

TEESSIDE PENSION BOARD

Date: Monday 15th November, 2021
Time: 2.00 pm
Venue: Virtual Meeting

Please note this is a virtual meeting.

**The meeting will be livestreamed via
the Council's YouTube channel at
[Middlesbrough Council - YouTube](#)**

AGENDA

1. Apologies for Absence
2. Declarations of Interest
To receive any declarations of interest.
3. Minutes - Teesside Pension Board - 19 July 2021 3 - 8
4. Minutes - Teesside Pension Fund Committee - 23 June 2021 9 - 16
5. Teesside Pension Fund Committee - 8 October 2021
Verbal Update
6. Update on Current Issues 17 - 28
7. Risk Register Review 29 - 46
8. Update on Work Plan Items 47 - 50

9. XPS Administration Report

51 - 76

10. 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 5 November 2021

MEMBERSHIP

Councillors , , W Ayre, J Cook and B Cooper

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 19 July 2021.

PRESENT: C Monson (Chair), J Cook, Councillor B Cooper and P Thompson

OFFICERS: S Lightwing, N Orton and W Brown

APOLOGIES FOR ABSENCE: were submitted on behalf of Councillor W Ayre

21/1 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item/Nature of Interest
J Cook	Non pecuniary	Member of Teesside Pension Fund
Councillor B Cooper	Non pecuniary	Member of Teesside Pension Fund
C Monson	Non pecuniary	Member of Teesside Pension Fund

21/2 **MINUTES - TEESSIDE PENSION BOARD - 19 APRIL 2021**

The minutes of the meeting of the Teesside Pension Board held on 19 April 2021 were taken as read and approved as a correct record.

21/3 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 10 MARCH 2021**

A copy of the minutes of the Teesside Pension Fund Committee meeting held on 10 March 2021 was submitted for information.

NOTED

21/4 **TEESSIDE PENSION FUND COMMITTEE - 23 JUNE 2021**

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 10 March 2021.

Items considered by the Committee included:

- Investment Activity Report.
- External Managers' Reports.
- Border to Coast Update.
- Revised Funding Strategy Statement/Employer Flexibilities.
- Investment Advisors' Reports.
- CBRE Property Report.
- XPS Pension Administration Report.
- Local Investment Proposals (Exempt).

It was highlighted that Border to Coast were employing more staff than originally anticipated and it was queried whether this would lead to any financial implications for the Teesside Pension Fund. It was clarified that Border to Coast were employing more staff as they were investing more money. Ultimately the cost of employing staff was spread across investments and therefore there should not be any significant impact.

A concern was raised regarding the potential impact of increasing inflation on the triennial valuation of the Fund. The Actuary would take a long term view of inflation and if appropriate could alter their assumptions, which could in turn increase the cost of the Fund's liabilities.

Responding to a query regarding how quickly the Fund could change its approach to investments, it was confirmed that the Section 151 Officer had delegated powers to take action if needed, although that was not the preferred approach.

AGREED that the information provided was received and noted.

21/5

PENSION BOARD MEMBERSHIP

A report of the Director of Finance was presented, the purpose of which was to:

- ask the Chair to appoint a Deputy Chair from the Employer representatives;
- update the Members of the Teesside Pension Board (the Board) on progress and proposals to fill vacancies on the Board;
- remind the Board that the Deputy Chair will become the Chair (by rotation) by the next meeting.

The Chair informed the Committee that Gary Whitehouse, the previous Deputy Chair and also a former Chair, had recently resigned from the Board. The Chair placed on record his thanks to Gary for his contributions to the Board. The Chair reported that he had invited Councillor Cooper to be Deputy Chair of the Board, and he was pleased to report that Councillor Cooper had accepted.

Under the Board's terms of reference, the role of Deputy Chair was appointed by the Chair. The Deputy Chair would become the Chair by the next meeting through rotation, which happened every two years as set out in the terms of reference. The new Chair would then be required to select a Deputy Chair from the scheme-member Board representatives at the next meeting.

There was currently a vacancy for an employer-nominated Board member from the 'other employers' constituency. All employers had been written to asking for expressions of interest but no responses had been received to date. An additional targeted attempt would be made concentrating on the larger employers who had more involvement and connection with the Fund.

The current pensioner representative and Board Chair's term of office would end in July 2021. All Fund pensioners would be given the opportunity to apply for the pensioner representative role which would be publicised online and also through a pensioner newsletter scheduled to go out during late summer/early autumn.

The Head of Pensions Governance and Investments would coordinate the recruitment process and report back on progress to the next Board meeting.

As this was the current Chair's last meeting, Members of the Board thanked Colin Monson for his contributions and support to the Committee as both Deputy Chair and Chair, since its inception.

AGREED as follows that:

- the report was noted.
- Members noted the appointment of Councillor Cooper as Deputy Chair of the Teesside Pension Board.

21/6

FUNDING STRATEGY STATEMENT CONSULTATION

The Head of Pensions Governance and Investment presented a report to advise Members of the Teesside Pension Board of a consultation on proposed changes to the Funding Strategy Statement which took into account recently published guidance on flexibilities available to employers in the Fund in relation to contribution rates, including contributions due when an employer exited the Fund.

The Funding Strategy Statement set out how the administering authority attempted to balance the conflicting aims of affordable contributions, transparency of processes, stability of employers' contributions, and prudence in the funding basis. The Funding Strategy Statement was reviewed at least every three years, as part of the Fund's actuarial valuation, and was

also subject to review when changes to the regulations or guidance governing the Local Government Pension Scheme (LGPS) required.

A copy of the revised Funding Strategy Statement was enclosed at Appendix A to the submitted report and the substantive changes from the previous version were as follows:

- The Statement explained how Deferred Employers and their liabilities would be treated. For example for most Deferred Employers the expectation was the funding target for employers with orphan liabilities would be used, as usually no employer would be supporting their liabilities once their deferred debt agreement ended.
- Any employer exits calculated after 23 June 2021 would include an allowance for the cost management process and the proposed remedy for the 'McCloud' discrimination as set out in MHCLG's consultation on draft regulations, as well as an allowance for payment of increases on Guaranteed Minimum Pensions (GMPs) at the full rate of CPI (price inflation) for members with a State Pension Age after 5 April 2016, consistent with the Government's policy intention. This was currently expected to result in an increase in exit liabilities of approximately 0.7%.
- The factors to be considered when considering allowing payment of exit debt in instalments and/or entering into a deferred debt arrangement were set out - such as employer covenant and whether any security or guarantee were available.
- Details of how the process for reviewing an employer's contribution rate between valuations would operate, including dealing with an employer-generated request in relation to this. This included clarification that an employer request based purely on a change in market conditions affecting the value of assets and or liabilities would not be allowed. Detail of an appeals process – separate and in addition to the existing dispute resolution procedure which the Fund operates – was also included.
- The section on risks and control had been updated, adding risks relating to climate change and Covid-19 and updating the regulatory risks wording.

AGREED as follows:

1. that Members note that the enclosed revised Funding Strategy Statement had been approved by the Pension Fund Committee and circulated to Fund employers for comment.
2. If there were any substantive changes following this consultation, the revised wording would be taken back to the Committee for approval, otherwise the document would be published on the Fund's website after the consultation period.

21/7

DRAFT ANNUAL PENSION FUND REPORT AND ACCOUNTS 2020/2021

The 2020/21 draft unaudited Annual Report and Accounts for the Teesside Pension Fund were presented to the Board for noting.

The terms of reference for the Teesside Pension Fund Committee required the Annual Report and Accounts to be considered by Members. The draft unaudited Report and Accounts for the year ended 31 March 2021 were attached to the submitted report which would be presented to the Pension Fund Committee meeting on 28 July 2021.

The Head of Pensions Governance and Investment highlighted the positive financial performance of the Fund and the membership movement. Questions were raised in relation to increased administrative costs and how the performance of Border to Coast could be compared to other pools.

The Annual Report and Accounts presented were in draft form and, whilst the main numbers and outcomes were not expected to change, although changes might be needed as further review took place. In addition, the audit process was not complete and further changes may be required as a consequence. When complete and fully audited the Annual Report and Accounts will be published on the Pension Fund's website.

AGREED that the 2020/21 draft unaudited Annual Report and Accounts were noted.

21/8

UPDATE ON CURRENT ISSUES

The Head of Pensions Governance and Investments presented a report 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.

The following issues were highlighted:

- Review of the Cost Control Mechanism.

The Government Actuary had provided a final report to HM Treasury, which had issued a consultation document proposing three changes to the cost control mechanism:

- Moving to a reformed scheme only design: to remove any allowance for legacy schemes in the cost control mechanism, so the mechanism only considered past and future service in the reformed schemes. This ensured consistency between the set of benefits being assessed and the set of benefits potentially being adjusted;
- Widening the corridor: to widen the corridor from 2% to 3% of pensionable pay. This aimed to achieve a better balance between stability and responsiveness of the cost control mechanism; and
- Introducing an economic check: currently the mechanism did not include changes in long-term economic assumptions and therefore could not consider the actual cost to the Government of providing the pension benefits. The Government proposed introducing an economic check so that a breach of the mechanism would only be implemented if it would still have occurred had the long-term economic assumptions been considered.

The impact on the LGPS if these proposals took effect was currently unclear and at the current time there was no detail on whether the Scheme Advisory Board mechanism would be amended in line with any of the consultation's proposals.

- Climate Change Disclosures

The government published a response to its January 2021 consultation on "Taking action on climate risk: improving governance and reporting by occupational pension schemes" on 2 July 2021. The outcome of the consultation confirmed that by 1 October 2021, private sector schemes with assets in excess of £5 billion, and by 1 October 2022, private sector schemes with assets in excess of £1 billion, would need to have appropriate governance arrangements in place to identify, assess and manage climate-related risks and opportunities and be preparing to publish annual reports setting out climate-related metrics, targets and transition plans in line with the Task force on Climate-related Financial Disclosures (TCFD).

Whilst none of this directly applied to the LGPS, the government had indicated that a consultation would be issued soon (followed by regulations) to bring the LGPS into line with private sector schemes in this area. The Fund was in ongoing discussions with Border to Coast and with its partner Funds in Border to Coast to investigate whether there was an opportunity for collaboration or joint working in measuring carbon exposure and meeting the TCFD reporting requirements. The Fund had also made initial contact with all its investment managers to understand what reporting details would be initially available in respect of each of the Fund's investments.

Further updates would be provided to the Board on both issues as appropriate.

AGREED that the information provided was noted.

21/9

WORK PLAN UPDATE

A report of the Director of Finance was presented to request Members of the Teesside Pension Board (the Board) to agree a future work plan framework.

Details of the Board's Terms of Reference and Duties were included in the submitted report.

A copy of the Teesside Board Work Plan was attached at Appendix A to the submitted report. The items on the work plan would be delivered mainly through reports provided at future Board meetings.

It was noted that a training budget of up to £40K was available for Committee and Board members.

AGREED that the information provided was received and noted.

21/10

XPS ADMINISTRATION REPORT

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

The following items were highlighted:

- 2020 LGPS Scheme Annual Report.
- DWP Consultation on pension scams.
- Prudential.
- Covid-19 – XPS update.
- Membership Movement.
- Member Self-Service.
- Complaints.
- Common Data.
- Conditional Data.
- Customer Service.
- Service Development
- Performance.
- Employer Liaison.

Following easing of lockdown restrictions, there had been an increase in staff returning to the office. XPS had released a new working model called “My XPS, My Choice” which would trial from August 2021. Staff could decide whether they wanted to be office based, home based, or work flexibly between the two.

Employer Health Checks had continued, as well as some face to face employer training which had been extremely well received. XPS staff were currently working on the year end exercise to ensure that the Annual Benefits Statements would be sent by 31 August 2021.

There had been a 42% increase in website traffic on the Teesside Pension Fund’s updated website and a 15.5% increase in new users. A website accessibility tool had recently been added to the website.

XPS were 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 was expected that this would happen during the 2021/22 financial year.

The Chair noted that XPS had been working on a method to report Conditional Data for some time and progress appeared slow. Discussions were still ongoing with Aquila Heywood on a cost for this reporting function along with investigation on whether this could be achieved internally. Of the 22 data fields that should be reported on, currently only 6 were reported, as detailed in the submitted report. It was suggested that XPS should aim to add 2 additional reporting fields per month as a way to work towards reporting on the full 22 as quickly as possible.

XPS had achieved 100 percent on the KPIs and details were attached at Appendix A to the submitted report.

AGREED that as follows:

1. the information provided was received and noted.
2. the Committee requested that the current work on Conditional Data reporting was progressed as quickly as possible.

21/11

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

None.

TEESSIDE PENSION FUND COMMITTEE

A meeting of the Teesside Pension Fund Committee was held on Wednesday 23 June 2021.

PRESENT: Councillors D Coupe (Chair), E Polano (Vice-Chair), J Beall, (Stockton Council), A Bell, R Creevy, (Hartlepool Council), T Furness, J Hobson, G Nightingale, (Redcar and Cleveland Council), J Rostron, M Storey and A Waters
B Foulger, GMB

ALSO IN ATTENDANCE: W Bourne, Independent Adviser
A Owen, A Peacock, CBRE
S Hayes, GBB
E Simpson, Gresham House

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

APOLOGIES FOR ABSENCE: were submitted on behalf of T Watson

21/1 **WELCOME AND EVACUATION PROCEDURE**

The Chair welcomed all present to the meeting and read out the Fire Evacuation Procedure.

21/2 **DECLARATIONS OF INTEREST**

Name of Member	Type of Interest	Item/Nature of Interest
Councillor Beall	Non pecuniary	Member of Teesside Pension Fund
Councillor Creevy	Non pecuniary	Member of Teesside Pension Fund
Councillor Rostron	Non pecuniary	Member of Teesside Pension Fund
Councillor M Storey	Non pecuniary	Member of Teesside Pension Fund
B Foulger	Non pecuniary	Member of Teesside Pension Fund

21/3 **MINUTES - TEESSIDE PENSION FUND COMMITTEE - 10 MARCH 2021**

The minutes of the meeting of the Teesside Pension Fund Committee held on 10 March 2021 were taken as read and approved as a correct record.

21/4 **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. Whilst it was considered that Bond yields would rise in the long run, at present yields did not meet the actuarial requirements for the Fund and should continue to be avoided at these levels unless held as a short term alternative to cash. The Fund had no investments in Bonds currently.

At the June 2018 Committee it was agreed that a maximum level of 20% of the Fund would be held in cash. Cash levels at the end of March 2021 were 7.5%. The Fund would continue to use cash to move away from its overweight position in equities and invest further in Alternatives.

Investment in direct property would continue on an opportunistic basis where the property had

good covenant, yield and lease terms. No property transactions were undertaken in this quarter.

During the quarter, £36 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 January 2021 to 31 March 2021. There were net purchases of £10.1 million in the period, this compared to net purchases of £45.4 million in the previous reporting period.

As at 31 December 2020, the Fund had £340.8 million invested with approved counterparties. This was a decrease of £20.7 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 31 March 2021, including cash, was £4,553 million, compared with the last reported valuation as at 31 December 2020, of £4,385 million.

A summary analysis of the valuation showed the Fund's percentage weightings in the various asset classes as at 31 March 2021 compared with the Fund's customised benchmark. Work continued on the strategic asset allocation with significant commitments into Alternatives.

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. As at 31 March 2021 total commitments to private equity, infrastructure and other alternatives were approaching £931 million.

ORDERED that the report was received and noted.

21/5

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 and the Border to Coast Overseas Developed Markets Equity Fund. For both sub funds the return target was an annual amount, expected to be delivered over rolling three year periods, before calculation of the management fee.

The Fund also had investments in the Border to Coast Private Equity sub-fund and the Border to Coast Infrastructure sub-fund. Total commitments of £50 million were made to each of these sub-funds for 2020/2021, in addition to £100 million commitments to each sub-fund in 2019/2020. Up to 31 March 2021, around 15% of this total had been invested and these investments were not reflected within the Border to Coast report attached at Appendix A to the submitted report.

State Street had a passive global equity portfolio invested across four different region tracking indices appropriate to each region. The State Street report (attached at Appendix B to the submitted report) showed the market value of the State Street passive equity portfolio and the proportions invested in each region as at 31 March 2021.

State Street continued to include additional information with their report this quarter, giving details of how the portfolio compared to the benchmark in terms of environmental, social and governance factors including separate sections on climate and stewardship issues. As the State Street investments were passive and closely tracked the appropriate regional equity indices, the portfolio's rating in these terms closely matched the benchmark indices ratings.

The latest report showed the performance of the State Street funds against revised indices – excluding controversies (UN Global Compact violators) and excluding companies that manufactured controversial weapons. As expected for a passive fund, performance closely matched the performance of the respective indices.

ORDERED that the report was received and noted.

21/6

BORDER TO COAST UPDATE

A report was presented which provided an update on the following:

- Border to Coast (BCP) – Progress Update.
- Investment Update
 - UK Listed Equity Fund
 - Overseas Developed
 - Emerging Markets Hybrid
 - Alternatives.
- Real Estate.
- Approach to Responsible Investment.

The Head of Pensions Governance and Investments highlighted that at the end of March 2021, BCP had eleven partner funds and just under £22 billion of assets under management. There were also commitments of £5 billion to invest in private markets. BCP now had approximately 100 employees which was more than originally anticipated, partly because they had been very successful in getting private market commitments and therefore needed more staff.

In relation to responsible investment, BCP had a Voting Adviser who voted on over 12,000 company votes on a range of issues and actively engaged with 902 companies. This was a general benefit of pooling as the Teesside Pension Fund (TPF) did not have the resources to engage with that many companies.

Information regarding the Funds that had been launched by BCP was contained in the submitted report and also details of the performance of those Funds that the TPF was invested in.

The TPF had recently invested £200 million in the Emerging Markets Fund and a couple of external managers had been employed to do investments in China and other countries managed and invested in by BCP.

BCP had put forward a Real Estate proposition and the Committee would receive further details at the September meeting.

Finally, Members were invited to attend the BCP Annual Conference which would be held on 30 September and 1 October 2021 in Leeds. Further information would be forwarded to all Committee Members.

ORDERED that the report was received and noted.

21/7

REVISED FUNDING STRATEGY STATEMENT/EMPLOYER FLEXIBILITIES

A report of the Director of Finance was presented to advise Members of proposed changes to the Funding Strategy Statement which took into account recently published guidance on flexibilities available to employers in the Fund in relation to contribution rates, including contributions due when an employer exited the Fund.

The Funding Strategy Statement set out how the administering authority attempted to balance the conflicting aims of affordable contributions, transparency of processes, stability of employers' contributions, and prudence in the funding basis.

The Funding Strategy Statement was reviewed at least every three years, as part of the Fund's actuarial valuation, and was subject to review when changes to the regulations or

guidance governing the Local Government Pension Scheme (LGPS) required.

A copy of the revised Funding Strategy Statement was attached at Appendix A to the submitted report. The substantive changes from the previous version were as follows:

- The Statement explained how Deferred Employers and their liabilities would be treated. For example; for most Deferred Employers the expectation was that the funding target for employers with orphan liabilities would be used, as usually no employer would be supporting their liabilities once their deferred debt agreement ended.
- Any employer exits calculated after 23 June 2021 would include an allowance for the cost management process and the proposed remedy for the 'McCloud' discrimination as set out in MHCLG's consultation on draft regulations, as well as an allowance for payment of increases on Guaranteed Minimum Pensions (GMPs) at the full rate of CPI (price inflation) for members with a State Pension Age after 5 April 2016, consistent with the Government's policy intention. This was currently expected to result in an increase in exit liabilities of approximately 0.7%.
- The factors to be considered when considering allowing payment of exit debt in instalments and/or entering into a deferred debt arrangement were set out - such as employer covenant and whether any security or guarantee was available.
- Details of the how the process for reviewing an employer's contribution rate between valuations would operate, including dealing with an employer-generated request in relation to this. This included clarification that an employer request based purely on a change in market conditions affecting the value of assets and or liabilities would not be allowed. Detail of an appeals process – separate and in addition to the existing dispute resolution procedure which the Fund operates – was also included.
- The section on risks and control had been updated, adding risks relating to climate change and Covid-19 and updating the regulatory risks wording.

ORDERED as follows that:

- the revised Funding Strategy Statement was approved.
- the revised Funding Strategy Statement would be circulated to Fund employers for comment. Any substantive changes following the consultation would be reported back to the Committee for approval. At the end of the consultation period, the revised Funding Strategy Statement would be published.

21/8

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.

Further commentary was provided at the meeting by William Bourne, in relation to the current state of the economic and the implications of the recovery from the Covid-19 pandemic and the potential for inflation. It was highlighted that Government legislation in relating to pooling was likely to become stricter. However, it was suggested that the Teesside Pension Fund should also look to invest outside of the pool arrangements and diversify. In relation to the Fund's cash holdings it was stressed that holding cash was a short, rather than a long term strategy.

ORDERED that the information provided was received and noted.

21/9

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.

While the outlook was improving and positive the UK economy was sitting around 8% below its pre-Covid level. Property sectors were behaving differently, with logistics different from online and retail. Demand for warehouses was huge but the high street was still suffering

with too much retail and rents were in decline. Shopping parks and supermarkets were also more positive with improving values. Office accommodation was a wait and see situation as it was not yet fully understood how and when people would return to office working following the pandemic.

In relation to a query regarding local investments, CBRE confirmed that they did not focus on a region when looking for acquisitions. The investment market had generally been very quiet with much less demand. Buyers had been unable to view properties during the pandemic and sellers were nervous about bringing assets to the market and selling too low. When CBRE recommended an asset to the Fund it was to improve the portfolio and consideration was also given as to whether the asset had an alternative use.

There were no sales during the last quarter, however leases on six properties had been negotiated. The Asset Management Update in the submitted report provided further details.

The rent collection across the entire portfolio in the previous three quarters was as follows:

March 2021 – 90.1%
 December 2020 – 88.4%
 September 2020- 95.1%

The total Collectable Arrears on the entire portfolio was £1,531,781 as at 28 May 2021. Details of the top six tenants with the greatest arrears, accounting for 76.5% of the total arrears were provided in the report. The remaining £560,621 (23.5% of the collectable arrears) of arrears was spread across 56 tenants.

The Committee was informed that the Government had extended the protection in relation to evictions until March 2022. On a positive note, the majority of the Fund's property tenants were acting responsibly and working with CBRE to ensure rents were paid.

ORDERED that the report was received and noted.

21/10

XPS PENSION ADMINISTRATION REPORT

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

The following items were highlighted:

- 2020 LGPS Scheme Annual Report.
- DWP Consultation on pension scams.
- Direction on GMP indexation.
- Prudential.
- Covid-19 – XPS update.
- Membership Movement.
- Member Self-Service.
- Complaints.
- Common Data.
- Conditional Data.
- Customer Service.
- Service Development
- Performance.
- Employer Liaison.

There had been an increase in active memberships which was good for cash flow coming into the Fund. There was also a sixth consecutive increase in pensions, with people over 55, some who had been made redundant, or people making life choices to retire.

Activation tokens had been developed to assist scheme members to get online on the website to check how their benefits were tracking and learn more about their pensions.

Work on the Guaranteed Minimum Pension continued. Work was beginning on calculations and then XPS would write to scheme members to advise them of the impact and how their benefits might be affected.

There were three complaints under investigation currently: 1 Stage One, 1 Stage Two and the third with the Ombudsman. With 71K scheme members, 3 complaints was a small number and there was no trend in the issues complained about. XPS endeavoured to learn from any mistakes and make sure they were not repeated.

From 2023 a pension dashboard programme would be introduced and the public sector would have to submit data. Logging onto an app would enable users to view all pension details in one place.

XPS continued to improve testing Conditional Data to ensure that it was a high standard.

The new Teesside Pension Fund website was launched in April 2021 for members and scheme employees. XPS was developing a feedback form and would use newsletters as a way of getting as much feedback from users as possible.

XPS were currently working on the year end exercise to ensure that the Annual Benefits Statements would be sent by 31 August 2021.

Finally, XPS had achieved 100 percent on the KPIs and details were attached at Appendix A to the submitted report.

Responding to a question regarding members who might not have access to the internet, it was confirmed that traditional methods of communication would continue and members would not be mandated to go online.

A request was made for information in relation to the demographics of active and deferred members.

ORDERED that:

1. the information provided was received and noted.
2. XPS would establish whether information in relation to the demographics of active and deferred members could be provided to the Committee.

21/11 **ANY OTHER URGENT ITEMS WHICH IN THE OPINION OF THE CHAIR, CAN BE CONSIDERED**

None.

21/12 **EXCLUSION OF PRESS AND PUBLIC**

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

21/13 **LOCAL INVESTMENT PROPOSAL - FOLLOW-ON INVESTMENT**

The Head of Pensions Governance and Investments presented a report to advise Members of a proposal for a follow-on local investment and to request approval to proceed.

ORDERED that the recommendations, as set out in the submitted report, were approved.

21/14 **LOCAL INVESTMENT PROPOSAL - CO-INVESTMENT**

The Head of Pensions Governance and Investments presented a report to advise Members of a proposal for a Local Investment and to request approval to proceed.

ORDERED that the recommendation, as set out in the submitted report, was approved.

This page is intentionally left blank

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 6

TEESSIDE PENSION BOARD REPORT

15 NOVEMBER 2021

DIRECTOR OF 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. LGPS COST MANAGEMENT PROCESS CONCLUDED

- 4.1 The LGPS, in common with the other public service pension schemes, has a mechanism for periodically checking whether the cost of providing the scheme falls within acceptable parameters. If the cost of the scheme is assessed as too high this results in potential reductions to future scheme benefits and/or increases on employee contributions. Conversely, if the cost is assessed as too low this can result in improvements to future benefits and/or reductions in employee contributions.
- 4.2 This is known as the cost management process and the outcome of the latest process based on data from the 2016 valuation revealed that the average overall cost of the scheme was 19% of pensionable pay, which is 0.5% of pensionable pay lower than the target cost for the LGPS of 19.5% of pensionable pay. Consequently, the Scheme Advisory Board developed proposals to improve scheme benefits and reduce employee contributions to bring the cost of the scheme back up to the target level.
- 4.3 The proposals were not enacted and the cost management process was paused when the Government lost a high court case in December 2018 (the McCloud case) which had been

brought by members of the Judges' pension scheme and the Firefighters' Pension Scheme, arguing that the protections put in place when changes were made to those schemes were age discriminatory, as they only protected older scheme members. This case had implications for all public service pension schemes, including the LGPS. The Government sought to appeal the case but the Supreme Court denied the Government leave to appeal in a decision on 27 June 2019. The Government subsequently confirmed that it would make changes to the LGPS regulations to ensure it corrected the discrimination identified – more details are set out below. The cost of making these changes, when factored in to the cost management process as on the employee benefit side of the equation, means that no additional changes are required to LGPS benefits or contributions as a result of the 2016 cost management process.

- 4.4 The Scheme Advisory Board confirmed that they would not be recommending any changes to the benefit structure of the LGPS based on the outcome of their 2016 cost management process. This is good news for employers, who would have seen an increase in their costs if benefits had been improved, and for scheme administrators, as any improvements would have been backdated to April 2019 causing administrative complexity.
- 4.5 The Scheme Advisory Board also stated that it will separately look at potentially revising the third tier of ill health provision in the scheme and at contribution rates for the lowest paid members. These are two of the benefit changes that had been considered when it looked likely that the cost management process would lead to improvements for scheme members.

5. MCLOUD OUTCOME – THE REVISED UNDERPIN

- 5.1 As referred to above, the Government lost a Court of Appeal case (known as 'McCloud') which meant that the transitional protections introduced when the scheme changed from a final salary to a career average pension scheme in 2014 were determined to be age-discriminatory. A ministerial statement was made on 13 May 2021 confirming how the LGPS regulations would be changed to address this discrimination.
- 5.2 The full statement is included at Appendix A. The key points are as follows:
 - Underpin protection will apply to LGPS members who were active in the scheme on 31st March 2012 and subsequently had membership of the career average scheme without a continuous break in service of more than five years.
 - The period of protection will apply from 1st April 2014 to 31st March 2022 but will cease earlier where a member leaves active membership or reaches their final salary scheme normal retirement age (normally 65) before 31st March 2022.
 - Where a member stays in active membership beyond 31st March 2022, the comparison of their benefits will be based on their final salary when they leave the LGPS, or when they reach their final salary scheme normal retirement age, if earlier.
 - Underpin protection will apply to qualifying members who leave active membership of the LGPS with an immediate or deferred entitlement to a pension.

- A 'two stage process' will apply for assessing the underpin so that, where there is a gap between a member's last day of active membership and the date they take their pension, members can be assured they are getting the higher benefit.
- Scheme regulations giving effect to the above changes will be retrospective to 1st April 2014.

5.3 Once the regulations are introduced, this will mean everyone who was an active member of the LGPS on 1 April 2012 who has membership of the LGPS from 1 April 2014 onwards (without a continuous break of more than 5 years) will have their benefits calculated based on the better of the following two methods:

a) Based on the current rules, with final salary benefits and career average benefits calculated separately and added together and;

b) Based on their having remained earning final salary benefits beyond March 2014.

5.4 This outcome has been anticipated for some time but does cause significant administrative issue, for example:

- Scheme employers will be asked to provide or confirm the service history information they hold for all scheme members who have been earning career average pension benefits. This information includes details of part-time hours changes and leaves of absence, which are not needed when working out career average pension benefits but will be required to calculate the final salary underpin.
- The changes (and the extension of the underpin) will be backdated over 7 years (to 1 April 2014) so many leavers and retirees will need to be assessed to determine whether they would have benefited from the extended underpin.
- Further guidance will be required in how to treat death cases and individuals who may have transferred out to another pension scheme.
- There may be a requirement to reopen the transfer window for affected individuals. At present, individuals have a year from taking up an employment in the scheme (or a longer period if their employer allows) in which to decide to transfer in previous pension rights. It is possible that this will be revisited for those people who are covered by the new underpin.

5.5 HM Revenue & Customs recently announced a number of measures in connection with the McCloud remedy. This includes an intention to introduce regulations to ensure that where an individual's benefits are retrospectively increased, this does not lead to a tax charge for exceeding the annual allowance or the lifetime allowance.

5.6 Further detailed regulations are expected within months, in the meantime XPS Administration is working with its software provider to collect information from employers and consider how best to communicate with scheme members in relation to the revised underpin.

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. CLIMATE CHANGE REGULATION CONSULTATION IMMINENT

5.1 The Government is expected to consult in regulations that will required LGPS Funds to report on climate change risk, primarily in relation to their investments. Legislation has already been introduced to require private sector schemes to report in this, with larger schemes required to report sooner than smaller schemes. The expectation is the requirement for the LGPS will be introduced at the same time for all LGPS Funds and is likely to take effect from the financial year starting 1 April 2022.

5.2 The requirements for LGPS Funds are likely to be very similar to those the Government has already set out for trustees of private sector pension schemes, and will be based in part in recommendations from the Task Force on Climate Related Disclosures (TCFD).

5.3 More information will be provided to the Board when it is available. In the meantime, Appendix B contains information on assessing and reporting on climate change risk for trustees of private sector pension schemes (taken from the Government's website). This gives a useful indication of the issues LGPS schemes are likely to be asked to consider.

6. NEXT STEPS

6.1 Further updates will be provided periodically.

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

TEL NO.: 01642 729040

We use cookies to store information about how you use the UK Parliament website. Click on Manage cookies to modify your cookie preferences. You can [read more about our cookies](#) before you decide.

[Manage cookies](#)
[Allow all cookies](#)


Written questions, answers and statements

[UK Parliament](#) > [Business](#) > [Written questions, answers and statements](#) > [Find written statements](#) > [HCWS26](#)

Local Government Pensions

Statement made on 13 May 2021

Statement UIN HCWS26

Statement made by



Luke Hall

Minister of State for Regional Growth and Local Government

Conservative

Thornbury and Yate

[Commons](#)

Statement

The Government is committed to public service pensions which are fair to public sector workers. In 2014, reforms were made to the Local Government Pension Scheme in England and Wales (the LGPS) to make the scheme more sustainable and affordable for the longer term. These reforms followed the prior recommendations of the Independent Public Service Pensions Commission and were part of similar reforms made across the public sector. The Government believes the 2014 changes to the LGPS balanced the interests of local government workers, employers and taxpayers fairly, and it remains the right package of benefits for the sector.

In July 2020, MHCLG consulted on changes to the Local Government Pension Scheme in England and Wales (LGPS). That consultation outlined proposals to amend LGPS ‘transitional protections’ following a December 2018 Court of Appeal finding that similar provisions in the judicial and firefighters’ pension schemes gave rise to unlawful discrimination. Transitional protections had been introduced by the Government to exempt scheme members nearest to retirement from the impact of the reforms made to public service pensions in 2014 and 2015.

In the LGPS, transitional protection was provided through an ‘underpin’, providing protected members with the higher of their pension under the reformed, career average scheme and the pension they would have been entitled to under the previous final salary scheme. In our consultation, we proposed extending underpin protection to younger qualifying members.

The Government received responses from a variety of stakeholders. These were detailed and varied, and the Government is grateful for the consideration and thought given to the issues covered in the consultation. Responses were largely supportive of the key elements of the proposals.

After consideration of the responses, we can now confirm the key elements of the changes to scheme regulations which will be made in due course. The overarching aim is that the changes will address the findings of the Courts and provide protection to all qualifying members when their benefits are drawn from the scheme. The key elements are:

- Underpin protection will apply to LGPS members who meet the revised qualifying criteria, principally that they were active in

the scheme on 31st March 2012 and subsequently had membership of the career average scheme without a continuous break in service of more than five years.

- The period of protection will apply from 1st April 2014 to 31st March 2022 but will cease earlier where a member leaves active membership or reaches their final salary scheme normal retirement age (normally 65) before 31st March 2022.
- Where a member stays in active membership beyond 31st March 2022, the comparison of their benefits will be based on their final salary when they leave the LGPS, or when they reach their final salary scheme normal retirement age, if earlier.
- Underpin protection will apply to qualifying members who leave active membership of the LGPS with an immediate or deferred entitlement to a pension.
- A ‘two stage process’ will apply for assessing the underpin so that, where there is a gap between a member’s last day of active membership and the date they take their pension, members can be assured they are getting the higher benefit.
- Scheme regulations giving effect to the above changes will be retrospective to 1st April 2014.

A full Government response, containing further detail on the matters addressed above, and on other issues which were covered in the consultation, will be published later this year. This will include the Government’s decision on whether members will be expected to meet the underpin qualifying criteria in a single period of scheme membership for the underpin to apply.

It is anticipated that regulations giving effect to these changes will be made after new primary legislation in relation to public service pensions has completed its passage through Parliament and the Government’s intention is that regulations will come into force on 1st April 2023.

Ensuring that future pension accrual for all LGPS members is on a career average basis from 1st April 2022 will mean that local government workers continue to receive some of the best pension scheme benefits available in the UK, but that provision is more sustainable for the long term and more affordable for the taxpayer.

Statement from

Ministry of Housing, Communities and Local Government



Linked statements

This statement has also been made in the House of Lords

Ministry of Housing, Communities and Local Government



Local Government Pensions



[Lord Greenhalgh](#)

Minister of State for Building Safety and Communities
Conservative, Life peer

Statement made 13 May 2021

HLWS23

Lords

Why is climate change important for pension schemes?

Climate change is both a financial risk and an opportunity for pension schemes like any other risk such as interest rates, exchange rates, inflation, company performance and the economic cycle. It is not just an ethical, moral or quality of life issue.

All pension schemes experience climate risk through the impact on scheme assets – felt by members of Defined Contribution (DC) schemes and sponsors of Defined Benefit (DB) schemes. DB schemes will also see an impact on the strength of the employer covenant, member longevity, interest rates and inflation.

Transition risks

Transition risks are risks from the realignment of our economic system towards low-carbon, climate-resilient or carbon-positive solutions.

Physical risks

Physical risks relate to the impacts of climate change, such as rising temperatures, changing rainfall, flooding risk and extreme weather.

Transition and physical risks are both short-term and longer-term risks – relevant for the vast majority of schemes' time horizons.

Trustees' legal duties

Trustees have a fiduciary duty of undivided loyalty to the best interests of members, which is normally interpreted as delivering an appropriate financial return. As such, they have a legal duty to consider matters which are financially material to their investment decision making.

Trustees also have a statutory duty to document their policies on material financial considerations including climate change, and to document and report on their policies in relation to investor engagement and voting. Government has tabled an amendment to the current Pension Schemes Bill to take powers to mandate TCFD-aligned disclosures.

What is TCFD and how can it help?

Published in 2017, the Taskforce on Climate-related Financial Disclosure (TCFD)'s recommendations establish a set of 11 clear, comparable and consistent disclosures about the risks and opportunities presented by climate change. The recommendations are intended to be used by everyone in their mainstream financial filings – public and private companies, asset managers, insurers and asset owners, including pension schemes.

The process of carrying out TCFD reporting is intended to lead to better-informed decision-making on climate risks, and the improved transparency is intended to

From <https://www.gov.uk/government/consultations/aligning-your-pension-scheme-with-the-tcdf-recommendations/tcdf-for-trustees-of-pension-schemes-quick-start-guide>

improve accountability and provide decision-useful information to investors and ultimately beneficiaries.

TCFD in the investment cycle

TCFD can be applied to consideration and action on climate risk at every stage of the investment journey.

1. Setting investment beliefs

When developing their investment beliefs, trustees should clarify their position on climate change considerations, their beliefs on the extent of asset mispricing and the appropriate types of actions they might take by asset class. Under TCFD, they should formalise and document their governance policies, including roles, in relation to climate change.

2. Considering climate risks in setting investment strategies, reviewing and reporting

Trustees should consider how different investments and strategies could be impacted by transition and physical risks, at an asset class, sector and firm level where appropriate. They should use scenario analysis (see page 3) as a helpful tool. In developing mandates and selecting pooled funds, trustees should identify strategic actions to reduce exposure to climate-related risks, as well as options for investment in climate-related opportunities.

Growth assets are more sensitive to climate-related risks than income-generating assets, but this will vary by sector and firm preparedness –some sectors (for example renewables and electric vehicles) and assets (such as green infrastructure) will benefit from the low-carbon transition.

Asset managers' climate competence should be factored into manager selection, and be monitored post-appointment. Trustees should also ensure that investment consultants demonstrate a robust track record in assessing and addressing climate risk, and have adapted their core services to include consideration and discussion of long-term risks and opportunities.

Asset managers and consultants should demonstrate consideration of climate risk management through both investment strategy and engagement. Signatory status and reporting against the Principles for Responsible Investment (PRI) and 2020 UK Stewardship Code are key indicators. for both managers and consultants.

Trustees should factor climate change into their monitoring and review of asset managers, by assessing performance against any climate-related objectives, benchmarks and targets, as well as the quality of voting and engagement, disclosures and scenario analysis.

Under TCFD, trustees should document how they identify and assess the materiality of climate-related risks and opportunities, document the main risks and opportunities for each time horizon and their potential impact, and explain their assessment of

their scheme's resilience to different scenarios, including relevant metrics. They should also identify, document and disclose how climate issues are included in their consultants' objectives, and in the selection, review and monitoring of asset managers.

3. Stewardship

Trustees should be clear on how stewardship fits within the scheme's investment strategy and how it helps them meet their climate-related objectives. Where they delegate to asset managers, trustees should carry out due diligence, ensure their approaches are in line with the trustees', set expectations, and hold managers to account. Where schemes carry out their own engagement, trustees should articulate clear policies and processes, making systematic use of all voting powers, and where they will support climate-related resolutions.

Under TCFD, trustees should document and disclose their own stewardship policies, report on how they have followed them, and hold investee companies to account on doing TCFD.

4. Additional points to consider for DB schemes

Climate change can have significant implications for the strength of the sponsor's covenant. Where sponsors are part of, or dependent on, the high-carbon economy, trustees should be aware that their scheme will likely have above-average exposure to climate-related risks. Weather-related events will affect others, for example, through impacts on supply chains or production facilities.

DB liabilities may be affected by impacts on inflation rates and demographic factors, particularly longevity. Trustees should take a holistic approach and look at how climate risks around the employer covenant, funding and investment strategy are all linked and inter-dependent, through integrated risk management (IRM).

Trustees should ask the sponsoring employer for its TCFD disclosures or equivalent information, include climate considerations in its regular covenant monitoring between valuations, and have contingency plans so they can take decisive action if and when required.

Under TCFD, trustees should identify and assess the materiality of climate-related risks and opportunities to their sponsoring employer, the main risks and opportunities for each time horizon and their assessment of their employer's resilience to different scenarios.

5. Method of reporting and member communications

Trustees should incorporate the outcome of their TCFD review into the scheme's annual report and accounts, or a chair's statement, implementation statement, or a standalone report.

Communicating clearly with members on how climate-related risks and opportunities are being managed can also help build trust and public confidence.

Specific aspects of TCFD reporting

Scenario analysis

Scenario analysis is a helpful technique for assessing their resilience to different future outcomes. This helps trustees assess how assets (and, for DB schemes, their liabilities) may be affected by different outcomes.

The PCRIG guidance recommends 3 scenarios:

- orderly transition, 2°C or lower scenario [significant transition risks, lower physical risks] – emission reductions start now and continue in line with the Paris Agreement
- abrupt transition, 2°C or lower scenario [severe transition risks, lower physical risks] – little climate action in short term, followed by sudden unanticipated tightening as countries rush to get on track
- no transition, pathway to 4+°C scenario [no transition, severe physical risks] – continuation of historic emission trends and failure to transition away from fossil fuels

Tools are available from a number of providers – both paid for and free – showing how portfolio valuations (and, in some cases, DB liabilities) may be affected.

Trustees can:

- ask their asset managers for the results of their own scenario analysis – take care when aggregating across managers, as the assumptions may differ
- ask their consultant or a third party provider – more firms are now offering a range of climate scenario analysis services
- do it themselves – the free [Transition Pathway Initiative tool](#) rates the carbon management quality and carbon performance of companies within high risk sectors. The free [PACTA tool](#) shows the extent to which the firms in high risk sectors are aligned with given climate scenarios. The illustrative Bank of England data in Appendix 3 also suggests how different sectors may be affected by the low carbon transition.

Metrics and targets

Metrics and targets have a key role to play in activities throughout the pension scheme's investment decision-making process, both in managing their climate risk exposure (process metrics) and in measuring their risk exposure (outcome metrics). Weighted average carbon intensity takes the current carbon emissions per unit of revenue, for each company in the portfolio, and weights these by their share of the portfolio. It can be used for equity and fixed income assets. Care is needed where data is not standardised – some firms quote only scope 1 (direct emissions) and 2 (indirect emissions from producing the electricity used), others also estimate scope 3 (all other indirect emissions).

However, firms with similar carbon intensities today can have divergent future trajectories. Other recommended metrics include outcome metrics such as exposure to carbon-related assets, funds invested in low carbon opportunities; and process metrics such as share of board meetings given to climate risk, and shares of portfolio in which climate engagement is carried out, or acceptable quality data has been obtained.

Finally, TCFD recommends the setting of targets. These can be both process-based targets around investment, engagement and voting, and outcomes-based targets such as a reduced portfolio carbon intensity or a higher proportion of holdings in better prepared companies.

5 easy steps to get started

1. Check you've got the governance and risk management right – develop and document your investment beliefs. Formalise and document your governance policies, including job roles, in relation to climate change.
2. Integrate into your investment and funding strategies – document the main climate risks and opportunities which will affect your scheme and their possible or likely impact. Explain how you will both mitigate those risks and take advantage of the opportunities. For DB, include climate change in covenant assessment and monitoring.
3. Ask your consultants and asset managers to demonstrate climate competence. Make your expectations, drawn from your beliefs and strategies, clear. Both providers should demonstrate signatory status in relation to the PRI and UK Stewardship Code, a robust track record on climate, and consideration of climate risk as a core service. Trustees should assess new managers on the quality of voting and engagement, and the quality of disclosures and scenario analysis, and monitor existing firms on their performance against any climate-related objectives, benchmarks and targets. Don't be afraid dig deeper and keep asking questions. Challenge what you hear.
4. Conduct scenario analysis – Analyse your own holdings, for example using the TPI and PACTA tools. Compare your findings with peers. Challenge your asset managers and advisers on the results.
5. Monitor metrics – Ask your asset managers to report on the weighted average carbon intensity of your portfolio and compare this with similar products. Challenge your managers on what they are doing to engage with or reduce exposure to the most-polluting firms, getting data where it is unavailable,

This page is intentionally left blank

TEESSIDE PENSION FUND
Administered by Middlesbrough Council

AGENDA ITEM 7

TEESSIDE PENSION BOARD REPORT

15 NOVEMBER 2021

DIRECTOR OF FINANCE – IAN WRIGHT

Risk Register Review

1. PURPOSE OF THE REPORT

- 1.1 To advise Members of the Teesside Pension Board (the Board) of an additional risk that has been added to the Pension Fund Risk Register and to provide Members with an opportunity to review the Risk Register

2. RECOMMENDATION

- 2.1 That Members note the report.

3. FINANCIAL IMPLICATIONS

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

4. RISK REGISTER – CLIMATE CHANGE

- 4.1 The Pension Fund's Risk Register is an attempt to document the various investment, funding, governance, administration, demographic, economic and other risks there are that could prevent or make it harder for the Fund to achieve its long term objectives. The Pension Fund Committee is presented with a copy of the Risk Register at its March meeting each year as part of the Pension Fund's Business Plan and the Board reviews this each year as part of its April meeting.
- 4.2 When the Fund's Funding Strategy Statement was updated in June this year, an additional risk was added in relation to climate change and the impact that could have on the Fund's assets and liabilities. This risk has now been formally included within the Fund's Risk Register, an updated copy of which is included at Appendix A.
- 4.3 Climate change has the potential to have wide-ranging impacts on all aspects of human society, including economies, trade, the value of companies and all classes of financial assets. As such, it is sensible to include it as a separate stand-alone risk instead of allowing it

to be covered by existing risks like “Global Financial Instability” or “Investment Class Failure”.

4.4 The full description of the climate change risk is as follows:

The systemic risk posed by climate change and the policies implemented to tackle them will fundamentally change economic, political and social systems and the global financial system. They will impact every asset class, sector, industry and market in varying ways and at different times, creating both risks and opportunities to investors. The Fund's policy in relation to how it takes climate change into account in relation to its investments is set out in its Investment Strategy Statement and Responsible Investment Policy In relation to the funding implications, the administering authority keeps the effect of climate change on future returns and demographic experience, e.g. longevity, under review and will commission modelling or advice from the Fund's Actuary on the potential effect on funding as required.

4.5 Likely sources and risk triggers are:

Global climate change, the financial impact of both the change and the policies implemented to tackle the change.

4.5 Potential impacts and consequences of this risk are:

Significant changes to valuations of assets and asset classes. Potential for some assets owned by companies to become effectively worthless ‘stranded assets’, significantly impacting company valuations. Opportunities will also arise, for example in respect of sectors seen as positively contributing to the transition to a low carbon economy

5. NEXT STEPS

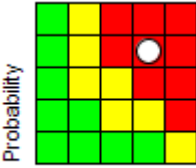
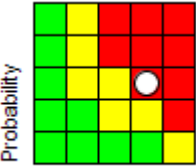
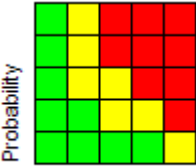
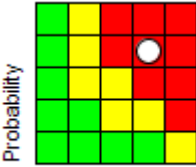
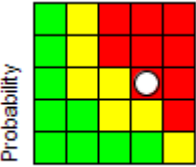
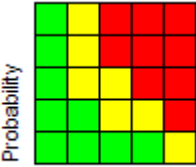
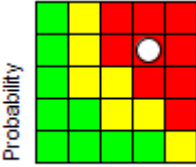
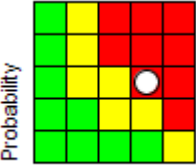
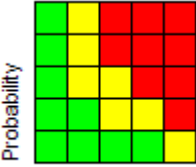
5.1 The Risk Register will continue to be presented to the Committee and Board at least on an annual basis.

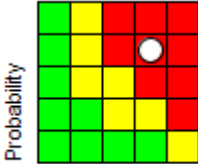
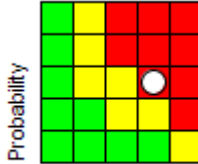
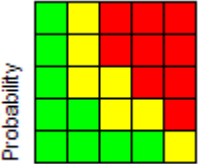

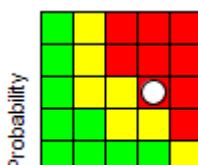


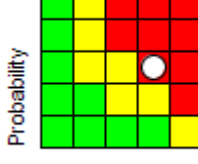

5.2 In relation to climate change risk, the Fund will continue to work with its advisers and investment managers (including Border to Coast) in order to better understand its exposure to this risk, how this can be mitigated and how to take advantage of any opportunities that may arise as global markets increasingly take account of this risk.

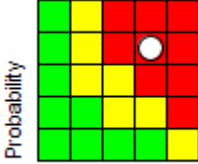
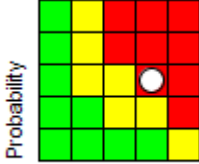
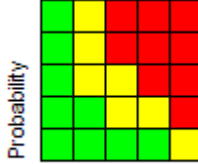
CONTACT OFFICER: Nick Orton – Head of Pensions Governance and Investments

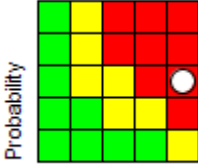
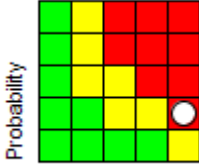

TEL NO.: 01642 729040

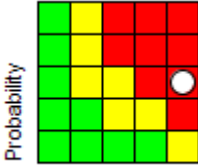
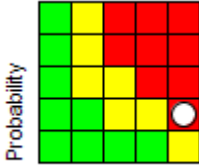

Appendix A - Teesside Pension Fund Risk Register

Code	Title	Original Score	Current Score	Target Score
TPF001	<p>INFLATION</p> <p>Price inflation is significantly more than anticipated: an increase in CPI inflation by X % will increase the liability valuation by Y %.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-5</p>	 <p style="text-align: center;">Impact</p>	 <p style="text-align: center;">Impact</p>	 <p style="text-align: center;">Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
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.				
Code	Title	Original Score	Current Score	Target Score
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 style="text-align: center;">Impact</p>	 <p style="text-align: center;">Impact</p>	 <p style="text-align: center;">Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
Interim valuations provide early warnings. Actuary has scope to smooth impact for most employers.				
Code	Title	Original Score	Current Score	Target Score
TPF003	<p>GLOBAL FINANCIAL INSTABILITY</p> <p>Outlook deteriorates in advanced economies because of heightened uncertainty and setbacks to growth and confidence, with declines in oil and commodity prices. 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 style="text-align: center;">Impact</p>	 <p style="text-align: center;">Impact</p>	 <p style="text-align: center;">Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
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.				
Code	Title	Original Score	Current Score	Target Score

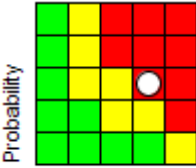

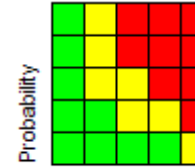



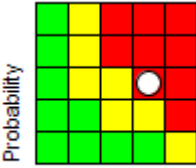

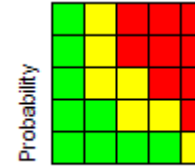
TPF004	<p>POLITICAL RISK</p> <p>Significant volatility and negative sentiment in investment markets following the outcome of adversely perceived political changes.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>	 <p>Probability</p> <p>Impact</p> <p>20</p>	 <p>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
Increasing investment diversification 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.				
Code	Title	Original Score	Current Score	Target Score
TPF005	<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>Probability</p> <p>Impact</p> <p>20</p>	 <p>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
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.				
Code	Title	Original Score	Current Score	Target Score
TPF012	<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>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
Code	Title	Original Score	Current Score	Target Score

TPF053	CLIMATE CHANGE The systemic risk posed by climate change and the policies implemented to tackle them will fundamentally change economic, political and social systems and the global financial system. They will impact every asset class, sector, industry and market in varying ways and at different times, creating both risks and opportunities to investors. The Fund's policy in relation to how it takes climate change into account in relation to its investments is set out in its Investment Strategy Statement and Responsible Investment Policy In relation to the funding implications, the administering authority keeps the effect of climate change on future returns and demographic experience, eg. longevity, under review and will commission modelling or advice from the Fund's Actuary on the potential effect on funding as required.	 Probability Impact	20	 Probability Impact	15	 Probability Impact
	Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome		

Code	Title	Original Score	Current Score	Target Score		
TPF009	HIGHER THAN EXPECTED COSTS OF INVESTMENT POOLING 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). Fund & Reputation Impact-7 Employers Impact-2 Member Impact-1	 Probability Impact	21	 Probability Impact	14	 Probability Impact
	Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome		
Border to Coast's budget is set annually with the agreement of at least 9 of the 12 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.						

Code	Title	Original Score	Current Score	Target Score		
TPF010	INADEQUATE POOLING TRANSPARENCY Lack of transparency around investment pooling arrangements. Fund & Reputation Impact-7 Employers Impact-1 Member Impact-1	 Probability Impact	21	 Probability Impact	14	 Probability Impact
	Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome		
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.				
Code	Title	Original Score	Current Score	Target Score
TPF021	<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>			
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
This is mitigated by the Triennial Valuation and the engagement of Two Independent Investment Advisors.				
Code	Title	Original Score	Current Score	Target Score
TPF007	<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>			
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
Two Deputy positions were created in 2018/19 (although one remains to be filled). These act to support deputise as required for the Head of Investments, Governance and Pensions.				
Code	Title	Original Score	Current Score	Target Score
TPF008	<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>			
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
In preparation for the pooling of investment assets to Border to Coast, the team was expanded and has a total complement of 9 staff. With a new investment strategy of passive rather than active management, investment transaction volumes have significantly reduced.				
Code	Title	Original Score	Current Score	Target Score

TPF011	<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>Probability</p> <p>Impact</p> <p>15</p>	 <p>Probability</p> <p>Impact</p> <p>10</p>	 <p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
<p>1) Fund employers will monitor own experience.</p> <p>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.</p> <p>3) Employers are made aware of generic impact that salary increases can have upon final salary linked elements of LGPS benefits.</p>				
Code	Title	Original Score	Current Score	Target Score
TPF013	<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>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
<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>				
Code	Title	Original Score	Current Score	Target Score
TPF014	<p>LONGEVITY</p> <p>Pensioners living longer: adding one year to life expectancy will increase the future service rate by 0.8%.</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>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
<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</p>				

valuation. If required, further investigation can be carried out of scheme specific/employer longevity data.

Code	Title	Original Score	Current Score	Target Score
TPF017	<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>			
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
A mechanism exists within the regulations to resolve such disputes - this should reduce the financial impact of any such event.				

Code	Title	Original Score	Current Score	Target Score
TPF018	<p>TPF INVESTMENT UNDERPERFORMANCE</p> <p>Investment Managers fail to achieve performance targets over the longer term: a shortfall of X% on the investment target will result in an annual impact of £ Y m.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>			
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
<p>1) The asset allocation made up of equities, bonds, property, cash etc funds, is sufficiently diversified to limit exposure to one asset category.</p> <p>2) The investment strategy is continuously monitored and periodically reviewed to ensure optimal asset allocation.</p> <p>3) Actuarial valuation and asset/liability study take place automatically every three years.</p> <p>4) Interim valuation data is received annually and provides an early warning of any potential problems.</p> <p>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>				

Code	Title	Original Score	Current Score	Target Score
TPF019	<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>			

Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome
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.			

Code	Title	Original Score	Current Score	Target Score
TPF025	<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>			

Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome
XPS Administration is a well-resourced established pensions administration provider which is not in financial difficulty.			

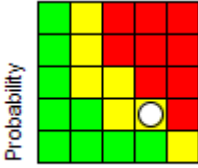
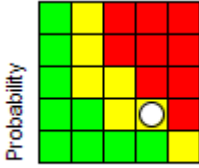

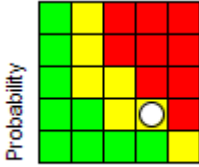

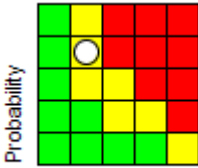
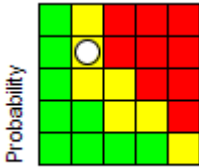
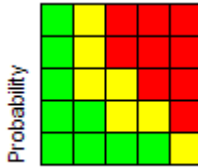
Code	Title	Original Score	Current Score	Target Score
TPF026	<p>INSECURE DATA</p> <p>Failure to hold personal data securely - i.e data stolen.</p> <p>Fund & Reputation Impact-3 Employers Impact-1 Member Impact-5</p>			

Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome
XPS Administration have advised they are not aware of any attempted hacking events.			

Code	Title	Original Score	Current Score	Target Score
TPF028	<p>INADEQUATE POOLING INVESTMENT EXPERTISE</p> <p>Inadequate, inappropriate or incomplete investment expertise exercised over the pooled assets.</p> <p>Fund & Reputation Impact-5 Employers Impact-5 Member Impact-1</p>			

Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome
Border to Coast has completed recruitment of experienced and capable management team, alongside most of its final expected complement of 70 staff.			

Code	Title	Original Score	Current Score	Target Score

TPF029	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	 10	 10	 10
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
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				
Code	Title	Original Score	Current Score	Target Score
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	 10
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
Code	Title	Original Score	Current Score	Target Score
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	 8
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
Officers and advisers provide continuity and training following changes to Committee membership.				
Code	Title	Original Score	Current Score	Target Score

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	Expected Outcome	

Code	Title	Original Score	Current Score	Target Score		
TPF015	EMPLOYER FAILURE 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. Fund & Reputation Impact-2 Employers Impact-3 Member Impact-3		12		6	
		Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome	
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 actuaries long term assumption, would lead to further review. 3) Employer covenant review.						

Code	Title	Original Score	Current Score	Target Score		
TPF016	ADVERSE LEGISLATIVE CHANGE Risk of changes to legislation, tax rules etc.; resulting in increases required in employer contributions. Fund & Reputation Impact-3 Employers Impact-3 Member Impact-3		12		6	
		Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome	
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.						

Code	Title	Original Score	Current Score	Target Score
------	-------	----------------	---------------	--------------

TPF022	GDPR COMPLIANCE		9		6		
	Non-compliance with GDPR regulations. Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1						
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome	
Data protection privacy notices have been distributed by XPS Administration. The Council has established GDPR-compliant processes and procedures.							
Code	Title	Original Score	Current Score	Target Score			
TPF023	INACCURATE DATA RECORD COLLATION		9		6		
	Failure to maintain proper, accurate and complete data records leading to increased errors and complaints. Fund & Reputation Impact-1 Employers Impact-3 Member Impact-3						
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome	
Administration data quality is being assessed as part of the biennial valuation process, as well as being assessed regularly in order to meet Pensions Regulator requirements on scheme data.							
Code	Title	Original Score	Current Score	Target Score			
TPF024	STRUCTURAL CHANGES TO EMPLOYER MEMBERSHIP		9		6		
	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. Fund & Reputation Impact-2 Employers Impact-3 Member Impact-2						
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome	
The new XPS Administration employer liaison team will improve this by working closely with employers.							
Code	Title	Original Score	Current Score	Target Score			
TPF032	INADEQUATE POOLING DATA		6		6		
	Inability to gather robust, quality or timely information from Border to Coast. Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1						

Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome
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.			

Code	Title	Original Score	Current Score	Target Score
TPF033	ESG REPUTATIONAL DAMAGE Insufficient attention to environmental, social and governance (ESG) leads to reputational damage. Fund & Reputation Impact-2 Employers Impact-1 Member Impact-1	6	6	6

Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome
Border to Coast provides increased focus on Responsible Investment.			

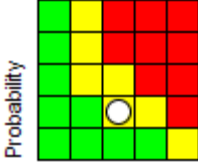





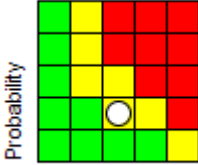
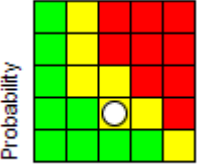

Code	Title	Original Score	Current Score	Target Score
TPF034	THIRD PARTY SUPPLIER FAILURE Financial failure of third party supplier results in service impairment and financial loss. Fund & Reputation Impact-3 Employers Impact-3 Member Impact-1	6	6	6

Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome

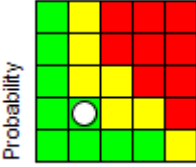
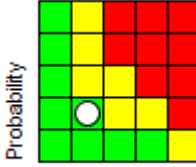
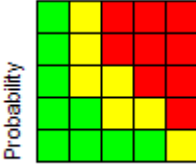
Code	Title	Original Score	Current Score	Target Score
TPF035	PROCUREMENT PROCESS CHALLENGES Procurement processes may be challenged if seen to be non-compliant with OJEU rules. Poor specifications lead to dispute. Unsuccessful fund managers may seek compensation following non compliant process. Fund & Reputation Impact-3 Employers Impact-1 Member Impact-1	6	6	6


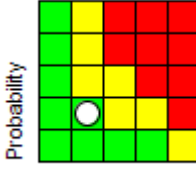

Current Mitigation	Future Mitigation	Responsible Officer	Expected Outcome


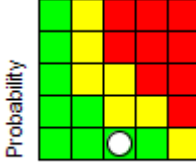

Code	Title	Original Score	Current Score	Target Score


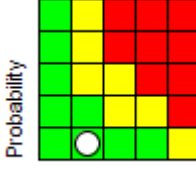
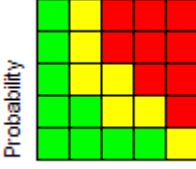
TPF036	ASSET POOLING TRANSITION RISK Loss or impairment as a result of Asset transition. Fund & Reputation Impact-3 Employers Impact-3 Member Impact-1	 6	 6	 6
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
Code	Title	Original Score	Current Score	Target Score
TPF037	COMPLIANCE FAILURES Failure to comply with legislative requirements e.g. SIP, FSS, Governance Policy, Freedom of Information requests, Code of Practice 14. Fund & Reputation Impact-3 Employers Impact-2 Member Impact-0	 6	 6	 6
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
Code	Title	Original Score	Current Score	Target Score
TPF038	CUSTODY DEFAULT 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. Fund & Reputation Impact-3 Employers Impact-3 Member Impact-1	 6	 6	 6
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome
Code	Title	Original Score	Current Score	Target Score

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	 Probability Impact	
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome	
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.							
Code	Title	Original Score		Current Score		Target Score	
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	 Probability Impact	
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome	
Code	Title	Original Score		Current Score		Target Score	
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	 Probability Impact	
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome	
Code	Title	Original Score		Current Score		Target Score	
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	 Probability Impact	
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome	

Code	Title	Original Score	Current Score	Target Score
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	 4
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome

Code	Title	Original Score	Current Score	Target Score
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	 4
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome

Code	Title	Original Score	Current Score	Target Score
TPF044	ICT SYSTEMS FAILURE Prolonged administration ICT systems failure. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-3	 3	 3	 3
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome

Code	Title	Original Score	Current Score	Target Score
TPF045	CONTRIBUTION COLLECTION FAILURE Failure to collect employee/er member pension contributions. Fund & Reputation Impact-1 Employers Impact-2 Member Impact-1	 2	 2	 2
Current Mitigation		Future Mitigation	Responsible Officer	Expected Outcome

Code	Title	Original Score	Current Score	Target Score
------	-------	----------------	---------------	--------------

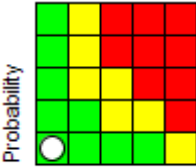
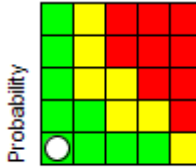
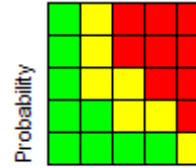
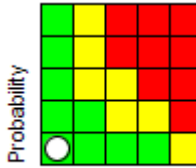
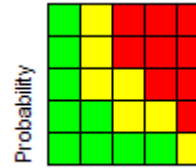
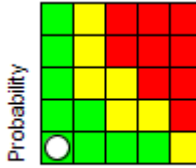
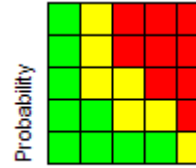
TPF046	INADEQUATE DISPUTES RESOLUTION PROCESS		2		2	
	Failure to agree and implement an appropriate complaints and disputes resolution process. Fund & Reputation Impact-1 Employers Impact-2 Member Impact-2	Probability Impact		Probability Impact		Probability Impact
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome

Code	Title	Original Score	Current Score	Target Score		
TPF047	BORDER TO COAST CESSATION		2		2	
	Partnership disbands or fails to produce a proposal deemed sufficiently ambitious. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1	Probability Impact		Probability Impact		Probability Impact
Current Mitigation		Future Mitigation		Responsible Officer	Expected Outcome	

Code	Title	Original Score	Current Score	Target Score		
TPF048	POOLING CUSTODIAN FAILURE		2		2	
	Failure to ensure safe custody of assets. Fund & Reputation Impact-2 Employers Impact-2 Member Impact-1	Probability Impact		Probability Impact		Probability Impact
Current Mitigation		Future Mitigation		Responsible Officer	Expected Outcome	

Code	Title	Original Score	Current Score	Target Score		
TPF049	OFFICER FRAUD		1		1	
	Fraud by administration staff. Fund & Reputation Impact-5 Employers Impact-1 Member Impact-1	Probability Impact		Probability Impact		Probability Impact
Current Mitigation		Future Mitigation		Responsible Officer	Expected Outcome	

Code	Title	Original Score	Current Score	Target Score
------	-------	----------------	---------------	--------------

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>Probability</p> <p>Impact</p>	1	 <p>Probability</p> <p>Impact</p>	1	 <p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome
Code	Title	Original Score		Current Score		Target Score
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>Probability</p> <p>Impact</p>	1	 <p>Probability</p> <p>Impact</p>	1	 <p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome
Code	Title	Original Score		Current Score		Target Score
TPF052	<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>Probability</p> <p>Impact</p>	1	 <p>Probability</p> <p>Impact</p>	1	 <p>Probability</p> <p>Impact</p>
Current Mitigation		Future Mitigation		Responsible Officer		Expected Outcome

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 8

TEESSIDE PENSION BOARD REPORT

15 NOVEMBER 2021

DIRECTOR OF FINANCE – IAN WRIGHT

Update on Work Plan Items

1. PURPOSE OF THE REPORT

- 1.1 To present Members of the Teesside Pension Board (the Board) with information on items scheduled in the work plan for consideration at the current meeting.

2. RECOMMENDATION

- 2.1 That Board Members note this report.

3. FINANCIAL IMPLICATIONS

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

4. BACKGROUND

- 4.1 At its meeting on 19 July 2021 the Board agreed an updated work plan for the coming months and years which set out areas for the Board to discuss or consider at subsequent meetings (see Appendix A). These were typically areas that the Pensions Regulator and/or the Scheme Advisory Board had identified as important for Local Pension Boards to consider.

5. PENSION BOARD CONFLICTS OF INTEREST

- 5.1 The Pension Regulator's Code of Practice 14 "Governance and administration of public service pension schemes" explains the legal requirement certain individuals have in relation to reporting breaches of the law in connection with public service pension schemes.

- 5.1 The Board's terms of reference includes the following about conflicts of interest:

"30. All members of the Board must declare to the Administering Authority on appointment and at any such time as their circumstances change, any potential conflict of interest arising as a result of their position on the Board.

31. A conflict of interest is defined as a financial or other interest which is likely to prejudice a person's exercise of functions as a member of the Board. It does not include a financial or other interest arising merely by virtue of that person being a member of the Scheme.
32. On appointment to the Board and following any subsequent declaration of potential conflict by a Board member, the Board Secretary, with the assistance of the Monitoring Officer if required, shall ensure that any potential conflict is effectively managed in line with both the requirements of the Board's conflicts policy and the requirements of the Code"
- 5.2 In practice, conflicts of interest are unlikely to occur but nonetheless it is important to be aware of the possibility of conflict and, if in doubt, to declare and discuss any potential conflict in advance of a meeting.

6. BOARD AND COMMITTEE TRAINING

- 6.1 The Pension Fund Committee agreed at its March meeting earlier this year to agree to a training programme following the participation in the National Knowledge Assessment. This is set out in Appendix B.
- 6.2 Some areas of the plan have been covered – in particular Environmental Social and Governance issues and how they interact with investment objectives has been addressed through a presentation to the Pension Fund Committee from colleagues at Border to Coast, and through Border to Coast's annual conference which had Responsible Investment issues as its theme. Also, the issue of McCloud and its potential impact has been covered through 'current issues' agenda items. Other areas have not been addressed yet – in particular the role of pension administration. This can be picked up through working with colleagues in XPS Administration.

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

TEL NO: 01642 729024

Teesside Pension Board Work Plan		
Date of Board meeting and any standard items scheduled	Suggested areas of focus (from the Pensions Regulator's list)	Suggested activities (from the Scheme Advisory Board guidance)
July 2021 Draft Report and Accounts		
November 2021 Annual Review of Board Training	Pension board conflict of interest	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
February 2022	Reporting breaches Maintaining contributions Reporting duties	Review procurements carried out by Fund
April 2022 Annual Board Report	Internal controls and managing risks	Review the complete and proper exercise of employer and administering authority discretions.
July 2022 Draft Report and Accounts	Record keeping Resolving internal disputes	Review performance and outcome statistics Review handling of any cases referred to Pensions Ombudsman
November 2022 Annual Review of Board Training	Regulator Code of Practice Gap Analysis	Review the outcome of actuarial reporting and valuations.
February 2023		Review the outcome of actuarial reporting and valuations.
April 2023 Annual Board Report	Communicating to members Publishing scheme information	Review standard employer and scheme member communications
July 2023 Draft Report and Accounts		

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 – Q2	<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 to include McCloud as part of the session.
2021/22 – Q3	<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 – Q4	<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.
2022/23 – Q1	<ul style="list-style-type: none"> For the Committee – actuarial methods For the Board – financial markets and product knowledge.
2022/23 – Q2	<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 – Q3	<ul style="list-style-type: none"> Pensions governance

TEESSIDE PENSION FUND

Administered by Middlesbrough Council

AGENDA ITEM 9

TEESSIDE PENSION BOARD REPORT

15TH NOVEMBER 2021

DIRECTOR OF FINANCE – IAN WRIGHT

TEESSIDE PENSION BOARD – ADMINISTRATION REPORT

1. PURPOSE OF THE REPORT

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

2. RECOMMENDATIONS

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

3. FINANCIAL IMPLICATIONS

- 3.1 There are no financial implications for the Fund.

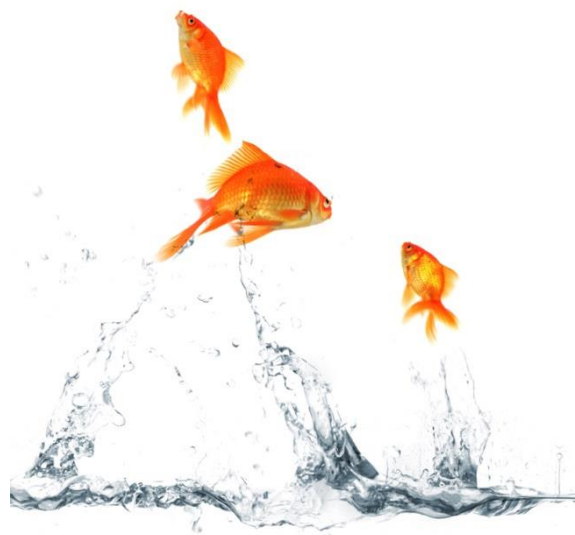
4. BACKGROUND

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

CONTACT OFFICER: Graeme Hall (Operations Manager)

TEL. NO.: (01642) 030643

This page is intentionally left blank



Teesside Pension Fund

Service Delivery Report

2021/22

Teesside Pensions Fund

Headlines

High Court judgement on exit credits

On 27 May 2021, the High Court handed down judgement in the case of EMS & Amey v Secretary of State for MHCLG. The case relates to the non-payment of a £6.5 million exit credit. The Court found in favour of MHCLG and upheld the retrospective effect of the LGPS (Amendment) Regulations 2020.

The judgement also clarified that excluding the possibility of paying an exit credit because a pass-through arrangement is in place is an incorrect application of the regulations. Please check the wording in funding strategy documents to ensure it complies with this.

The full judgement can be found online on bailii.org

Response to consultation on new codes of practice

On 4 June 2021, the Board's secretariat, in consultation with the Investment, Governance and Engagement committee, responded to TPR's consultation on a new code of practice on behalf of the Scheme Advisory Board (SAB).

The response can be accessed on the responses to consultations page of SAB's website.

LGPS mortality data

On 15 June 2021, the SAB in England and Wales updated its LGPS mortality data to the end of March 2021. On the same day, the SAB published updated records from Aon and Barnett Waddingham which sets out analysis of the mortality data of a single LGPS fund during the pandemic.

The data and the reports can be seen on the SAB COVID-19 Mortality page.

Treasury launches consultation on cost control mechanism

On 24 June 2021, HM Treasury launched a consultation on proposed changes to the cost control mechanism alongside a written ministerial statement. It sets out the Treasury's response to GAD's findings in a recent review of the mechanism and proposes several changes. The consultation closed on 19 August 2021, but it can be seen on the non-scheme consultations page of the www.lgpsregs.org.

Treasury launches consultation on the SCAPE discount rate methodology

On 24 June 2021, HM Treasury launched a consultation on the methodology the Government uses to set the SCAPE discount rate alongside a written ministerial statement.

The consultation seeks views on the objectives for the SCAPE discount rate and the most appropriate methodology for setting it.

The consultation closed on 19 August 2021, but it can be seen on the non-scheme consultations page of the www.lgpsregs.org.

Actuarial guidance

LGA have published a revised log of outstanding queries relating to actuarial guidance. The old log, which includes resolved queries that have been resolved, will be available for a limited period. Both logs can be found on the Actuarial guidance page of www.lgpsregs.org.

MHCLG consultation on special severance payments

The MHCLG has published draft statutory guidance and a covering letter covering special severance payments for local authorities in England. It can be found on the Scheme consultations page of www.lgpsregs.org as well as the LGA's initial comments on the proposals.

MHCLG publishes data on local authority exit payments

On 20 July 2021, MHCLG published 'Local Authority Exit Payments (First Estimates)', covering payments made by English authorities in 2019/20 and 2020/21. It can be found on the gov.uk website.

Consultation response, policy paper and draft legislation on increasing NMPA published

On 20 July 2021, HM Treasury published their response to the consultation on implementing the increase to the normal minimum pension age from 55 to 57 (NMPA). On the same day, HMRC published a policy paper and draft legislation which will be part of the next Finance Bill and will amend the Finance Act 2004. For more information on this see bulletin 209 and 206 which can be found on LGPSregs.org.

Stronger nudge to pensions guidance consultation

On 9 July 2021, DWP launched a consultation on draft regulations that will require occupational pension schemes to nudge members into seeking independent advice when they come to request access to or a transfer for the purposes of accessing their pension benefits. It appears the draft regulations will apply to LGPS members with AVCs.

Stronger nudge to pensions guidance consultation

On 9 July 2021, DWP launched a consultation on draft regulations that will require occupational pension schemes to nudge members into seeking independent advice when they come to request access to or a transfer for the purposes of accessing their pension benefits. It appears the draft regulations will apply to LGPS members with AVCs.

Scheme return

TPR is sending out scheme return notices to manager of public service pension schemes in September. They are encouraging scheme managers to double check their details by logging into the Exchange before submitting their return. Failing to submit the return by the deadline could result in a fine.

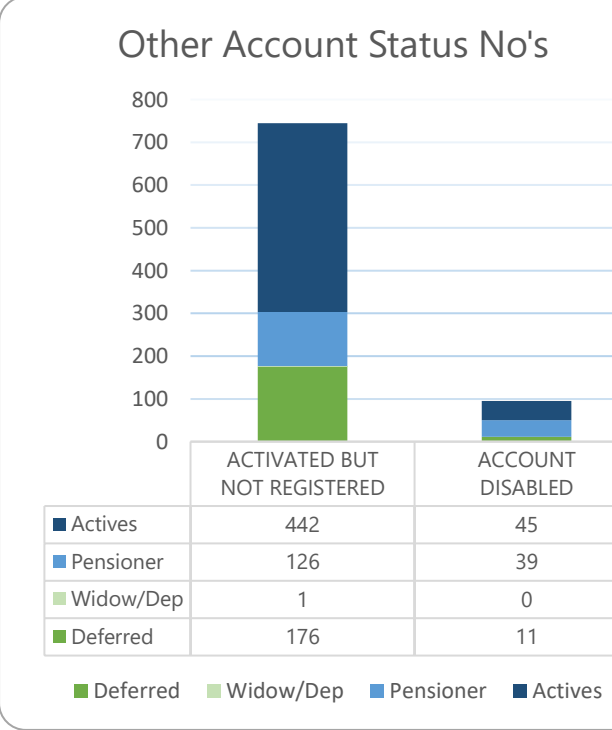
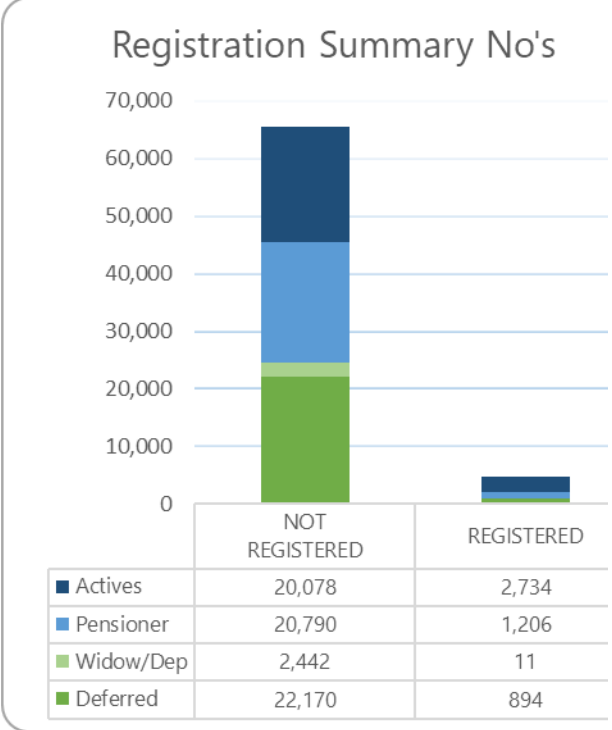
Membership Movement

	Actives		Deferred		Pensioner		Widow/Dependent	
Q2 2021/22	24,403	▲	26,002	▲	22,348	▲	3,232	▲
Q1 2021/22	24,403	▲	26,002	▲	22,348	▲	3,232	▲
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	▼

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	20,078	2,734	442	45	23,299	11.9%
Deferred	22,170	894	176	11	23,251	3.9%
Pensioner	20,790	1,206	126	39	22,161	5.6%
Widow/Dep	2,442	11	1	0	2,454	0.4%
Total	65,480	4,845	745	95	71,165	6.9%



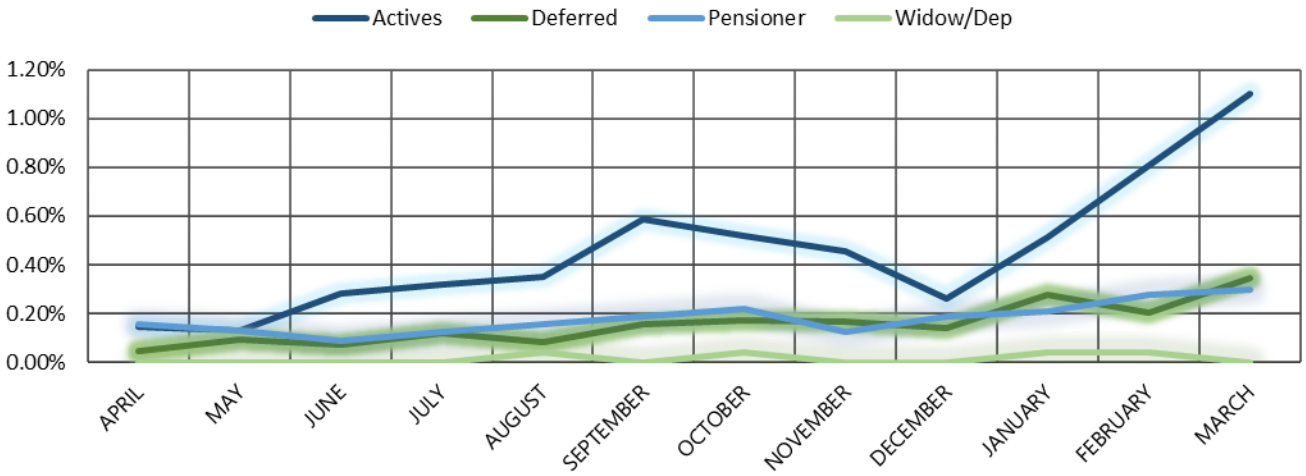
		APRIL		MAY		JUNE	
QUARTER 1	Actives	34	0.15%	30	0.13%	66	0.28%
	Deferred	10	0.04%	22	0.09%	17	0.07%
	Pensioner	34	0.15%	29	0.13%	19	0.09%
	Widow/Dep	-	-	-	-	-	-
	Total	78		81		102	

		JULY		AUGUST		SEPTEMBER	
QUARTER 2	Actives	74	0.32%	82	0.35%	137	0.59%
	Deferred	27	0.12%	19	0.08%	36	0.15%
	Pensioner	27	0.12%	35	0.16%	42	0.19%
	Widow/Dep	-	-	1	0.04%	-	-
	Total	128		137		215	

		OCTOBER		NOVEMBER		DECEMBER	
QUARTER 3	Actives	121	0.52%	106	0.45%	61	0.26%
	Deferred	40	0.17%	38	0.16%	33	0.14%
	Pensioner	48	0.22%	28	0.13%	41	0.19%
	Widow/Dep	1	0.04%	-	-	-	-
	Total	210		172		135	

		JANUARY		FEBRUARY		MARCH	
QUARTER 4	Actives	119	0.51%	188	0.81%	257	1.10%
	Deferred	64	0.28%	47	0.20%	80	0.34%
	Pensioner	46	0.21%	61	0.28%	66	0.30%
	Widow/Dep	1	0.04%	1	0.04%	-	-
	Total	230		297		403	

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 2021. 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 period from 1st April to 31st October 2021 there are two known IDRPs cases:

- Relates to Scheme Employer quoting redundancy as reason for leaving then stating this was in error once costs were requested – member had been overpaid benefits.
- Member had not received inflationary increases. This has been remedied with arrears plus interest paid.

Pensions Ombudsman

For the period from 1st April to 31st October 2021 there are no known cases passed for consideration to, nor a ruling by, the Pensions Ombudsman. We are expecting a ruling shortly on an ongoing case which relates to the backdating of ill health benefits.

High Court Ruling

For the 3 months to 30th September 2021 there are no known cases.

Common Data

Data Item	Teesside Pension Fund		
	Max Population	Total Fails	% OK
NINo	77,369	168	99.78%
Surname	77,369	0	100.00%
Forename / Inits	77,369	0	100.00%
Sex	77,369	0	100.00%
Title	77,369	88	99.89%
DoB Present	77,369	0	100.00%
Dob Consistent	77,369	0	100.00%
DJS	77,369	0	100.00%
Status	77,369	0	100.00%
Last Status Event	77,369	687	99.11%
Status Date	77,369	1,663	97.85%
No Address	77,369	439	99.43%
No Postcode	77,369	578	99.25%
Address (All)	77,369	4,815	93.78%
Postcode (All)	77,369	4,842	93.74%
Common Data Score	77,369	3,187	95.88%
Members with Multiple Fails	77,369	419	99.46%

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 Teesside Pension Fund:

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	%
16,162	3,066	18.97

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	4.04
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%	76.68%
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%	47.75%
11. Did you use the website to research the retirement process? (from 18/05/17)	27.24%	27.59%
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.

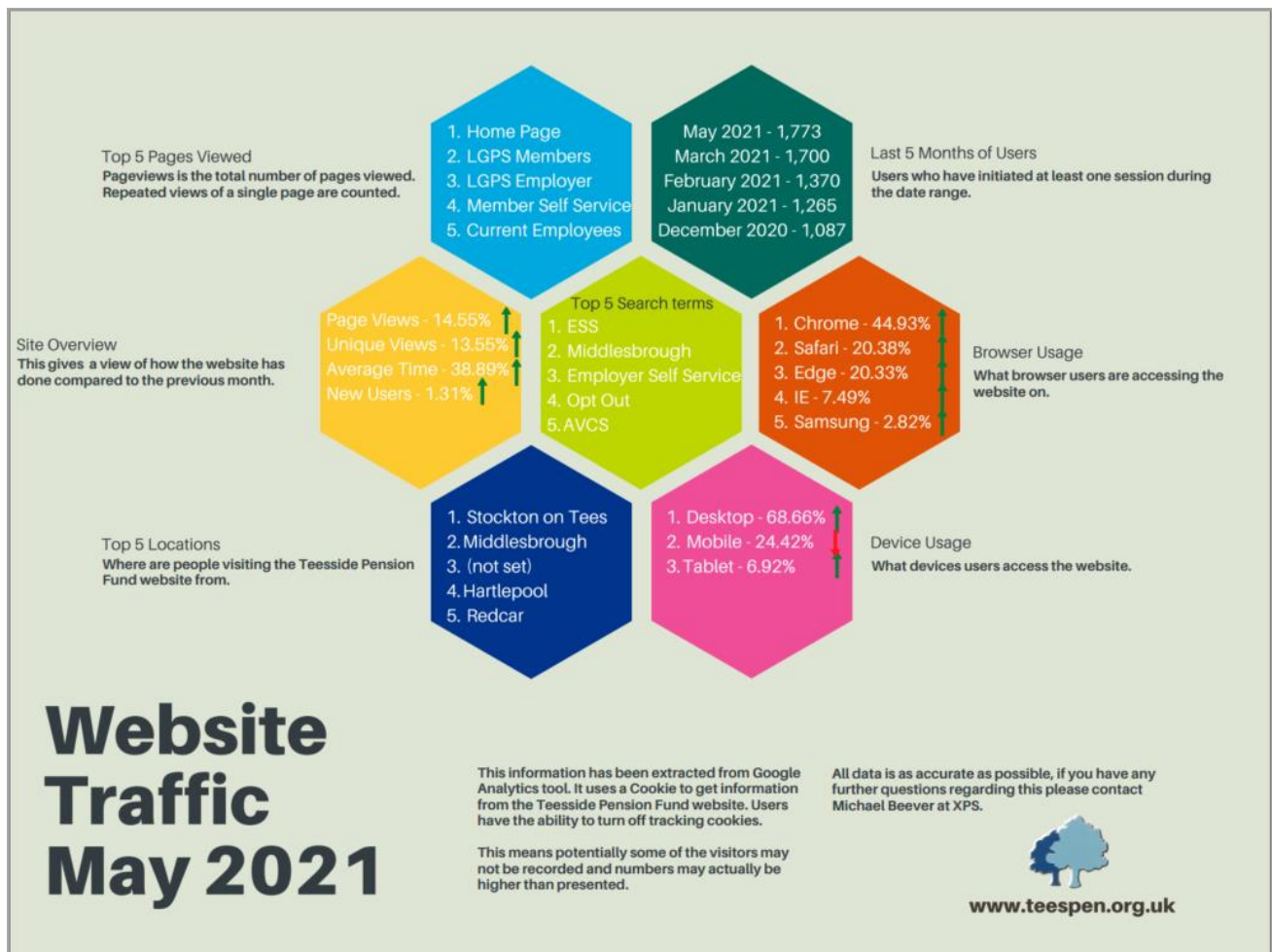
Next steps will be to work with the Fund to determine how to undertake employer covenant and introducing the monthly contribution process across all employers.

Communications

The new website was launched to Scheme Members and Employers on the 5th May 2021 and feedback received from both cohorts has been very positive. We are conducting a full feedback review of the site and will share this with the Board.

Underpinning the website is a raft of analytical data which serves to tell us limited information about the audience. This allows us to target news and important items to pages we now know people are viewing and searching for.

Below is an infographic showing a number of measures for the month 5th May 2021 to 4th June 2021:



We can learn a lot from this data and we will of course be trying to increase footfall to the site by strategically linking the site with participating employers.

As well as these above analytics, we are testing the website regularly to prove its structural and technical integrity. This ensures that people see exactly what we want them to see, regardless of

what browser or device they use. We are able to test these levels and do so several times per week to ensure the web coding is robust and modern. It all helps with the overall Member and Employer experience and allows web indexation to be that much better. This promotes the website in something like a google search.

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 continued as well as some face to face employer training which has been extremely well received and a lovely easing back into a normal way of life. I have also established a relationship with all Local Authorities Financial Wellbeing officers in which we are making ourselves available to work with them on their events and promotions alongside our usual employer and member sessions.

Date	Late Payments	Expected Payments	% Late	< 10 Days Late	> 10 Days Late
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-21	2	149	1.00%	2	0
Feb-21	4	149	3.00%	0	4
Mar-21	3	149	2.00%	1	2
Apr-21	8	148	5.00%	7	1
May-21	0	148	0.00%	0	0
Jun-21	3	149	2.00%	3	0
Jul-21	1	149	1.00%	1	0
Aug-21	4	149	3.00%	3	0

Annual Benefit Statements

During the last quarter an annual event occurred with the production and issuance of Annual Benefit Statements to Active and deferred members.

Annau Benefit Statement - Statistics		Year: 2021	
		Number	%
Active member employments at year end = 31/03		24023	
Not Due ABS		462	1.92%
Due ABS		23561	98.08%
Due - Produced		22025	93.48%
Due - Not Produced		1536	6.52%
Not Produced - Detail		Number	% of Not Produced
<i>Missing Care pay</i>		1415	92.12%
<i>Status change post ABS Run</i>		56	3.65%
<i>ABS run time fail</i>			0.00%
<i>Exclude benefit calculation indicator set</i>		1	0.07%
<i>Other</i>		64	4.17%
Not Due ABS - Detail		Number	% of Not Due
<i>Status change pre ABS RUN (1st September)</i>		442	95.67%

XPS are reviewing those cases that did not receive an ABS and rectify, where possible, any data issues.

Pension Saving Statements

As part of the year end process, those members who either breach, or are close to breaching, the Annual Allowance limits (i.e. the maximum amount of pension growth in a financial year before tax may be applicable) are due a Pension Saving Statement informing them on the relevant figures.

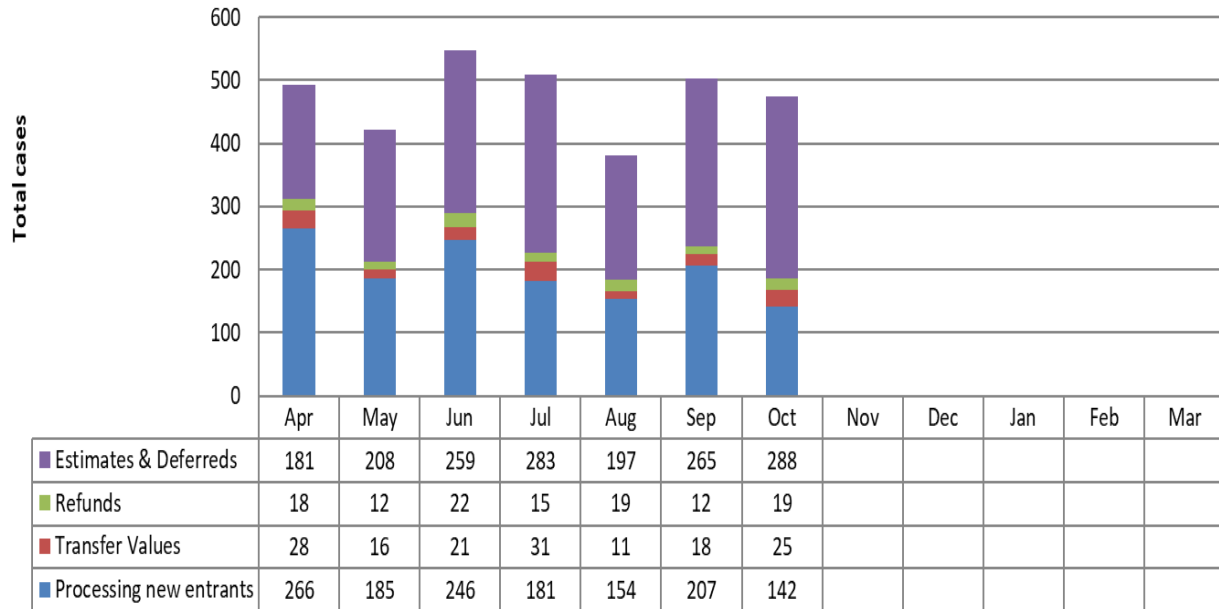
Not everyone who breaches will owe tax, previous years unused allowance can be used to offset a tax charge, but will still be entitled to a statement.

XPS produced 99 statements to members of the Teesside Pension Fund and issued them by the 6th October deadline.

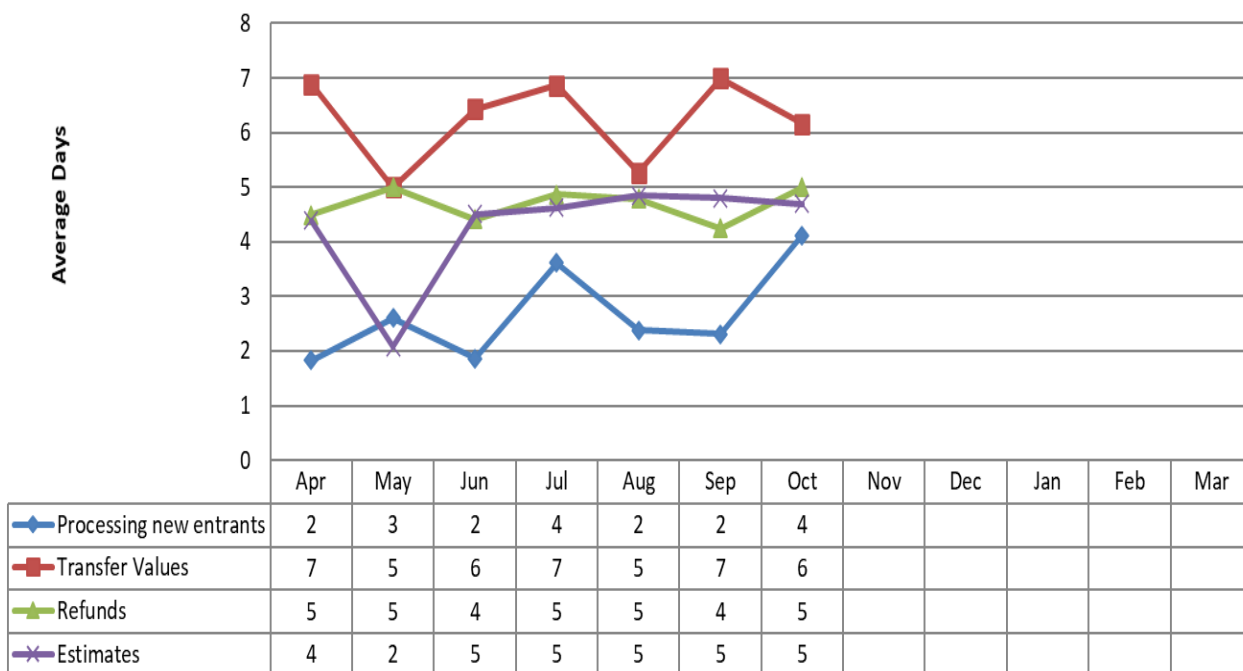
Performance Charts

Overall Demand

Demand by Task



Average days by Task



The following charts show performance against individual service level requirements.

April 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%	1.83	266	0	266	266
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	28	0	28	28
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
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	4	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%	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		

May 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%	2.61	185	0	185	185
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	16	0	16	16
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	12	0	12	12
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	12	208	0	208	208
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		

June 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%	1.87	246	0	246	246
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	21	0	21	21
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	22	0	22	22
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	259	0	259	259
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		

July 2021

Page 73

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Day	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (AP)	Average Case Time (days)	Number of Cases	Over targ
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	99.45%	3.62	181	1
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	31	0
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	15	0
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	283	0
Estimate of benefits - Statement of benefit entitlements to be issued within ten working days of receipt of request, and the correct information being supplied.	Monthly	10	98.25%			182	0
Deferred Benefits - issue statement within ten working days of receipt of all relevant information.	Monthly	10	98.50%			101	0
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

August 2021

KEY PERFORMANCE REQUIREMENTS (KPR)	MONITORING PERIOD (Annually, Quarterly, Monthly, Half Yearly)	KPR Day	MINIMUM PERFORMANCE LEVEL (MPL)	ACTUAL PERFORMANCE LEVEL (AP)	Average Case Time (days)	Number of Cases	Over targ
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	2.38	154	0
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
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	19	0
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	99.0%	5	197	2
Estimate of benefits - Statement of benefit entitlements to be issued within ten working days of receipt of request, and the correct information being supplied.	Monthly	10	98.25%			125	1
Deferred Benefits - issue statement within ten working days of receipt of all relevant information.	Monthly	10	98.50%			72	1
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%	94%	N/A	23561	1479
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 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
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	2.31	207	0
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	18	0
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	12	0
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	265	0
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 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
All new entrant processed within twenty working days of receipt of application.	Monthly	20	98.50%	100.00%	4.12	142	0
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	25	0
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	19	0
Merged Estimate Of Benefits and Deferred Benefits	Monthly	10	98.25%	100.0%	5	288	0
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