on the module that have not been covered by the questions above?

There are specific questions in relation to the matters discussed in this consultation paper, which are restated below.

General questions

Updates

We welcome any observations about a possible regular process for issuing updates to the new code. For example, should updates be annual, or at longer intervals? Please advise us of any concerns about regular updates.

We would also be interested to hear about any topics, besides those described above, that we should prioritise for inclusion in the new code.

Guidance

Which pieces of guidance, or topic areas, should be prioritised for updates following the introduction of the new code?

Governing bodies

Do users understand the term “governing body”? Would another term work better?

Public Sector Equality Duty (PSED)

We would be interested to understand if there are any aspects of our expectations users think would discriminate against, disadvantage or present an additional or exceptional challenge to anyone with a protected characteristic.

If you need extra space when responding to these questions, or have any general comments to make, please use the space provided at the end of [Response form 1: General questions about the new code of practice](#).

Module-specific questions

The following questions are in relation to specific modules in the code. Space to respond to these questions is provided at the appropriate point in the relevant response form.

Maintaining contributions (ADM008)

Are the timescales set out in this module appropriate with regards monitoring the payment of contributions?

Refunds (CAD016)

This module refers to the underlying legislation extensively. Does it provide enough information on the legislative requirements and our expectations?

Knowledge and understanding (TGB017 and TGB005)

The expectations in these modules are based on long-standing existing guidance. Do the expectations provide a new member of a governing body with sufficient knowledge and understanding to enable them to fulfil their role?

Effective systems of governance (TGB046)

Is it clear where all the features of an effective system of governance are covered in the code from the content of this module? If not, what needs to be clearer?

Internal controls (TGB032)

The expectations set out apply differently to different schemes. Is this clear from the module, and are governing bodies provided with enough leeway to address the expectations in the most appropriate way for their scheme?

Own risk assessment (TGB045)

Are there any improvements that we could make to our suggested ORA that would make it more valuable for governing bodies?

Is the cycle suggested for the review and update of the ORA appropriate given the subjects that it covers?

9. Impact assessment

The DWP¹ has estimated costs of complying with the changes to our codes of practice to align this with the requirements of IORP II. They considered the range of potentially acceptable methods of compliance that would apply to schemes of different size and complexity, as well as the extent to which relevant legislation or COPs already apply to different types of schemes.

They concluded that the UK was already largely compliant with IORP II and that transposition would not cause much additional burden on industry. They estimated costs were:

- £5.1 million in year 1
- £2.7 million every subsequent third year (years 4, 7, 10)

The estimated annual net direct cost to business over a policy period of 10 years is £1.3 million and so will qualify for self-certification.

In harmonising expectations between schemes, the new code goes further than the DWP had envisaged in its impact assessment. This may lead to higher than anticipated costs in year one as governing bodies become used to the expectations in the new code. However, we expect that these costs will be substantially mitigated in subsequent years by the new format of the code and its ease of use.

We will be liaising with the DWP following this consultation and may seek further external evidence to support our assessment of regulatory burden and Business Impact Target obligations under the Small Business, Enterprise and Employment Act 2015 in relation to the new code.

1 The DWP's impact assessment of the Occupational Pension Scheme (Governance) (Amendment) Regulations 2018 can be found at: http://www.legislation.gov.uk/ukSI/2018/1103/pdfs/uksiod_20181103_en_001.pdf

Appendix 1

The table below provides an indication of the modules where users may find new content that relates to them. We have categorised this in terms of the main scheme types; defined benefit, defined contribution and public service. The legislative basis for each module may mean that it does not apply to certain schemes within that group.

Where a module is shown to contain “Existing” content, updates may still mean that new expectations are presented within the module, or that they are presented in a different way. Such changes are unlikely to be significant and will have been introduced for consistency. Similarly, some content marked as “New” will be existing content that is new to that audience. This is most obvious where it is shown to be existing content for other scheme types.

Modules marked with “DNA” do not apply to that audience. Modules showing “Best Practice” also do not apply to that audience, but consideration should be given to following them for best practice purposes.

The governing body					
		In relation to:			
Module number	Module title	DB	DC	PS	Comment
TGB001	Role of the governing body	New	Existing	Existing	
TGB014	Recruiting to the governing body	New	Existing	Existing	
TGB044	Member-nominated trustee appointments	Existing	Existing	DNA	
TGB015	Role of the chair	Existing	Existing	Existing	
TGB006	Meetings and decision-making	New	New	New	
TGB016	Remuneration policy	New	New	Best Practice	
TGB017	Working knowledge of pensions	Existing	Existing	Existing	
TGB005	Governance of knowledge and understanding	New	New	DNA	
TGB003	Building and maintaining knowledge	New	New	Existing	
TGB009	Value for members	DNA	Existing	DNA	
TGB010	Managing advisers and service providers	New	Existing	New	
TGB031	Identifying and assessing risks	Existing	Existing	Existing	

The governing body continued...					
		In relation to:			
Module number	Module title	DB	DC	PS	Comment
TGB032	Managing risk using internal controls	Existing	Existing	Existing	
TGB033	Assurance of governance and internal controls	Existing	Existing	Existing	New material on assurance
TGB022	Continuity planning	New	New	Best Practice	
TGB039	Conflicts of interest	Existing	Existing	Existing	
TGB045	Own risk assessment	New	New	DNA	
TGB046	Scheme governance	New	New	Existing	
Funding and investment					
FAI001	Investment governance	Existing	Existing	Best Practice	
FAI003	Investment decision-making	New	New	DNA	Based on current guidance
FAI004	Implementation report	New	New	DNA	

Funding and investment continued...					
		In relation to:			
Module number	Module title	DB	DC	PS	Comment
FAI005	Investment monitoring	New	New	Best Practice	
FAI006	Stewardship	New	New	DNA	
FAI011	Climate change	New	New	DNA	
FAI008	Statement of investment principles	New	New	DNA	
FAI010	Default arrangements and charge restrictions	DNA	Existing	DNA	
Administration					
ADM001	Administration	New	New	New	
ADM002	Financial transactions	New	New	New	
ADM014	Transfers	New	New	New	Based on current guidance
ADM003	Scheme records	New	New	New	
ADM006	Data monitoring	New	New	New	
ADM015	Maintenance of IT systems	New	New	New	

Administration continued...					
		In relation to:			
Module number	Module title	DB	DC	PS	Comment
ADM016	Cyber controls	New	New	New	Based on current guidance
ADM007	Receiving contributions	Existing	Existing	Existing	
ADM008	Monitoring contributions	Existing	Existing	Existing	
ADM011	Resolving overdue contributions	Existing	Existing	Existing	
Communications and disclosure					
CAD001	General principles for member communications	New	Existing	New	
CAD003	Statutory financial statements (DC)	DNA	Existing	DNA	
CAD011	Statutory financial statements (DB)	Existing	DNA	DNA	
CAD012	Statutory financial statements (PSPS)	DNA	DNA	Existing	
CAD004	Retirement risk warnings and guidance	DNA	Existing	DNA	
CAD016	Short service refunds/refunds of contributions	Existing	Existing	Existing	
CAD008	Chair's statement	DNA	Existing	DNA	

Communications and disclosure continued...					
		In relation to:			
Module number	Module title	DB	DC	PS	Comment
CAD005	Scams	New	Existing	New	
CAD010	Publishing information about public service pension schemes	DNA	DNA	Existing	
CAD014	Audit requirements	New	New	DNA	
CAD015	Dispute resolution procedures	Existing	Existing	Existing	
Reporting to TPR					
RTT001	Registrable information and scheme returns	New	Existing	New	
RTT003	Who must report	Existing	Existing	Existing	
RTT004	Decision to report	Existing	Existing	Existing	
RTT005	How to report	Existing	Existing	Existing	

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<https://www.thepensionsregulator.gov.uk/>

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Pensions education portal



Consultation document: **The new code of practice**

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TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 12

TEESSIDE PENSION BOARD REPORT

19 APRIL 2021

DIRECTOR OF FINANCE – IAN WRIGHT

XPS 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.

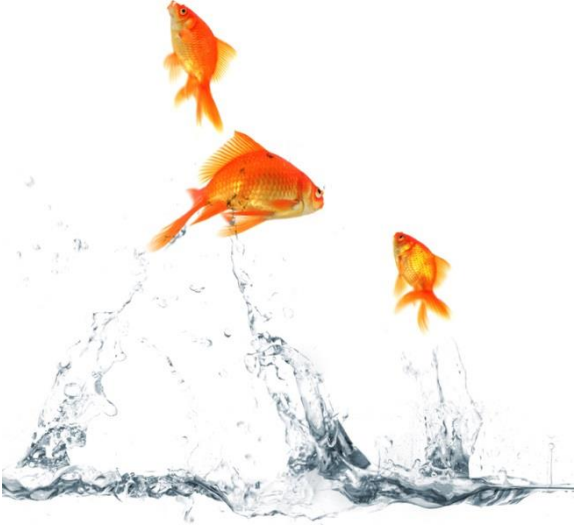
4. BACKGROUND

- 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.

The SAB was advised that on February 4th HM Treasury published a Written Ministerial Statement (WMS) outlining the government's response to the consultation on the McCloud remedy for the unfunded public service schemes. Given the proposed options of offering affected scheme members either immediate or deferred choice the government has decided that deferred choice will apply. The LGPS will require its own remedy process. MHCLG advised that a Written Ministerial Statement is expected in mid-March which will include details on timing of the necessary amending regulations.

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

On 4th November 2020, the Restriction of Public Sector Exit Payments Regulations (SI2020/1122) came into force. This capped public sector exit payments at £95,000.00.

The regulations created a conflict with the LGPS regulations as, under regulation 30(7) of the LGPS regulations 2013 if a member of the LGPS is made redundant or leaves employment on the grounds of efficiency and is over the age of 55, they must take immediate payment of unreduced benefits. This meant if a member had not yet reached their Normal Retirement Age a strain cost would likely be generated. This strain cost had to be added to any redundancy payments and taken into account in the 95k exit payment cap.

On Friday 12th February 2021 the government issued the Exit Payment Cap Directions 2021 which disapply parts of the Restriction of Public Sector Exit Payments Regulations 2020 in England with immediate effect.

For exits from 12th February 2021, LGPS administering authorities must pay qualifying scheme members an unreduced pension under Regulation 30(7) of the LGPS 2013 regulations. Scheme employers will be required to pay full strain costs in relation to those unreduced benefits, as notified by their administering authority.

The legislation disapplying the cap has not been backdated however, we are not currently aware of any members who were affected between 4th November 2020 and 11th February 2021 in relation to restrictions or reductions to their pension benefits within the Teesside Pension Fund.

Although the consultation has now been closed MHCLG have confirmed the exit cap will likely be revisited in the future.

New rates released from 01/04/2021

The Annual Revaluation Order and Pensions Increase Order has been confirmed as 0.5% from 1st April 2021 and 12th April respectively. This also applies to post 88 GMP. RPI in respect of ARC contracts increase by 1.1%

Lifetime Allowance has been confirmed as £1,073,100.00 and will remain frozen at this level until 2026.

The contribution bandings have increased alongside CPI and these have been feedback to the employers.

Additional pension limit has increased to £7,316.00

The standard Annual Allowance remains at £40,000.00 however, the threshold and adjusted income limits, used to determine if a scheme member has a tapered annual allowance, have both been increased by £90,000.00.

The minimum tapered annual allowance has been reduced to £4,000.00.

The automatic enrolment earning bands remain unchanged.

Regulations and guidance

The Employment Rights (Increase of Limits) Order 2021 [SI 2021/208]

This comes into force on 6 April 2021. It increases the maximum week's pay for calculating a statutory redundancy payment from £538 to £544 per week if the appropriate date is after 5 April 2021.

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.

XPS are also reviewing their working practices and have announced a trial period, starting in August 2021, whereby staff can decide if they want to be office based, home based, or work flexibly between the two.

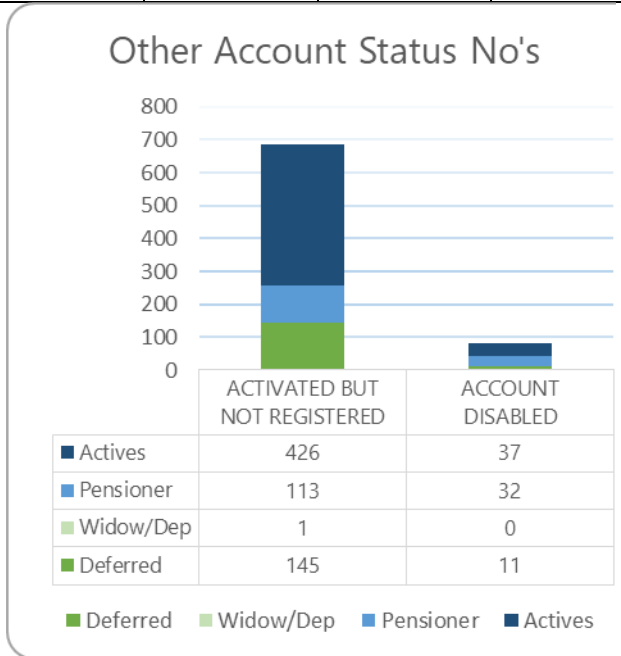
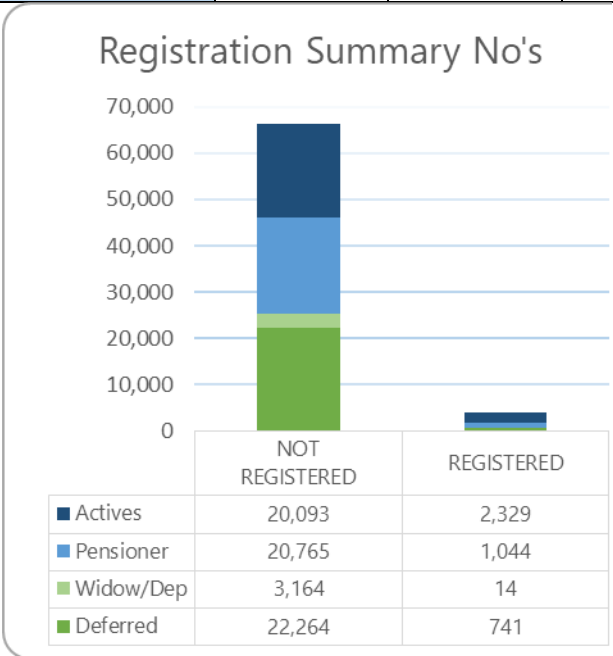
Membership Movement

	Actives		Deferred		Pensioner		Widow/Dependent	
Q4 2020/21	23,332	▲	25,703	▼	22,100	▲	3,191	▲
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	▲

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	22,885	10.3%
Deferred	22,264	741	145	11	23,161	3.2%
Pensioner	20,765	1,044	113	32	21,954	4.9%
Widow/Dep	3,164	14	1	0	3,179	0.4%
Total	66,286	4,128	685	80	71,179	5.9%



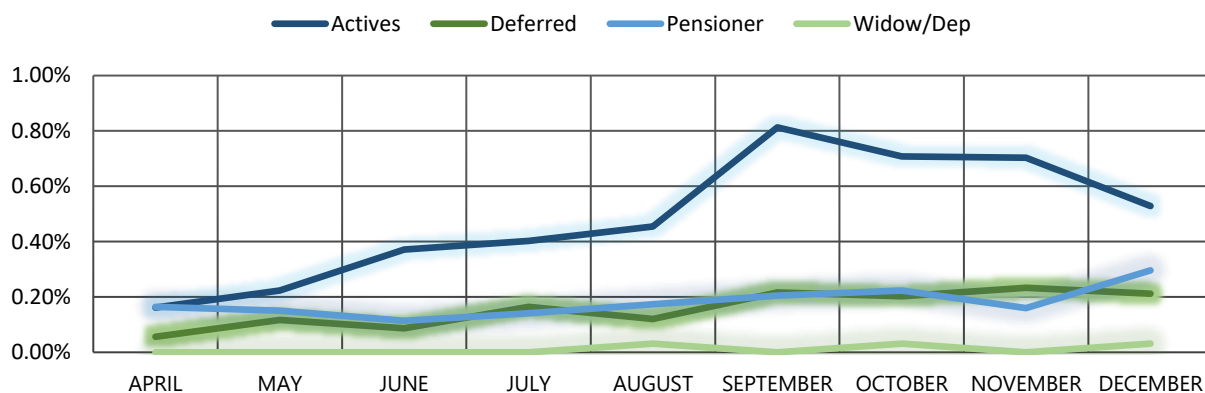
		APRIL		MAY		JUNE	
QUARTER 1	Actives	49	0.21%	63	0.27%	108	0.47%
	Deferred	15	0.06%	34	0.15%	35	0.15%
	Pensioner	40	0.18%	37	0.17%	22	0.10%
	Widow/Dep	-	-	-	-	-	-

	Total	104		134		165	
--	-------	------------	--	------------	--	------------	--

		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%
	Total	224		242		442	

		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%
	Total	289		250		236	

Percentage of Registered Users Accessing Member Self Service Each Month of the Year Ending 31st March 2021



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 31st 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 31st 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 31st 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	74,742	2,597	96.53%	97.07%		
Members with Multiple Fails	74,742	396	99.47%	99.50%		

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:

Scheme	Member Total	Errors from tests carried out	%age accuracy based on tests carried out
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			

1.2.4	Salary	Pay not within 12 months	N/A	N/A	46,338	1,078	97.67
1.3.1	CARE Data	CARE Missing on relevant records	N/A	N/A			
1.3.2	CARE Revaluation						
1.4.1	Benefit Crystallisation Event (BCE) 2 and 6						
1.4.2	Lifetime allowance						
1.4.3	Annual allowance						
1.5.1	Date Contracted Out	Date Contracted Out missing					
1.5.1	NI contributions and earnings history						
1.5.2	Pre-88 GMP				24,400	7,954	67.40
1.5.3	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 7th 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 11th July 2018. Their roles were then to look at how XPS could then provide the agreed services to the Fund.

Employer Liaison

On 1st May 2019, the Employer Liaison team leader was appointed. Quickly followed by an assistant on 24th 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 16th 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

Employer Health Checks have been going well and engagement is well received. The overall consensus is people would like face to face training from ourselves which will hopefully begin when restrictions are eased and we will follow any guidelines issued and put things in place to make sure we are all safe. We have carried out 8 in this period with 3 planned, the time of year for employers as well as ourselves is busy due to year end so I expect these to pick up in May/June again.

Year End in under way and the positive engagement from last year and through the year means this has got off to a very good start with many files already in with less errors so far due to the work conducted by myself and LG team last year.

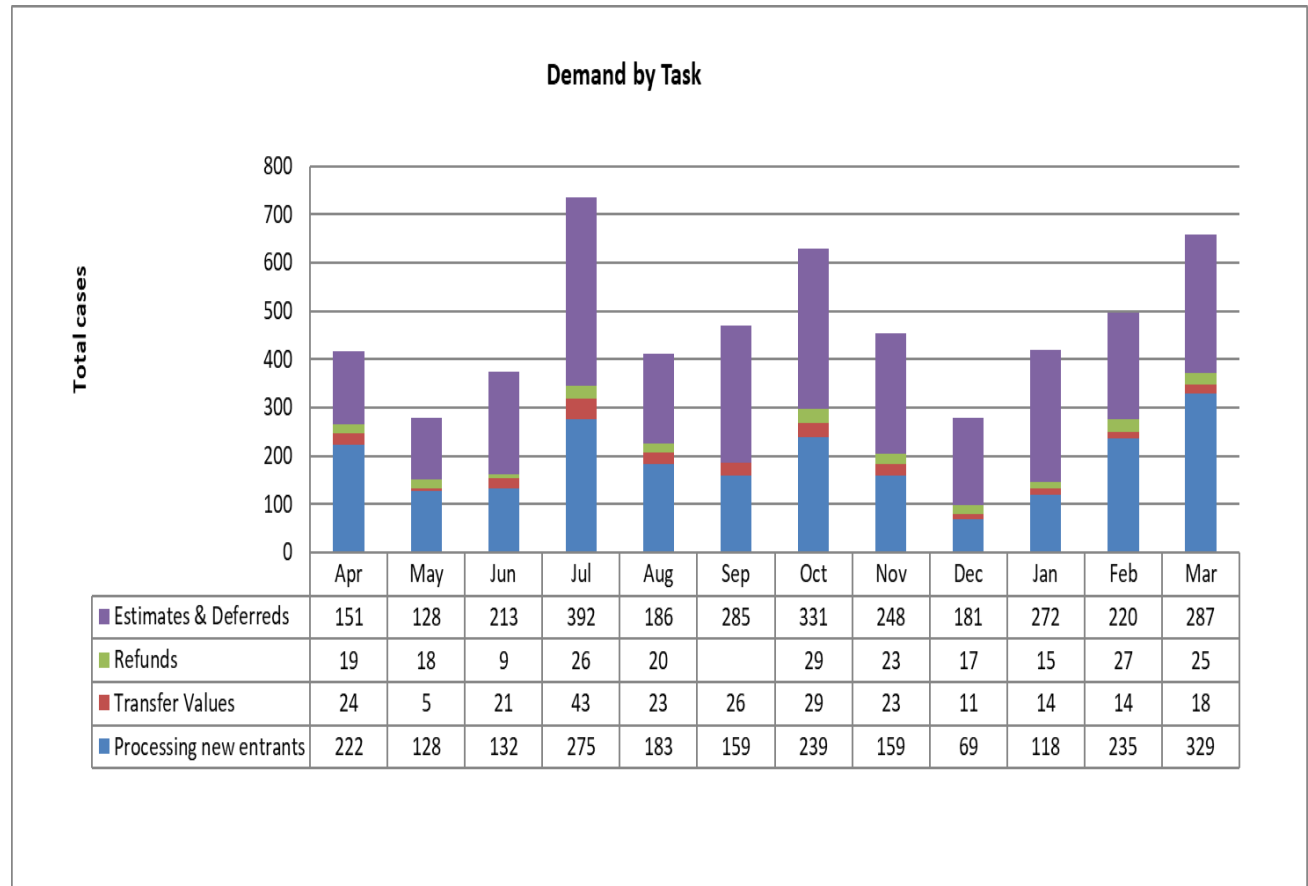
Late Payments

Date	Late Payments	Expected Payments	% Late	< 10 Days Late	> 10 Days Late
Apr-19	11	148	7.00%	1	10
May-19	7	148	5.00%	2	5
Jun-19	4	148	3.00%	2	2
Jul-19	2	148	1.00%	1	1
Aug-19	3	148	2.00%	2	1
Sep-19	4	148	3.00%	3	1
Oct-19	1	148	1.00%	0	1
Nov-19	6	156	4.00%	2	4
Dec-19	4	156	3.00%	4	0
Jan-20	4	158	3.00%	4	0
Feb-20	4	158	3.00%	4	0
Mar-20	2	158	1.00%	2	0
Apr-20	4	151	3.00%	0	4
May-20	3	151	2.00%	0	3
Jun-20	2	151	1.00%	1	1
Jul-20	6	150	4.00%	6	0

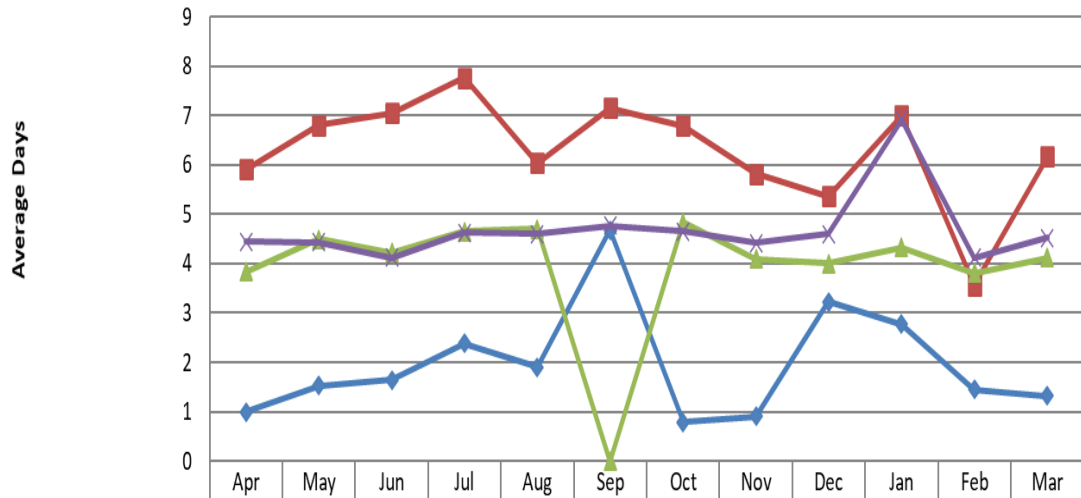
Aug-20	9	150	6.00%	0	9
Sep-20	8	149	5.00%	3	5
Oct-20	3	149	2.00%	3	0
Nov-20	3	149	2.00%	3	0
Dec-20	2	149	1.00%	0	2
Jan-20	2	149	1.00%	2	0
Feb-20	4	149	3.00%	0	4

Performance Charts

Overall Demand



Average days by Task



◆ Processing new entrants	1	2	2	2	2	5	1	1	3	3	1	1
■ Transfer Values	6	7	7	8	6	7	7	6	5	7	4	6
▲ Refunds	4	5	4	5	5	0	5	4	4	4	4	4
✕ Estimates	4	4	4	5	5	5	5	4	5	7	4	5

The following charts show performance against individual service level requirements.

April 2020

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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

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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

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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		

January 2021

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%	2.77	118	0	118	118
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	14	0	14	14
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	15	0	15	15
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	7	272	0	272	272
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		

February 2021

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%	1.45	235	0	235	235
Transfer Values - To complete the process within one month of the date of receipt of the request for payment.	Monthly	20	98.50%	100%	4	14	0	14	14
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	27	0	27	27
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	4	220	0	220	220
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		

March 2021

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%	1.32	329	0	329	329
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	18	0	18	18
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	25	0	25	25
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	287	0	287	287
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		